

ASX Announcement28th October 2019**COMPANY DETAILS****Davenport Resources Limited****ABN:** 64 153 414 852**ASX CODE:** DAV**ASX CODE (Options):** DAVO**FRANKFURT CODE:** A2DWXX**PRINCIPAL AND
REGISTERED OFFICE
(& Postal Address)**

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

W: www.davenportresources.com.au**E:** info@davenportresources.com.au**P:** +61 (08) 9481 0389**Capital Structure**

164.4M Ordinary Shares
16.7M Unlisted Options
45.0M Listed Options
3.1M Performance Rights

BOARD OF DIRECTORS**Patrick McManus**

(Non-Executive Chairman)

Dr Chris Gilchrist

(Managing Director)

Rory Luff

(Non-Executive Director)

Dr Reinout Koopmans

(Non-Executive Director)

Mr Hansjörg Plaggemars

(Non-Executive Director)

Davenport Resources Activities Report**September Quarter 2019**

Activities during the quarter included:

- Three preliminary scoping studies completed with K-Utec Salt Technologies AG ("K-Utec") a respected salt and potash mining and processing consultancy, on potential projects within the South Harz potash field, with encouraging results.
- Two non-disclosure agreements ("NDA's") signed with well-known potash mining and fertilizer groups and a third under negotiation. The Company has shared the results of these studies with the two groups under NDA with the view to forging cooperation agreements to develop the projects under discussion.
- Completed a successful capital raising (ASX announcement 26th August 2019), a significant portion of which was taken by DELPHI Unternehmensberatung AG ("**Delphi**"), a German investment company.
- Hansjörg Plaggemars of Delphi appointed to the Board of Directors (ASX announcement 1st October 2019).
- Lions Bay Capital (TSX-V:LBI) ("**Lions Bay**") became a significant shareholder in Davenport Resources Ltd through a transaction with Davenport's largest shareholder, Parkway Minerals NL (ASX:PWN) in which Lions Bay received 10 million Davenport shares (6.1% of issued capital).
- Davenport's exploration licences for the Küllstedt and Gräfen-tonna licence areas were extended by the Thüringia licencing authorities to 2023 following a successful application by the Company.
- Davenport appointed Micon International Co Limited ("Micon") to construct a JORC-compliant resource model for the Ohmgebirge licence area.

GERMANY – SOUTH HARZ PROJECTS

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

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

No further work was conducted on Ebeleben during the quarter.

During the reporting period, Davenport continued to work with consultant, K-Utec, 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 sylvinite, with some carnallite (a mixture of carnalite and halite), and has potential for MOP (muriate of potash) production. The study has been completed satisfactorily and shared with one potential JV partner, who is currently reviewing the report.

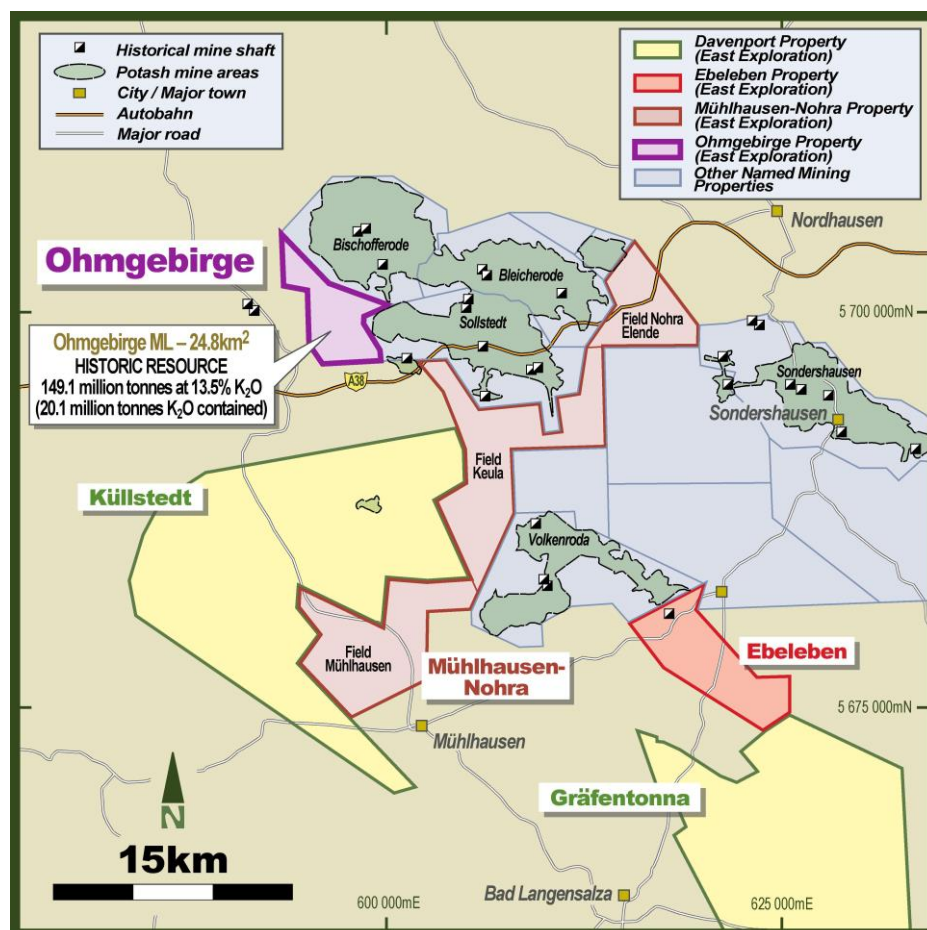


Figure 1: Location of Ohmgebirge perpetual mining licence area in relation to Davenport's other mining and exploration licence areas (pink and yellow respectively) and showing the location of former potash mines (green).

In anticipation of the further development of the Ohmgebirge licence area, Davenport commissioned Micon International Limited (“Micon”) to convert the historic GDR resource to a JORC-compliant resource. Davenport has already worked with Micon to convert historic resources in the Ebeleben, Mühlhausen and Küllstedt licence areas to JORC-compliant resources.

A similar study was completed during the reporting period for the area “Field Mühlhausen” (Figure 1). As announced on 16 October 2018, this area contains an Inferred Resource of 1.13Bt of which 834Mt comprises sylvinite grading 12.1% K₂O. Moreover, the sylvinite layer contains exceptionally low levels of insoluble minerals (<1%) which interfere with the metallurgical process and reduce recovery. The resource also includes valuable sulphatic potash minerals which can be used to produce valuable potassium and magnesium sulphates.

A study for “Field Nohra-Elende” will be completed during the December quarter. This study will investigate the merits of both solution and conventional mining. A carnallitite solution-mine is already in operation close to the Nohra-Elende field.

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

Table 1: Davenport’s Total JORC 2012 Inferred Resources as at September 30 2019.

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

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

The Ohmgebirge Historic Resource is 149Mt at 13.5% K₂O ([ASX release 18 June 2018](#)).

Küllstedt and Gräfentonna Exploration Licence Areas

The exploration permits for the Küllstedt and Gräfentonna licence areas were extended by three years to January 2023 by the licencing authority Thüringer Landesamt für Umwelt, Bergbau und Naturschutz Außenstelle Gera (“TLUBN”) following a successful application by the Company (ASX announcement 10th September 2019).

Status of Projects Portfolio

Davenport has 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, however an ongoing study will also include conventional mining. An MOP solution mine close to Nohra-Elende has been operating for more than 20 years.

Ebeleben

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

Ohmgebirge

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

Marketing

The Company continues to work with Stuttgart-based IR company Axino, to promote its projects within German-speaking European countries. Axino has produced two promotional videos and a third is under development. Axino has also overseen the translation of Davenport's recent announcements to German and placed them onto various European media platforms. Davenport executives will attend a significant Axino IR event in Munich on 8-9 November 2019 where they will be introduced to European investors.

Davenport has created a German version of its website, which can be reached through the URL www.davenportresources.com.au and selecting the German alternative on the home page.

Davenport has commissioned NWR Communications, a Melbourne-based IR company, to further promote the company within Australia.

AUSTRALIA – Southern Cross Bore

No activity.

Activities for next reporting period

- Execute a NDA with a third potential project partner and conduct negotiations which may lead to a cooperation agreement to develop projects within the Company's licence areas.
- Continue negotiations with two currently interested parties with the intention of agreeing cooperation and offtake agreements.
- Complete the preliminary economic study on the Nohra-Elende field during December quarter.
- Complete the resource modelling on the Ohmgebirge licence area and announce a JORC-compliant resource by end-November.
- Conduct a marketing roadshow in Australia during November.

Potash Market

Early optimism in the global MOP market was supported by China importing strongly during the first half of 2019, however weak consumption in the country has maintained high seaport stocks. This resulted in China's leading importers suspending seaborne arrivals from September until the new annual contracts are signed. Chinese fertilizer requirements are likely to be affected by the current epidemic of African Swine Fever which has reduced China's pig herd by 32 percent. The trade war with the USA has also created uncertainty.

These trade tensions, combined with poor weather, have resulted in USA planting for corn and soya beans at historically low levels during 2019. The USA started its summer planning season with fertilizer carry-over which diminished hope for a price rebound for the remainder of the year. For this reason, North American potash producers have reduced output in an attempt to maintain prices.

A weak Rupee and higher retail process saw Indian demand tail off initially in 2019, but improved monsoon weather has provided a boost in the second half of the year. Price negotiations with the Russian producers are ongoing, the results of which are eagerly awaited by all other producers.

Other activities

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

Tenements

Tenements held by the Company are as follows:

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

INVESTOR & MEDIA ENQUIRIES

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Davenport Resources Limited

ABN

64 153 414 852

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(122)	(122)
(b) development		
(c) production		
(d) staff costs	(217)	(217)
(e) administration and corporate costs	(325)	(325)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds	-	-
1.8 Other – occupancy make good costs	-	-
– release of security deposit	5	5
– VAT refund	4	4
1.9 Net cash from / (used in) operating activities	(655)	(655)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		

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

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	953	953
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (Equity Raising Costs)		
3.10 Net cash from / (used in) financing activities	953	953

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	694	694
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(655)	(655)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	953	953

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of period	993	993

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	993	993
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (short term deposit)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	993	993

6. Payments to directors of the entity and their associates

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

Current quarter
\$A'000

154

6.1 Director salaries and fees.

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

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

Current quarter
\$A'000

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

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	180
9.2 Development	
9.3 Production	
9.4 Staff costs	120
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	450

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

Compliance statement

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



Sign here:

(Director/~~Company secretary~~)

Date: 28 October 2019

Print name: Chris Gilchrist

Notes

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

DAVENPORT RESOURCES LIMITED

TENEMENT SCHEDULE

NORTHERN TERRITORY

The following tenement interests were held during the quarter ended 30 September 2019:

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

GERMANY

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

Perpetual Mining Licences

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

Exploration Licences

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

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