



Davenport Resources Limited
ABN 64 153 414 852

Financial Report - 30 June 2019

Corporate directory

Directors	<p>Patrick McManus Non-Executive Chairman</p> <p>Dr Chris Gilchrist Managing Director</p> <p>Rory Luff Non-Executive Director</p> <p>Dr Reinout Koopmans Non-Executive Director</p>
Company secretary	Amanda Wilton-Heald
Registered office	<p>Level 1 675 Murray Street West Perth WA 6005 (08) 6145 0291</p>
Principal place of business	<p>Level 1 675 Murray Street West Perth WA 6005 (08) 6145 0291</p>
Auditor	<p>Walker Wayland Advantage Audit Partnership Level 7 114 William Street Melbourne, VIC 3000</p>
Stock exchange listing	Davenport Resources Limited shares are listed on the Australian Securities Exchange (ASX code: DAV)
Share registry	<p>Security Transfer Australia Pty Ltd PO Box 52 Collins Street West, VIC 8007 1300 992 916</p>
Website address	www.davenportresources.com.au

Chairman's letter

Fellow Shareholder,

I am pleased to present the 2019 annual report for Davenport Resources Ltd, as we continue to advance our understanding of the largest declared potash resource in Western Europe. Through our various consultants, we have been able to convert historical drilling data to JORC compliant inferred resources of approximately 5.0 billion tonnes. As a result of this, we are now pursuing the economic evaluation of at least four individual stand-alone projects within our portfolio.

During the period, the price of potash has remained steady and is forecast to do so in the immediate future. With an ever-increasing demand for food and reduction in the *per-capita* amount of arable land, we are confident that over time the demand and price for potash will increase.

I would like to thank you, our Shareholders, for your support over these past 12 months of Davenport's development. The support of our Shareholders is key to our company's success. I would also like to thank our management team and support personnel, both in Perth and in Europe, consultants and contractors, and the Board for its dedication to Davenport during the past year.

We look forward to an exciting 2020 Financial Year, as we continue to develop our world class potash assets.

Yours Sincerely,



Patrick McManus

Table of Contents

Review of Activities	4
Directors' Report	7
Auditor's independence declaration	17
General information	18
Statement of profit or loss and other comprehensive income	19
Statement of financial position	20
Statement of changes in equity	21
Statement of cash flows	22
Notes to the financial statements	23
Directors' declaration	42
Independent auditor's report	43
Tenements	48
Shareholder information	48

Review of Activities

Financial year 2019 Davenport Resources Limited ("Davenport" or "the Company") continued expand its potash portfolio in the South Harz Potash basin in Germany. Davenport's portfolio of resources represents Western Europe's largest potash inventory and now comprises at least four potential, stand-alone 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 within these areas.

During this financial year, 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 Sylvinit, but with some Carnallite, and has potential for MOP production. The study has made satisfactory progress and will be reviewed internally in due course.

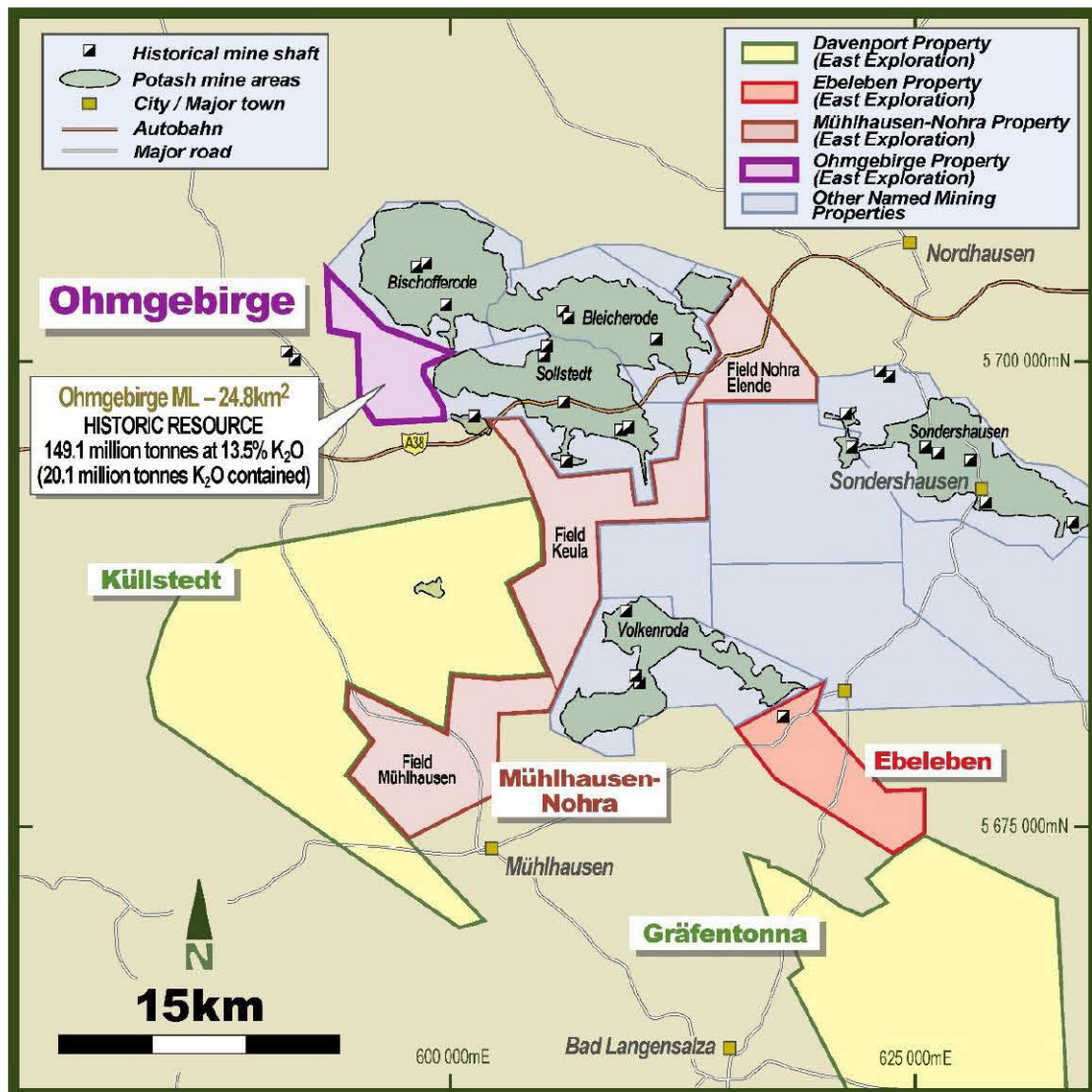


Figure 1: Location of Ohmgebirge perpetual mining licence area in relation to Davenport's other mining and exploration licence areas (pink and yellow respectively) and showing the location of former potash mines (green).

Review of Activities

Ebeleben, Ohmgebirge and Mühlhausen-Nohra-Elende Perpetual Mining Licences (continued)

A similar study was completed during this financial year 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 billion tonnes of which 834 million tonnes comprises Sylvinite grading 12.1% K₂O. Moreover, the Sylvinite layer contains exceptionally low levels of insoluble minerals (<1%) which, at higher levels, would 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 next financial year. 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 as shown in Table 1 below.

Table 1 : Total JORC 2012 Inferred Resources 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 discussion were held with the Thüringian Mining Authority (TLBA) in respect of extending the exploration licences for the two areas Küllstedt and Gräfentonna. The application for extension was granted in late August 2019 and was announced on the market on 10 September 2019.

Summary of Projects portfolio

Davenport has recognised 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.

Review of Activities

Summary of Projects portfolio (continued)

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 cash flow.

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.

Davenport executives attended the "121" two-day event held in London during May 2019 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.

Potash Market

Drought and other adverse weather conditions have hit, or are expected to hit, South Africa, Kenya, Australia, Thailand, Vietnam and the Philippines. 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 South East Asia where Malaysian CPO plantation owners have cut required potash tonnages rather than pay the offered price.

United State 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. United State granular MOP prices are predicted to remain at forecast levels (Argus Media).

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

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Davenport Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2019.

Directors

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

Mr Patrick McManus
 Dr Chris Gilchrist
 Mr Christopher Bain (resigned 08 January 2019)
 Mr Rory Luff
 Dr Reinout Koopmans (appointed 01 January 2019)

Company Secretary

Amanda Wilton-Heald

Principal activities

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

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,909,930 (30 June 2018: \$1,418,872).

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

On 26 August 2019, the consolidated entity has announced \$1.12 million capital raising from s708 placement at share price of \$0.042. The shareholders who have subscribed this placement will be offered attaching option.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

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

Directors' Report

Information on directors (continued)

Name:	Mr Patrick McManus
Title:	Non-Executive Chairman
Appointment Date:	9 January 2017
Experience and expertise:	Patrick McManus has a degree in mineral processing and an MBA. A mining professional for more than 30 years, his work has taken him to many sites within Australia and overseas, including Eneabba and the Murray Basin in Australia, and Madagascar, Indonesia and the United States. During that time, Patrick has worked in operational, technical and corporate roles for RioTinto, RGC Limited and Bemax Resources Limited. He was a founding director and, from January 2007 to March 2010, managing director of ASX-listed Corvette Resources Limited. Patrick McManus is the Managing Director of Parkway Minerals NL.
Other current directorships:	Parkway Minerals NL
Former directorships (in the last 3 years):	None
Name:	Dr Chris Gilchrist
Title:	Managing Director, appointed 01 March 2018
Appointment Date:	28 February 2017, Non-Executive Director up to 01 March 2018.
Experience and expertise:	Chris Gilchrist is a highly experienced international mining executive with over 35 years mining management and director level experience. He has successfully built and managed large mining operations in Europe and Africa. Dr Gilchrist has significant experience in potash mining, processing and marketing. He was General Manager and Operations Director for Cleveland Potash Limited (UK) now part of the Israel Chemicals group. From 2011 to 2014, he was a Non-Executive Director of South Boulder Mines (now Danakali Ltd) managing feasibility work on the Colluli potash project in Eritrea. More recently he has acted as Project Manager and adviser to Circum Minerals on their Ethiopian potash project.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Name:	Mr Rory Luff
Title:	Non-Executive Director
Appointment Date:	03 June 2016
Experience and expertise:	Rory Luff is the founder of BW Equities, a specialist Melbourne equities advisory firm and has over 15 years' experience in the financial services industry. Rory has spent most of his career in the financial markets advising resources companies on capital raisings and financial markets strategy.
Other current directorships:	None
Former directorships (in the last 3 years):	None

Directors' Report

Information on directors (continued)

Name:	Dr Reinout Koopmans
Title:	Non-Executive Director
Appointment Date:	01 January 2019
Experience and expertise:	Dr Koopmans spent 15 years in investment banking, based in London. He was responsible globally for public equity raising for natural resource companies at Deutsche Bank and he led the European equity capital markets team at Jefferies International. In the 1990's, Reinout was a management consultant with McKinsey & Co in Germany and South-East Asia. He has significant business experience in Germany. Reinout has a PhD and Masters degree from the London School of Economics, and a degree from Erasmus University, Rotterdam.
Former directorships (in the last 3 years):	None

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

Information on company secretary

Amanda Wilton-Heald – B Com (Acct), CA (Aust) (appointed 1 January 2019)

Amanda is a Chartered Accountant with over 20 years of accounting, auditing (of both listed and non-listed companies) and company secretarial experience within Australia and the UK. Amanda has been involved in the listing of junior explorer companies on the ASX and has experience in corporate advisory and company secretarial services.

Directors' Meetings

	Board	
	Attended	Held
Mr Patrick McManus	10	10
Dr Chris Gilchrist	10	10
Mr Reinout Koopmans	4	4
Mr Rory Luff	10	10

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

Directors' Report

Remuneration report (audited)

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

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

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

A Principles used to determine the nature and amount of remuneration

Remuneration philosophy

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

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

Remuneration Committee

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

Incentive Plans

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

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

Authority and Resources

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

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

Non-executive directors remuneration

The constitution of the Company provides for a maximum aggregate amount that may be paid to non-executive directors (referred to as a "non-executive director's remuneration pool") to be determined by shareholders at a general meeting. ASX requires the non-executive director's remuneration pool amount to be specified.

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

Directors' Report

Remuneration report (continued)

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

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

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

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

Executive remuneration

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

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

Employee Security Ownership Plan

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

The objects of the Plan are to:

- provide participants (eligible persons within the meaning of the Plan) with an additional incentive to work to improve the performance of the company;
- attracting and retaining eligible persons essential for the continued growth and development of the Company;
- to promote and foster loyalty and support amongst eligible persons for the benefit of the Company; and
- to enhance the relationship between the Company and eligible persons for the long-term mutual benefit of all parties.

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

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

Directors' report

Remuneration report (continued)

B Details of remuneration

Amounts of remuneration

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

2019	Short-term Benefits			Post-employment Benefits	Share-based Payments		
Name	Fees and salary \$	Consulting Fees \$	Non-monetary \$	Super-annuation \$	Performance rights ^A \$	Shares ^B \$	Total \$
Directors							
P McManus	45,000	-	-	-	-	-	45,000
C Gilchrist	350,000	-	-	-	-	-	350,000
C Bain *	12,500	30,219	-	-	-	-	42,719
R Luff	30,000	-	-	-	-	-	30,000
R Koopmans **	15,000	-	-	-	-	-	15,000
Other							
R Van der Laan**	36,465	-	-	-	-	-	36,465
J Wilkinson	257,494	-	-	-	-	-	257,494
	746,459	30,219	-	-	-	-	776,678

* Resigned as a Non-executive director on 08 January 2019.

** Appointed 01 January 2019.

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

* Appointed Managing Director from 01 March 2018. Non-executive Director at the beginning of the financial year.

** Non-executive Director. Managing Director from 01 July 2017 to 01 March 2018.

*** Appointed 27 December 2017

A Share based payment performance rights issued to directors and officers. Mr Bain elected not to participate.

B Shares issued to J Wilkinson as a one-off part remuneration.

Directors' report

Remuneration report (continued)

C Service Agreements

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

Non-executive Director

As per the announcement on 08 January 2019, the Company announced the appointment of independent Non-executive Director Dr Reinout Koopmans.

Dr Koopmans is entitled to an all-inclusive annual salary of A\$30,000, subject to re-election at the general meeting of the Company.

Chief Financial Officer

Mr Robert Van der Laan was appointed as Chief Financial Officer, effective on 01 January 2019. The agreement involves the payment to the Company associated with Robert Van der Laan of an hourly fee of \$130 and reimbursement of expenses. Transaction is considered to be on normal commercial terms and conditions no more favourable than those available to the other parties.

D Share-based compensation

Issue of Shares

No shares issued during this period under the Employee Securities Option Plan as part of compensation.

Issue of Performance Rights

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

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

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

Directors' report

Remuneration report (continued)

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

Series A (expired on 10th and 26th of April 2019):

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

Series B:

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

The current financial year, the Company revised and concluded that the vesting condition of Series B rights is not considered probable. No expenses were recorded for current period and previously recorded expenses were reversed accordingly.

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

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

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

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

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

Shareholdings

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

2019 <i>Ordinary shares</i>	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
P McManus	-	-	-	-	-
C Gilchrist	-	-	-	-	-
R Luff	11,707,473	-	1,428,571	-	13,136,044
J Wilkinson	500,000	-	-	-	500,000
	12,207,473	-	1,428,571	-	13,636,044

2019 <i>Options</i>	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
P McManus	-	-	-	-	-
C Gilchrist	-	-	-	-	-
R Luff	-	-	1,428,571	-	1,428,571
J Wilkinson	-	-	-	-	-
	-	-	1,428,571	-	1,428,571

Directors' report

Remuneration report (continued)

Performance Rights – Series A

2019

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

Performance Rights – Series B

2019

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

There were no performance rights issued to key management personnel as part of compensation during the year ended 30 June 2019.

There were no options issued to key management personnel as part of compensation during the years ended 30 June 2019 or 30 June 2018.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
19 January 2017	20 January 2020	\$0.25	6,158,000
11 September 2018	31 July 2023	\$0.20	33,221,680
11 September 2018	11 September 2023	\$0.20	7,500,000
01 October 2018	05 September 2021	\$0.081	3,000,000
20 December 2018	31 July 2023	\$0.20	1,142,857

Shares issued on the exercise of options

No shares of Davenport Resources Limited were issued on the exercise of options during the year ended 30 June 2019.

Directors' report

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

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

Officers of the company who are former audit partners of Walker Wayland Advantage.

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

Auditor's independence declaration

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

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

On behalf of the directors:



Chris Gilchrist
24 September 2019
Perth

Walker Wayland Advantage Audit Partnership

Audit & Assurance Services

Level 7, 114 William Street
Melbourne VIC 3000
Australia

ABN 47 075 804 075

T +61 3 9274 0600

F +61 3 9274 0660

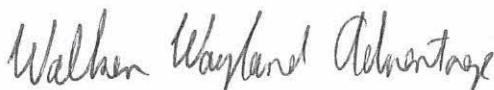
audit@wwadvantage.com.au

wwadvantage.com.au

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.


**WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS**


**BEN BESTER
PARTNER**

Dated in Melbourne on this 24 day of September 2019

Financial report

General information

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

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

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

Level 1
675 Murray Street
Perth WA 6005

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

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Revenue from continuing operations			
Other income	4	27,013	123,321
Expenses			
Administration and corporate expenses		(526,758)	(282,176)
Director fees and consulting		(452,500)	(361,544)
Depreciation and amortisation expense		(2,913)	(2,709)
Interest expense		-	(3,618)
Investor relations		(132,858)	(191,057)
Foreign exchange gain/(loss)		(27,457)	(34,835)
Consulting expenses		(580,984)	(138,288)
Occupancy costs		(40,890)	(129,149)
Remuneration (excluding share-based payment)		(257,494)	(266,906)
Share-based payment	11	84,911	(131,911)
Profit/(Loss) before income tax expense		(1,909,930)	(1,418,872)
Income tax expense	5	-	-
Profit/(Loss) after income tax expense for the year		(1,909,930)	(1,418,872)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation reserve		102,437	129,198
Other comprehensive income / (loss) for the year, net of tax		102,437	129,198
Total comprehensive loss for the year		(1,807,493)	(1,289,674)
	Note	Consolidated 2019 Cents	2018 Cents
Earnings per share for loss attributable to the owners of Davenport Resources Limited			
Basic earnings per share	23	(1.35)	(1.72)
Diluted earnings per share	23	(1.35)	(1.72)

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

Statement of financial position

As at 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	6	694,429	721,862
Trade and other receivables	7	8,255	148,775
Monies held in trust - share application proceeds before cost		-	1,840,769
Prepayments		37,418	30,810
Total current assets		<u>740,102</u>	<u>2,742,216</u>
Non-current assets			
Trade and other receivables		67,290	66,855
Property, plant and equipment		745	2,516
Exploration and evaluation	8	<u>3,003,863</u>	<u>2,706,033</u>
Total non-current assets		<u>3,071,898</u>	<u>2,775,404</u>
Total assets		<u>3,812,000</u>	<u>5,517,620</u>
Liabilities			
Current liabilities			
Trade and other payables		170,631	292,641
Share application funds		-	1,840,769
Provisions	9	<u>-</u>	<u>62,000</u>
Total current liabilities		<u>170,631</u>	<u>2,195,410</u>
Total liabilities		<u>170,631</u>	<u>2,195,410</u>
Net assets		<u>3,641,369</u>	<u>3,322,210</u>
Equity			
Issued capital	10	9,738,067	7,526,504
Reserves	11	230,852	213,326
Accumulated losses		<u>(6,327,550)</u>	<u>(4,417,620)</u>
Total equity		<u>3,641,369</u>	<u>3,322,210</u>

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

Statement of changes in equity

For the year ended 30 June 2019

	Contributed Equity	Performance Rights Reserves	Currency Translation Reserves	Accumulated losses	Total Equity
	\$	\$	\$	\$	\$
Balance as 1 July 2018	7,526,504	84,911	128,415	(4,417,620)	3,322,210
Loss after income tax expenses for the year	-	-	-	(1,909,930)	(1,909,930)
Other comprehensive income for the year, net of tax	-	-	102,437		102,437
Total comprehensive income/(loss) for the year	-	-	102,437	(1,909,930)	(1,807,493)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	2,211,563	-	-	-	2,211,563
Share-based payments	-	(84,911)	-	-	(84,911)
Balance at 30 June 2019	9,738,067	-	230,852	(6,327,550)	3,641,369
Balance as 1 July 2017	7,446,504	-	(783)	(2,998,748)	4,446,973
Loss after income tax expenses for the year	-	-	-	(1,418,872)	(1,418,872)
Other comprehensive income for the year, net of tax	-	-	129,198	-	129,198
Total comprehensive income/(loss) for the year	-	-	129,198	(1,418,872)	(1,289,674)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	80,000	-	-	-	80,000
Share-based payments	-	84,911	-	-	84,911
Balance at 30 June 2018	7,526,504	84,911	128,415	(4,417,620)	3,322,210

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

Statement of cash flows

For the year ended 30 June 2019

		Consolidated	
	Note	2019	2018
		\$	\$
Cash flows from operating activities			
Interest received		17,013	27,354
Receipts from customers		9,922	92,795
Payments to suppliers and employees		(1,817,797)	(1,399,300)
Income taxes and interest paid		-	(46,464)
		<u>-</u>	<u>(46,464)</u>
Net cash (used in)/provided by operating activities	22	<u>(1,790,862)</u>	<u>(1,325,615)</u>
Cash flows from investing activities			
Payments for deposits		-	(6,116)
Payments for exploration and evaluation		(449,158)	(2,299,780)
Payments for plant and equipment		-	(3,252)
		<u>-</u>	<u>(3,252)</u>
Net cash from/ (used in) investing activities		<u>(449,158)</u>	<u>(2,309,148)</u>
Cash flows from financing activities			
Proceeds from issue of shares		2,410,519	-
Payments for capital raising costs		(198,956)	-
		<u>(198,956)</u>	<u>-</u>
Net cash from financing activities		<u>2,211,563</u>	<u>-</u>
Net increase in cash and cash equivalents		(28,457)	(3,634,763)
Cash and cash equivalents at the beginning of the financial year		721,862	4,318,245
Effects of foreign exchange cash movements		<u>1,024</u>	<u>38,380</u>
Cash and cash equivalents at the end of the financial year	6	<u>694,429</u>	<u>721,862</u>

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

Notes to the financial statements

30 June 2019

Note 1. Significant accounting policies

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

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Going concern

The financial report has been prepared on the going-concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Consolidated Entity incurred an operating loss of \$1,909,930 and incurred negative cash flows from operations of \$1,790,862.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern.

Based on the cash-flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate, given the following.

- The Consolidated Entity has the ability to defer discretionary costs as and when required.
- The consolidated entity has successfully raised \$1.12 million as described in note 21.
- In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Consolidated Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 19.

Notes to the financial statements

30 June 2019

Note 1. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Davenport Resources Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Davenport Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

Foreign Currency Translation

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

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

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

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

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

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

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

Notes to the financial statements

30 June 2019

Note 1. Significant accounting policies (continued)

Income tax

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

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

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Property, plant and equipment

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

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

Plant and equipment	3 – 5 years
Leasehold improvements	10 years

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

Notes to the financial statements

30 June 2019

Note 1. Significant accounting policies (continued)

Employee Benefits

Wages and salaries, annual leave and sick leave

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

Equity settled compensation

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

Fair value measurement

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

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

Exploration and evaluation assets

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

Trade and other payables

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

Provisions

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

Notes to the financial statements

30 June 2019

Note 1. Significant accounting policies (continued)

Issued Capital

Ordinary shares are classified as equity.

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

Business combinations

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

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

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

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

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

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

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

Notes to the financial statements

30 June 2019

Note 1. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Comparative figures

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period for which the Group has adopted:

- AASB 15 Revenue from Contracts with Customers; and
- AASB 9 Financial Instruments.

The new accounting policies are disclosed below. There is no impact on the Group for the year ended 30 June 2019.

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue. AASB 15 was adopted by the Group on 1 July 2018. AASB 15 provides a single, principles-based five step model to be applied to all contracts with customers.

The Group has considered AASB 15 and determined that there is no impact on the financial statements as the Group is not generating sales revenue at this stage.

The Group's new revenue accounting policy is detailed below:

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable component, the Group estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

Notes to the financial statements

30 June 2019

Note 1. Significant accounting policies (continued)

New and amended standards adopted by the Group (continued)

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any transitional adjustments.

The Group's new accounting policy on financial instruments are detailed below:

Classification and measurement:

Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: (1) whether the instruments' contractual cash flow represent 'solely payments of principal and interest' on the principal amount outstanding; and (2) the business model for managing the financial assets.

Impairment

From 1 July 2018, the Group will assess, on a forward looking basis, any expected credit losses associated with any debt instruments carried at amortised cost and FVOCI. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to received. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

New Accounting Standards and Interpretations not yet mandatory or early adopted

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

This standard:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117;
- requires new and different disclosures about leases.

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

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

Notes to the financial statements

30 June 2019

Note 2. Critical accounting judgements, estimates and assumptions

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

Income tax

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

Recovery of deferred tax assets

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

Exploration and evaluation assets

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

Note 3. Operating segments

Identification of reportable operating segments

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

Note 4. Revenue

	Consolidated	
	2019	2018
	\$	\$
From continuing operations		
<i>Other revenue</i>		
Interest	17,361	29,759
Rent income	9,652	93,562
Revenue from continuing operations	27,013	123,321

Notes to the financial statements

30 June 2019

Note 5. Income tax expense

	2019	2018
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense from continuing operations		
Prima facie tax benefit at the Australian tax rate of 27.5% (2018:27.5%)	525,231	390,190
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	(334)	(2,180)
Share based payments	23,350	(36,276)
Tax losses not brought into account	(548,247)	(351,734)
Income tax expense	-	-
Current tax expense	(548,247)	(351,734)
Deferred tax expense	548,247	351,734
Income tax expense	-	-
Tax assets not recognised at 27.5% (2018:27.5%)		
Unused tax losses for which no deferred tax asset has been recognised	913,718	475,391
Temporary differences	161,471	164,942
Potential tax benefit	1,075,189	640,333

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

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2019	2018
	\$	\$
Cash at bank	694,429	721,862

Note 7. Trade and other receivables

	Consolidated	
	2019	2018
	\$	\$
Rental bond	-	106,728
Other receivables	8,255	42,047
	8,255	148,775

Notes to the financial statements

30 June 2019

Note 7. Trade and other receivables (continued)

Non-Current	Consolidated	
	2019 \$	2018 \$
Rental bond	46,297	46,297
Other receivables	20,993	20,558
	<u>67,290</u>	<u>66,855</u>

Note 8. Non-current assets - exploration and evaluation

	Consolidated	
	2019 \$	2018 \$
Exploration and evaluation - at cost	<u>3,003,863</u>	<u>2,706,033</u>

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

	Exploration \$	Total \$
Consolidated		
Balance at 1 July 2018	2,706,033	2,706,033
Additions	<u>297,830</u>	<u>297,830</u>
Balance at 30 June 2019	<u>3,003,863</u>	<u>3,003,863</u>
Balance at 1 July 2017	254,332	254,332
Additions	<u>2,451,701</u>	<u>2,451,701</u>
Balance at 30 June 2018	<u>2,706,033</u>	<u>2,706,033</u>

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

Note 9. Current liabilities - provisions

	Consolidated	
	2019 \$	2018 \$
Lease make good	<u>-</u>	<u>62,000</u>

Notes to the financial statements

30 June 2019

Note 9. Current liabilities – provisions (continued)

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

	Make good provision \$	Total \$
Consolidated		
Balance at 1 July 2017	12,000	12,000
Increase upon re-location	50,000	50,000
Balance at 30 June 2018	62,000	62,000
Movement	(62,000)	(62,000)
Balance at 30 June 2019	-	-

Note 10. Equity - issued capital

	Consolidated 2019 Shares	2018 Shares	Consolidated 2019 \$	2018 \$
Ordinary shares - fully paid	143,137,413	108,701,449	9,738,067	7,526,504

Ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2018	108,701,449		7,526,504
Issue of share placement	5 July 2018	26,496,700	\$0.07	1,854,769
Issue of share purchase plan	27 July 2018	4,085,693	\$0.07	286,000
Issue of second share placement	11 September 2018	3,853,571	\$0.07	269,750
Costs of capital raising		-	-	(198,956)
Balance	30 June 2019	143,137,413	-	9,738,067
Balance	1 July 2017	74,017,282	-	7,446,504
Issue, share-based payment for investor relation services	25 August 2017	330,000	\$0.10	33,000
Conversion of First Milestone Shares	3 April 2018	33,854,167	-	-
Employee Incentive Ownership Plan issue	26 April 2018	500,000	\$0.094	47,000
Balance	30 June 2018	108,701,449		7,526,504

Monies held in trust – share applications

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

Notes to the financial statements

30 June 2019

Note 10. Equity - issued capital (continued)

Details of ordinary shares on issue

	Number	
	2019	2018
Quoted fully paid ordinary shares	143,137,413	36,933,592
Restricted fully paid ordinary shares	-	71,767,857
Total shares	143,137,413	108,701,449

Performance Milestone Shares

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

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

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

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

Notes to the financial statements

30 June 2019

Note 10. Equity - issued capital (continued)

Milestone 1

The Milestones for the first performance shares are as follows:

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

- (a) 250 million tonnes of potash at or above 11.0% K₂O by content, or
- (b) 150 million tonnes of potash at or above 12.0% K₂O by content, or
- (c) 100 million tonnes of potash at or above 13.0% K₂O by content, or
- (d) 75 million tonnes of potash at or above 15.0% K₂O by content, or
- (e) 50 million tonnes of potash at or above 18.0% K₂O by content.

Milestone 2

The Milestone for the second performance shares is as follows:

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

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses to maximise synergies.

Notes to the financial statements

30 June 2019

Note 11. Equity - reserves

	Consolidated	
	2019	2018
	\$	\$
Foreign currency translation reserve	230,852	128,415
Performance rights reserve	-	84,911
	<u>230,852</u>	<u>213,326</u>

Foreign currency reserve

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

Performance rights reserve

The reserve is to recognise the fair value of share-based remuneration granted under the Company's Employee Security Ownership Plan. The Company revised and concluded that the vesting condition of Series B rights is not considered probable. No expenses were recorded for current period and previously recorded expenses were reversed accordingly.

Note 12. Equity - Options

Set out below are details of options on issue:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Other	Issued on IPO costs	Expired	Balance at the end of the year
19/01/2017	20/01/2020	\$0.25	6,158,000	-	-	-	6,158,000
11/09/2018	31/07/2023	\$0.20	-	33,221,680	-	-	33,221,680 *
11/09/2018	11/09/2023	\$0.20	-	7,500,000	-	-	7,500,000 **
01/10/2018	05/09/2021	\$0.081	-	3,000,000	-	-	3,000,000 ***
20/12/2018	31/07/2023	\$0.20	-	1,142,857	-	-	1,142,857 *

* Free attaching options – as per the ASX announcement on 17 July 2018

** Options issued to lead manager (unlisted)

***Options issued to consultant for in lieu of services

These options were approved by shareholders at the annual general meeting held on 14 November 2018.

Note 13. Share-based payments

Performance Rights

During the previous financial year, 6,250,000 Performance Rights were issued to Directors and Officers at a gross transactional value of \$568,876 as identified in key management personnel disclosures in the remuneration report in the Directors' Report. On 26 April 2019, 3,125,000 Performance Rights were expired.

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

Notes to the financial statements

30 June 2019

Note 13. Share-based payments (continued)

Set out below are summaries of Performance Rights granted, reversed and expired under the plan:

Type	Expiry date	Balance 30 Jun 18	Expired	Balance 30 Jun 19	Probability of Vesting	Fair Value \$	Reversed \$
Series A	Expired	1,875,000	1,875,000	-	75%	165,938	35,278
Series B	26/04/2020	1,875,000	-	1,875,000	0%	165,938	17,993
Series A	Expired	1,250,000	1,250,000	-	75%	118,500	21,103
Series B	26/04/2020	1,250,000	-	1,250,000	0%	118,500	10,537
		<u>6,250,000</u>	<u>3,125,000</u>	<u>3,125,000</u>		<u>568,876</u>	<u>84,911</u>

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

Series A – expired on 26/04/2019 and not completed:

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

Series B:

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

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

The Performance Rights lapse upon the recipient ceasing to be an officer or executive, subject to the discretion of the Board. The Company revised and concluded that the vesting condition of Series B rights is not considered probable. No expenses were recorded for current period and previously recorded expenses were reversed accordingly.

In addition, the Performance Rights will convert automatically to shares upon the occurrence of prescribed events. For the Performance Rights granted during the current financial year, the fair value at the grant date per Right was based on the volume weighted average share price (VWAP) for the 5 business days prior to the grant date.

Note 14. Financial instruments

Financial risk management objectives

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

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

Notes to the financial statements

30 June 2019

Note 14. Financial instruments (continued)

Credit risk

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

Fair value of financial instruments

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

Note 15. Key management personnel disclosures

Directors

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

Mr Patrick McManus

Dr Chris Gilchrist

Mr Chris Bain – resigned 08 January 2019.

Mr Rory Luff

Mr Reinout Koopmans – appointed 01 Jan 2019.

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the 2019 financial year:

Mr Jason Wilkinson

Compensation

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

	Consolidated	
	2019	2018
	\$	\$
Short-term employee benefits	776,678	675,656
Post-employment benefits	-	11,083
Share-based payments	-	131,911
	<u>776,678</u>	<u>818,650</u>

Note 16. Remuneration of auditors

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

	Consolidated	
	2019	2018
	\$	\$
Audit or review of the financial statements	30,050	29,800
Other audit services	-	-
	<u>30,050</u>	<u>29,800</u>

Notes to the financial statements

30 June 2019

Note 17. Contingent liabilities

There are no contingent liabilities as at 30 June 2019.

Note 18. Commitments

	Consolidated	
	2019	2018
	\$	\$
<i>Exploration expenditure</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	47,150	89,650
	<u>47,150</u>	<u>89,650</u>
<i>Operating leases</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	25,724
One to five years	-	-
	<u>-</u>	<u>25,724</u>

If the consolidated entity decides to relinquish certain exploration leases and/or does not meet its obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of the carrying values. The sale, transfer and/or farm-out of explorations rights to third parties will reduce or extinguish these obligations.

Note 19. Legal parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2019	2018
	\$	\$
Loss after income tax	1,391,725	991,756
Total comprehensive loss	<u>1,391,725</u>	<u>991,756</u>

Statement of financial position

Total current assets	630,010	694,737
Total assets	<u>4,583,194</u>	<u>3,785,078</u>
Total current liabilities	228,139	164,950
Total liabilities	<u>228,139</u>	<u>164,950</u>
Equity		
Issued capital	7,955,050	5,743,487
Reserves	-	84,911
Accumulated losses	(3,599,995)	(2,208,270)
Total equity	<u>4,355,055</u>	<u>3,620,128</u>

Notes to the financial statements

30 June 2019

Note 19. Legal parent entity information (continued)

Contingent liabilities

The parent entity contingent liabilities as at 30 June 2019 are disclosed in Note 17.

Commitments

Commitments of the parent are identical to those of the consolidated entity as disclosed in Note 18.

Significant accounting policies

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

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

Note 20. Subsidiaries

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

Name of entity	Country of incorporation	Equity holding	
		2019 %	2018 %
East Exploration Pty Ltd	Australia	100.00	100.00
East Exploration GmbH	Germany	100.00	100.00

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

Note 21. Events after the reporting period

On 26 August 2019, the consolidated entity has announced \$1.12 million capital raising from s708 placement at share price of \$0.042. The shareholders who have subscribed this placement will be offered attaching option.

Other than above, no other matters or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 22. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2019 \$	2018 \$
Loss after income tax expense for the year	(1,909,930)	(1,418,872)
Adjustments for:		
Depreciation and amortisation	1,772	2,709
Doubtful debt expense	-	4,228
Share based payment – other	(84,911)	164,911
FX loss/(gain) on currency translation	252,739	(58,296)

Notes to the financial statements

30 June 2019

Note 22. Reconciliation of loss after income tax to net cash used in operating activities (continued)

	Consolidated	
	2019	2018
	\$	\$
Change in operating assets and liabilities:		
Decrease in trade and other receivables	140,086	(1,167)
(Increase) in prepayments	(6,609)	6,798
(Decrease) in tax liability	-	(42,846)
(Decrease) in trade and other payables	(122,009)	16,920
(Decrease) in provisions	(62,000)	-
Net cash used in operating activities	<u>(1,790,862)</u>	<u>(1,325,615)</u>

Note 23. Earnings per share

	Consolidated	
	2019	2018
	\$	\$
<i>Earnings per share from continuing operations</i>		
Loss after income tax attributable to the owners of Davenport Resources Limited	<u>(1,909,930)</u>	<u>(1,418,872)</u>
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	<u>141,795,846</u>	<u>82,571,229</u>
Basic earnings per share	(1.35)	(1.72)
Diluted earnings per share	(1.35)	(1.72)

Note 24. Related party transactions

	2019	2018
	\$	\$
Fees were paid to Horn Resources Pty Ltd, a company of which Robert Van der Laan is a director and shareholder. Fees included accounting staffs and disbursements.	31,146	-
Fees were paid to Parkway Minerals NL, a company of which Patrick McManus is a director and shareholder. Fees included office accommodation and disbursements.	68,281	-
	<u>99,427</u>	<u>-</u>

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



Chris Gilchrist
24 September 2019
Perth

Walker Wayland Advantage Audit Partnership

Audit & Assurance Services

Level 7, 114 William Street

Melbourne VIC 3000

Australia

ABN 47 075 804 075

T +61 3 9274 0600

F +61 3 9274 0660

audit@wwadvantage.com.au

wwadvantage.com.au

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

Opinion

We have audited the accompanying financial report of Davenport Resources Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1: Going Concern in the financial report, which indicates that the Group incurred a total comprehensive loss and incurred negative cash flows from operation during the year ended 30 June 2019. These conditions, along with other matters as set forth in Note 1: Going Concern, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Capitalisation of exploration expenditures <i>Refer to Note 1 and Note 8 "Non-current Assets"</i>	
<p>This is a key audit matter due to:</p> <ul style="list-style-type: none"> The Group carries significant exploration and evaluation assets as at 30 June 2019 in relation to the application of the Group's accounting policy for exploration and evaluation assets. As a result, the capitalised exploration and evaluation expenditure were required to be considered for impairment indicators in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> Obtain schedules of the areas of interest held by the Group and assessing whether the rights to tenure remain current at balance date; Review the Company's capitalisation of exploration expenditures in the current year, ensuring that it is consistent with the criteria as stated under AASB 6. This included discussions with management, reviewing Group exploration budgets, ASX announcements and director's minutes Review and noted details of exploration costs and ensure that these costs are allowed to be capitalised in accordance with AASB 6 and consider whether any facts or circumstances existed to suggest impairment testing was required.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Davenport Resources Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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


**WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS**


**BEN BESTER
PARTNER**

Dated in Melbourne on this 24 day of September 2019

Tenements

<u>Tenement</u>	<u>Location</u>	<u>Beneficial Holding</u>
Ebeleben	South Harz, Thüringen, Germany	100%
Mühlhausen-Nohra	South Harz, Thüringen, Germany	100%
Ohmgebirge	South Harz, Thüringen, Germany	100%
Küllstedt	South Harz, Thüringen, Germany	100%
Gräfentonna	South Harz, Thüringen, Germany	100%
EL28045	Northern Territory, Australia	100%
EL30090	Northern Territory, Australia	100%

Shareholder information

The following additional information was applicable as at 23rd September 2019.

QUOTED SECURITIES

A. ORDINARY SHARES (ASX: DAV)

Substantial Shareholders

Holder	Securities	% of Ordinary Shares Issued
Parkway Minerals NL	44,267,700	26.83%
DELPHI Unternehmensberatung	15,095,238	9.15%
Lufgan Nominees Pty Ltd	14,579,967	8.84%
Rory Luff	13,136,044	7.96%

Distribution of Shareholders

Range	Holders	Securities	% of Ordinary Shares Issued
1 - 1,000	196	36,555	0.02%
1,001 - 5,000	114	287,052	0.17%
5,001 - 10,000	100	865,965	0.52%
10,001 - 100,000	146	6,522,704	3.95%
Over 100,000	111	157,277,403	95.33%
Total	667	164,989,679	100.00%

Shareholder information (continued)

20 Largest Fully Paid Ordinary Share holders

	Holder	Securities	% of Ordinary Shares Issued
1	EAST EXPL HLDGS PL	44,267,700	26.83%
2	AKTIENGESELLSCHAFT D U	15,095,238	9.15%
3	LUFGAN NOM PL	14,579,967	8.84%
4	ITA NOM PL	6,896,059	4.18%
5	R L HLDGS PL	6,074,985	3.68%
6	OCEANIC CAP PL	4,884,850	2.96%
7	*MELBOURNE CAP LTD	3,812,719	2.31%
8	EQUITY TTEES LTD	3,355,000	2.03%
9	NSW MINERAL AUST PL	3,075,140	1.86%
10	AWD CONS PL	2,400,000	1.45%
11	TAURUS CORP SVCS PL	2,100,000	1.27%
12	REDLAND PLAINS PL	2,028,600	1.23%
13	DAWKINS JASON	2,000,000	1.21%
14	DIXTRU PL	1,725,000	1.05%
15	J P MORGAN NOM AUST PL	1,440,751	0.87%
16	CAIRNGLEN INV PL	1,200,000	0.73%
17	EQUITY TTEES LTD	1,175,000	0.71%
18	POOKY CORP PL	1,150,000	0.70%
19	HALL DAVID IAN R + D A	1,135,000	0.69%
20	*HOWELLS PETER	1,114,517	0.68%
20 Largest Holders		119,510,526	72.43%

Voting Rights

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

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

Distribution of Option holders

Range	Holders	Securities	% of Options Issued
1 - 1,000	0	0	0.00%
1,001 - 5,000	0	0	0.00%
5,001 - 10,000	1	7,139	0.02%
10,001 - 100,000	28	1,454,170	3.21%
Over 100,000	59	43,829,361	96.77%
Total	88	45,290,670	100.00%

Shareholder information (continued)

20 Largest Option Holders

	Holder	Securities	% of Options Issued
1	AKTIENGESELLSCHAFT D U	10,047,619	22.18%
2	EAST EXPL HLDGS PL	7,142,850	15.77%
3	EQUITY TTEES LTD	2,855,000	6.30%
4	OCEANIC CAP PL	1,875,000	4.14%
5	REDLAND PLAINS PL	1,428,600	3.15%
6	ITA NOM PL	1,428,571	3.15%
7	SMYTH J C + HOGARTH A N	1,000,000	2.21%
8	DIXTRU PL	1,000,000	2.21%
9	PAYZONE PL	700,000	1.55%
10	POOKY CORP PL	647,500	1.43%
11	AWD CONS PL	614,285	1.36%
12	CAIRNGLEN INV PL	600,000	1.32%
13	CLARIDEN CAP PL	600,000	1.32%
14	EQUITY TTEES LTD	587,500	1.30%
15	ARBOR SUPER PL	550,000	1.21%
16	HERNSTADT WILLIAM HENRY	500,000	1.10%
17	MICHAEL ADEL ALBERTA	500,000	1.10%
18	CORR THOMAS FRANCIS	500,000	1.10%
19	CAVES ROAD INV PL	500,000	1.10%
20	SHEPPEARD PETER DAVID	500,000	1.10%
20 Largest option holders		33,576,925	74.10%

The options have no voting rights.

UNQUOTED SECURITIES

A. Options expiring 20th January 2020

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

- ii. Distribution of Holders

Range	Holders	Securities	% of Options Issued
Over 100,000	10	6,158,000	100.00%
Total	10	6,158,000	100.00%

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

Holder	Securities	% of Options Issued
Australian Cayenne Holdings	2,000,000	32.50%
Zenix Nominees Pty Ltd	2,000,000	32.50%

B. Options expiring 11th September 2023

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

Shareholder information (continued)

C. Options expiring 5th September 2021

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

D. Performance Rights

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

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

2) Distribution of Performance Rights holders

Range	Holders	Securities	% of B Performance Rights Issued
Over 100,000	5	3,125,000	100.00%
Total	5	3,125,000	100.00%

OTHER ASX LISTING RULES INFORMATION

- i. The name of the Company Secretary is Amanda Wilton-Heald.
- ii. The registered office and principal place of business is:
Level 1, 675 Murray Street, West Perth, WA 6005
Tel: +61 (8) 6145 0291
- iii. The Company's registers of securities are held at:
Security Transfer Australia Pty Ltd
Suite 913, Exchange Tower
530 Little Collins Street, Melbourne, VIC 3000
Tel: +61 (3) 9628 2200
- iv. There is no current on-market buy-back.
- v. The Company's Corporate Governance Statement is available on the Company's website at:
www.davenportresources.com.au.

ASX LISTING RULE 4.10.19

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