

ASX Announcement6th August 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
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Capital Structure

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

BOARD OF DIRECTORS**Patrick McManus**

(Non-Executive Chairman)

Dr Chris Gilchrist

(Managing Director)

Rory Luff

(Non-Executive Director)

Dr Reinout Koopmans

(Non-Executive Director)

Lions Bay Capital to become a major shareholder In Davenport Resources

Highlights

- Lions Bay Capital Inc. (TSX-V: LBI), "LBI", has announced (TSX-V announcement 6th Aug 2019) that Parkway Minerals NL (ASX:PWN), Davenport's largest shareholder, has signed a binding term sheet to acquire all outstanding shares in Consolidated Potash Corporation ("CPC"), (the "Transaction"). This follows an announcement by Parkway Minerals of the intended Transaction (ASX announcement, 6th August 2019).
- LBI owns 48% of the issued capital of CPC and at completion of the Transaction, will own 10 million shares in Davenport Resources.
- The transaction brings the addition of a new and supportive major shareholder to Davenport Resources.
- Lions Bay Capital is a TSX-V listed investment issuer focused on high-return investment opportunities in the mining, clean energy and clean technology sectors. Its Directors have a long and successful track record in the mining sector, including potash.

Davenport Resources MD, Dr Chris Gilchrist, commented: *"I am delighted to learn of this transaction as it provides a strong endorsement of the value and quality of our German potash assets, I also acknowledge the favourable comments made by the Executive Chairman of Lions Bay, Mr John Byrne, who has expressed his Board's excitement about the opportunities which Davenport represents and I look forward to a long and successful relationship."*

The transaction is subject to Parkway Minerals shareholder approval and a number of conditions precedent. Additional details about the Transaction can be found in the Parkway and Lions Bay announcements, as attached.

INVESTOR & MEDIA ENQUIRIES

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Attachment 1: Parkway Minerals NL Announcement 6th August 2019

Attachment 2: Lions Bay Capital Inc. Announcement 6th August 2019

ASX Announcement

5 August 2019



COMPANY DETAILS

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PRINCIPAL AND REGISTERED OFFICE

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ASX CODE

PWN

FRANKFURT CODE

A1JH27

CORPORATE INFORMATION

As of 5 August 2019

- 634M Ordinary shares
- 123M Partly paid shares
- 65M Unlisted options

BOARD OF DIRECTORS

Mr. Adrian Griffin
Non-Executive Chairman

Mr. Patrick McManus
Managing Director

Ms. Natalia Streltsova
Non-Executive Director

PARKWAY MINERALS ENTERS BINDING TERM SHEETS TO ACQUIRE CONSOLIDATED POTASH CORPORATION

HIGHLIGHTS:

- **Acquisition of CPC provides Parkway with interests in:**
 - Karinga Lakes Potash Project in Northern Territory, Australia
 - Prospective lithium potash project in New Mexico, USA
 - Ownership of 100% Activated Water Technologies (AWT), owner of the aMES™ brine processing technology
- **CPC's project and technology interests represent a strong strategic fit with Parkway's portfolio providing immediate synergies and growth opportunities, including:**
 - Potential to add value to Davenport (ASX: DAV) project portfolio
 - aMES™ technology to be tested for potential at Lake Seabrook
- **As part of Parkway's acquisition of CPC, the Parkway board will be strengthened through the appointment of:**
 - Mr. Bahay Ozcakmak, the managing director of CPC, and
 - Mr. Patrick Power, the founder of Western Potash (TSX-V: WRX)
- **\$450,000 capital raising at \$0.005 to be completed as part of transaction**

Parkway Minerals NL (ASX: PWN) (**Parkway**, or **PWN**) is pleased to announce the strategic acquisition of Consolidated Potash Corporation Ltd (**CPC**), an unlisted Australian public company.

Parkway's Managing Director, **Mr. Patrick McManus**, said: "We've followed the progress of CPC over the last 2 years with interest and in particular have been most impressed with the successful aMES™ test-work performed by CPC's AWT subsidiary. By earning a 15% interest in the Karinga Lakes Potash Project (**KLPP**), CPC has demonstrated the value of CPC's technology and capability in relation to potash and other brine projects. We believe CPC's technology has the potential to materially improve product recovery and project economics for brine hosted resource projects, globally, and look forward to progressing the KLPP and the New Mexico Lithium Project with our new project partners".

Mr. Bahay Ozcakmak, the Managing Director of CPC added: "Having recently completed our most recent phase of studies at the KLPP and as a result earning an initial 15% interest in the KLPP joint venture, our focus has now turned to larger scale studies to support a planned Preliminary Feasibility Study. CPC combining with Parkway through the merger announced today, provides the enlarged Parkway with the critical-mass to not only advance existing projects in the expanded portfolio, but to further leverage the advantages of our technology platform into high-value segments of the global mining sector".

TRANSACTION OVERVIEW

Parkway has executed binding term sheets to acquire 97.79% of the issued capital of Consolidated Potash Corporation Ltd (CPC), an unlisted Australian public company. As CPC is an unlisted Australian public company with less than 50 shareholders, post completion Parkway will move to compulsorily acquire the remaining 2.21% of CPC.

Consideration for the acquisition of CPC consists of:

- Parkway issuing ~479.6 million ordinary shares (PWN) to CPC shareholders, equivalent to 42.4% of the expanded capital of Parkway, prior to any capital raising.
- Parkway issuing ~123.3 million partly paid shares (PWNCA) to CPC shareholders.
- Parkway transferring 10 million Davenport Resources Limited (ASX: DAV) shares and issuing ~10.97 million PWN shares to TSX-V listed Lions Bay Capital Inc. (majority vendor of CPC) in consideration for the extinguishment of a loan to CPC.

In addition, Parkway will issue to Victoria University, with whom CPC wholly owned subsidiary AWT is party to a strategic collaboration and technology licence agreement, 6 million PWN shares in lieu of Victoria University exercising rights to acquire a minority interest in AWT.

Parkway has also agreed to loan CPC up to \$130,000 in working capital to primarily maintain CPC's New Mexico potash-lithium project (NMLP) in good standing and perform preliminary permitting related activities.

The acquisition of CPC by Parkway is subject to customary regulatory and shareholder approvals (under Listing Rule 7.1 for the various securities issues noted above and for the election of incoming directors) as well as Parkway raising \$450,000 at \$0.005 concurrently with the acquisition of CPC.

ASX has confirmed that Listing Rule 11.1.2 does not apply to the acquisition of CPC.

Indicative Timeline

Parkway anticipates the key milestones relating to the completion of the transaction, are as follows:

- Notice of Meeting sent to Shareholders **Friday 9 August 2019**
- EGM of Parkway Shareholders to vote on transaction **Tuesday 10 September 2019**
- Consideration Shares issued/transferred to CPC vendors **Friday 13 September 2019**

It should be noted that the timeline outlined above is indicative only and subject to change.

Additional Information:

- A more detailed description of the proposed transaction is attached to this announcement.
- Concurrent with this announcement, Parkway has released a **CPC Acquisition Presentation** (available on the ASX platform and the Parkway website), outlining the rationale for the acquisition of CPC as well as updated corporate information.

For further information please contact Mr. Patrick McManus or Mr. Bahay Ozcakkmak, details below:



Parkway Minerals NL:

Mr. Patrick McManus

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Consolidated Potash Corporation:

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INTRODUCTION

As an aspiring fertiliser minerals company, Parkway has been evaluating the potential feasibility of the Dandaragan Trough Project (DTP) as a source of phosphate and potash for several years and has more recently been exploring for brine hosted potash resources within Western Australia. Whilst the mineral resources delineated at the DTP to date are very significant and recent exploration results from Lake Seabrook are encouraging, Parkway has been actively reviewing strategic acquisition opportunities to further grow the company, by leveraging the existing assets and capabilities of Parkway.

The long-term thematic of population growth and intensification of agricultural production, continue to underpin increasing global demand for fertiliser minerals, particularly high-quality sulphate of potash (SOP). Encouragingly, several ASX-listed potash companies continue to advance their flagship projects, with the more advanced project proponents enjoying market capitalisations well beyond \$100 million. These substantial company valuations highlight the increasingly compelling investment propositions fertiliser mineral projects, particularly SOP, represent. Encouragingly, more sophisticated investors, including institutional and superannuation funds are increasingly considering the sector in Australia as investable.

One of the key drivers for the acquisition of CPC announced today is the prospect of Parkway participating in the Karinga Lakes Potash Project (KLPP), in the Northern Territory. The KLPP was one of the pioneering potash brine projects in Australia, with many of the drilling and sampling techniques first adopted in Australia, refined during the early exploration phases at the KLPP. The prospectivity of the general Karinga Creek region was first investigated as early as 1989, culminating in a PFS being prepared by BHP Engineering in July 1992. Notwithstanding the recent reemergence of potash brine exploration in Australia, the KLPP remains one of the most prospective potash brine projects in Australia.

CPC's JV partner at the KLPP, Verdant Minerals has performed resource appraisal studies including extensive drilling, trenching, sampling and flow-testing, culminating in detailed hydrogeological modelling, the reporting of a resource and the finalisation of a scoping study in late 2014. Following initial test-work performed by CPC's subsidiary (AWT - Activated Water Technologies) in late 2016, in August 2017, AWT and CPC formally entered into an innovative JV agreement (KLPP-JVA) to further advance the KLPP, through the continued development and evaluation of AWT's aMES™ brine processing technology ([ASX Announcement 10 August 2017](#) Karinga Lakes Sulphate of Potash Project - Earn-in Agreement).

Parkway's acquisition of CPC provides Parkway with an expanded platform of attractive growth opportunities, most immediately through the KLPP as well as an exciting lithium potash project in New Mexico. In addition to these two brine projects, the acquisition of the aMES™ technology portfolio provides Parkway with the potential to leverage its ownership of the aMES™ technology, in order to participate in other attractive brine projects, not dissimilar to how CPC initially acquired its interest in the KLPP.

CONSOLIDATED POTASH CORPORATION (CPC)

CPC is an unlisted Australian public company majority owned by Lions Bay Capital (TSX-V: LBI) a Toronto Stock Exchange listed investment company and Activated Logic Pty Limited, an entity under the control of Mr. Bahay Ozcakmak, the founder of Activated Water Technologies (AWT) (and incoming director of Parkway), now a wholly-owned subsidiary of CPC. Mr Ozcakmak is also an executive director of LBI. Through the acquisition of AWT, CPC owns the *activated Mineral Extraction System* – aMES™ technology.

Following an extensive aMES™ technology development and evaluation program (refer to AWT section, below), CPC has successfully leveraged its ownership of the aMES™ technology, to strategically acquire two highly strategic brine project interests. In addition to securing aMES™ test programs for both these brine projects, CPC has already secured a royalty interest, highlighting the potential for the aMES™ technology to not only assist in generating conventional project returns, but additional technology related revenue streams also. In the event the aMES™ technology is proven at commercial-scale, CPC is confident it will be able to generate a revenue stream through the licensing of the technology, without necessarily making material project-level investments. AWT has performed several paid-piloting studies for a number of project proponents, demonstrating the extent of interest by third-parties to fund the cost of investigative aMES™ studies.

KEY OWNERSHIP INTERESTS

- Karinga Lakes Potash Project (**KLPP**, 15% JV interest, with right to increase to 40% and further conditional option to increase to 50.1%)
- New Mexico Lithium Project (**NMLP**, 50% JV interest, with right to increase to 100%)
- Activated Water Technologies (**AWT**, wholly owned subsidiary of CPC)

i) KARINGA LAKES POTASH PROJECT (KLPP)

In August 2017, CPC and AWT entered into joint venture and technology licensing agreements with formerly ASX-listed junior resource company, Verdant Minerals. CPC can acquire up to a 40% interest in the KLPP by investing up to \$3 million (refer Verdant Minerals [ASX Announcement 10 August 2017](#)). Verdant Minerals is no longer ASX listed, as the shareholders on the 18th of June 2019 accepted an offer (at a 113% premium to the last traded price) to privatise the company. Verdant Minerals is now privately owned by CD Capital a London based private equity firm and Washington H Soul Pattison (ASX: SOL).

The KLPP consists of a chain of salt lakes representing part of the Central Australian groundwater discharge zone in the Northern Territory, with the KLPP located approximately 20 km from the Stuart Highway, 5km from the Lasseter Highway and approximately 80km from the Adelaide to Darwin rail-line (*figure 1*). The KLPP consists of 7 exploration licences covering approximately 1,041km² over 25 of the most prospective lakes (refer to *Tenement Schedule* below).

Verdant Minerals have been exploring the KLPP area since May 2010 and on 20 February 2014 reported an in-situ potash resource for the project. The 2014 resource is based on the total porosity (total brine content) of the host rock.

Recent guidelines developed by the Association of Mining and Exploration Companies (AMEC) and accepted by the JORC recommend the use of drainable porosity of the host rock (brine content that can be drained by gravity). The 2014 resource is not consistent with the new guidelines in this regard. Revision of the resource estimate to be consistent with the guidelines will result in a reduction of the total previously reported resource.

As such investors are cautioned not to make investment decisions based on the previously announced mineral resource estimate for the KLPP (refer to *Resource Status* section below, for more details).

CPC Earn-in Terms

The KLPP-Joint Venture Agreement provides CPC with the opportunity to acquire up to a 50.1% interest in the KLPP, by delivering an agreed work program.

- Stage 1: CPC has performed a range of aMES™ test work, feasibility related studies and associated technoeconomic modelling on the KLPP, which satisfied the requirements for CPC to acquire an initial 15% interest in the KLPP (refer Verdant Minerals [ASX Announcement 18 February 2019](#)).
- Stage 2: CPC has the right to earn a further 15 – 25% interest in the KLPP, by spending a further \$1 – \$2 million, to earn the respective equity interest, of 30% or 40%. A significant proportion of these funds will be spent on operating an aMES™ pilot plant to further develop and optimise key process parameters. CPC has until August 2021 to earn those interests. Parkway looks forward to working collaboratively with Verdant Minerals to accelerate project appraisal and feasibility studies in an expeditious manner.
- Conditional Option to acquire 10.1%: Following completion of the Stage 2 work programme and the subsequent acquisition of a total 40% interest in the KLPP, the JV partners will work collaboratively to develop an appropriate work programme to advance the KLPP towards a development decision. In the event Verdant Minerals elects not to support a work programme after Stage 2, and/or the JV parties cannot agree on a suitable work programme, under certain circumstances, CPC may be eligible to be granted an option to acquire an additional 10.1% joint venture interest. To exercise the option and bring CPC's interest in the KLPP to 50.1% CPC must pay to Verdant Minerals in cash the higher of \$1,500,000 or the fair market value of the 10.1% interest as determined by an independent expert.

Scoping Study Investigating the Potential Application of aMES™ technology at the KLPP

CPC has earned a 15% interest in the KLPP to date, by completing extensive bench scale testwork and a scoping study on the potential feasibility of producing SOP from the KLPP through the use of the aMES™ technology (refer Verdant Minerals ASX announcement, 18 February 2019 Karinga Lakes – Establishment of Joint Venture). The scoping study identified several important strategies to simplify the development of the KLPP by potentially eliminating the requirement for flotation, process steam, gas pipeline and a freshwater bore field, which collectively represent major costs in the traditional potash production flowsheet. As part of CPC's Stage 2 earn-in to the KLPP, CPC will revisit the scoping study in light of envisaged changes to the reported resource at the KLPP (refer to *Resource Status* section, below).

Next Steps

The KLPP partners intend to further build on the extensive project studies and process development work performed to date, by performing larger scale piloting studies and more comprehensive feasibility studies, in order to determine an optimal development route for the project.

Tenement Schedule

The KLPP covers approximately 1,041 km² across seven exploration licences in the Mount Ebenezer and Curtin Springs region of the Northern Territory, including EL24987, EL25080, EL28205, EL28272, EL28872, EL30381 and EL30382.

Resource Status

On 20 February 2014, Verdant Minerals reported an in-situ SOP resource (in accordance with the 2012 JORC Code) for the KLPP. The 2014 resource is calculated using the total porosity (total brine content) of the host rock.

Subsequent to this resource estimate, in April 2019, the reporting requirements for brine resources under JORC have been updated, with a new set of requirements, which have been outlined in an AMEC (Association of Mining and Exploration Companies) publication titled, *Guidelines for Resource and Reserve Estimation of Brines*.

The updated brine reporting guidelines can be downloaded from the AMEC website:

https://www.amec.org.au/Public/Media/AMEC_Publications/AMEC_Brine_Guidelines.aspx

The guidelines recommend the use of drainable porosity of the host rock (brine content that can be drained by gravity). The 2014 resource is not consistent with the new guidelines in this regard. Revision of the resource estimate to be consistent with the guidelines will result in a reduction of the total reported resource.

The 2014 resource estimate is comparable to other brine potash resources reported in accordance with the JORC Code 2012, that are calculated based on total porosity. During the transition to the new guidelines it has been common for companies to report both estimates calculated on total porosity and calculated on Drainable Porosity.

Detailed hydrogeological studies at the KLPP have been based on significant datasets including drill hole, trench, production tests and monitoring data over several years provide confidence in the project. In collaboration with CPC's joint venture partner Verdant Minerals, the KLPP joint venture will determine an appropriate work program, (as part of a feasibility study) to revise the resource estimate for the KLPP. As a result, investors are cautioned not to make investment decisions based on the presently reported and publicly available mineral resource for the KLPP.

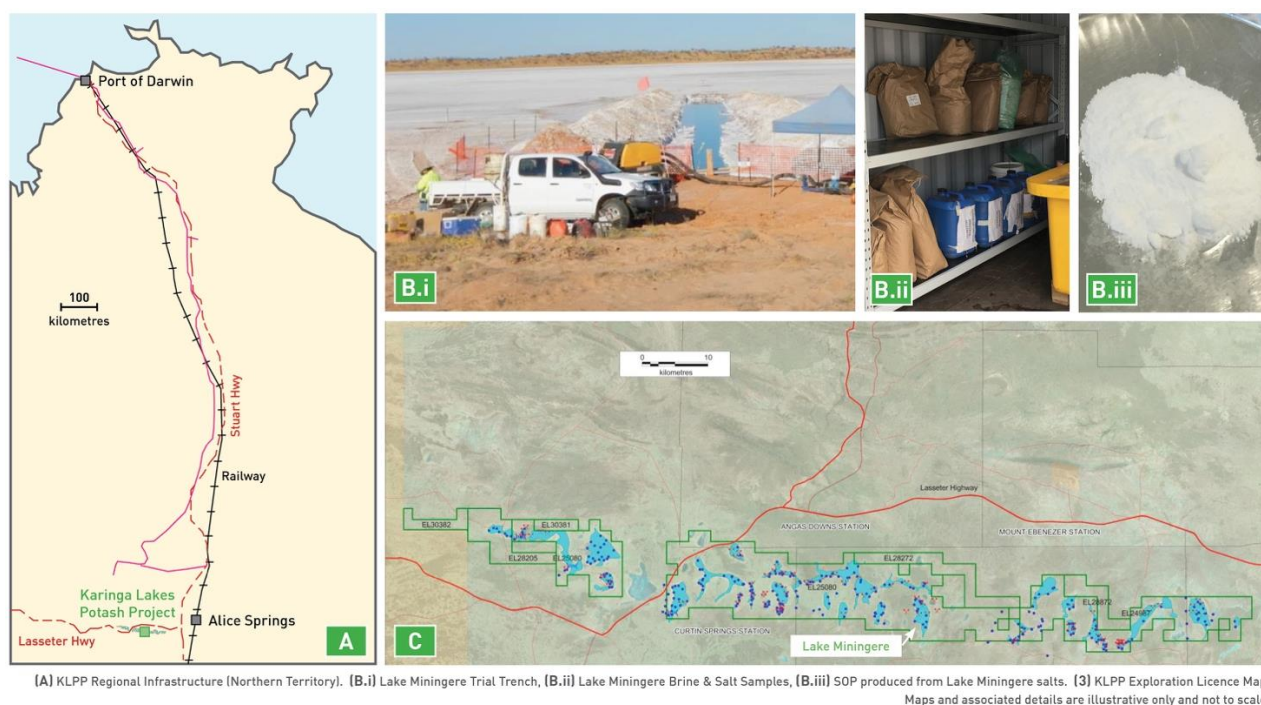


Fig. 1: Karinga Lakes Potash Project (KLPP, chain of 25 playa lakes)

ii) NEW MEXICO LITHIUM PROJECT (NMLP)

CPC has acquired an initial 50% interest in the NMLP by entering into a Joint Project Appraisal and Development Agreement (JPADA) with an unrelated US based vendor. The NMLP covers the central zone (501 BLM - Bureau of Land Management claims, ~40km²) of a large playa lake system, the Lordsburg Playa, in the Animas Valley in the southwest corner of the state of New Mexico (*figure 2*), adjacent to Hawkstone Mining's (ASX: HWK) Lordsburg Lithium-Brine Project.

Historical sampling at the NMLP and of nearby source rocks has identified anomalous Li (ppm) and K (%) which is believed to have been concentrated in the central playa (closed basin) covered by the NMLP. The prospectivity of the project is further enhanced by regional sampling and well completion reports indicating the presence of hypersaline brines.

The presence of a geothermal power plant and regional hot springs are indicators of high regional heat flow and active hydrothermal activity within the basin, at depth. This geological setting has been associated with the leaching of lithium containing volcanic rhyolites into the central playa, where the dissolved minerals are interpreted to be concentrated further through normal playa evaporation dynamics.

The NMLP is in a similar geologic setting to the Clayton Valley in Nevada, a region which hosts Albermarle's (NYSE: ALB) Silver Peak Lithium project, the only operating lithium mine in North America. By comparison, the Animas Valley catchment area which hosts the NMLP, represents a substantially larger catchment area than the Clayton Valley, highlighting the potential for the NMLP to host a significant lithium and potash resource.

In terms of infrastructure, the NMLP is ideally located with major road, rail, gas and power infrastructure passing through the project area. In light of emerging global electrification trends, major auto producers and other major industry participants are establishing significant supply chains to secure stable sources of strategic materials, particularly in relation to the "battery metals" complex, including lithium. Recent legislation in the US, namely the American Minerals Security Act has listed lithium, as well as graphite, cobalt and nickel as "critical minerals" and is generating significant interest in securing and developing domestic sources of these minerals.

Under the JPADA terms:

- CPC may acquire an additional 20% of the NMLP by investing a further US\$100,000 in the project by 28 March 2020. By increasing its interest to 70%, CPC will grant the NMLP a right to an aMES™ licence, which would immediately result in a 1% gross royalty imposed on the project, in favour of CPC.
- By making additional investments of up to US\$500,000 into the NMLP within 3 years of acquiring 70%, CPC may increase its interest to 90%.
- CPC may acquire an additional 10% interest in the NMLP (bringing its total interest to 100%) by paying US\$1,500,000 (with US\$500,000 to be payable in shares of a CPC parent if they are listed) (no expiry date). If exercised, the US based vendor will receive a 1% royalty capped at US\$2.5 million.

The transaction incorporates a number of customary conditions typical in an earn-in transaction of this nature, including minimum annual payments (US\$18,000/yr + indexation, whilst the BLM claims remain valid or CPC has acquired a 100% interest in the project, whichever occurs first) and professional services fees payable to the vendor.



Fig. 2: New Mexico Lithium Project (NMLP, central playa)

iii) ACTIVATED WATER TECHNOLOGIES (AWT)

AWT is the technology division of CPC and has been focused on the development and commercialisation of the aMES™ technology, by performing cutting-edge R&D, collaborating with strategic partners as well as performing a range of pre-commercial investigations, including process piloting studies to demonstrate the potential of the technology. To date, these investigative studies have been performed with a variety of feedstocks ranging from a large metallurgical refinery through to greenfield brine-hosted lithium and potash projects. Following the acquisition of CPC by Parkway, AWT plans to formalise a number of collaborative relationships into strategic partnerships to further support the commercialisation of the aMES™ technology.

AWT was established in 2016 through a ground-breaking collaboration between Activated Logic and Victoria University (VU), by consolidating synergistic technology and knowhow into a dedicated commercialisation vehicle.

AWT has assembled a significant intellectual property (IP) portfolio, incorporating proprietary IP developed and acquired by AWT, as well as new IP being developed in partnership with Victoria University under a Strategic Collaboration and Technology Licensing Agreement (SCTLA). The collective IP portfolio constitutes the aMES™ technology platform and incorporates a number of patents, including through the SCTLA, which have been licensed exclusively to AWT for applications in the energy and mining sectors.

In addition to established partnerships, AWT is also a founding member of the Australian Research Council's industrial transformation research hub for Energy Efficient Separation (EESep) based at Monash University, through which AWT is delivering a major project *"Integrated mineral extraction from Australian salt lakes mediated by a novel induced chemical precipitation system – EESep Project IH17.3"*, in partnership with AWT's highly regarded strategic partner, Victoria University's Institute of Sustainable Industries & Liveable Cities, led by Professor Mikel Duke.

Victoria University is renowned for its applied research and was recently recognised by the Times Higher Education World University Rankings 2019 (and previously in 2017 and 2018), where VU was ranked in the top 2% of universities worldwide.

AWT and CPC also acknowledge the financial support provided by the Australian Government through the Australian Research Council (ARC) Hub for Energy-Efficient Separation, as well as additional grant schemes AWT has benefited from, including the award of a Linkage Project grant.

COMBINED GROUP

Through the acquisition of CPC, the enlarged Parkway will have a broader and deeper project and technology portfolio, as well as a strengthened board, positioning the company strongly for near-term growth.

Broadened Project Portfolio consisting of:

- Karinga Lakes Potash Project (KLPP) – K (SOP)
- New Mexico Lithium Project (NMLP) – K (MOP), Li
- Lake Seabrook Potash – K (SOP)
- Dandaragan Trough (DTP) – K (SOP), P
- Davenport Resources (ASX: DAV) Portfolio – K (MOP) (interests held via shareholding in Davenport)

Broadened Technology Portfolio consisting of:

- aMES™ technology, developed by CPC's AWT subsidiary.
- K-Max® technology, developed by Parkway.

Strengthened Board:

As part of Parkway's acquisition of CPC, the Parkway board will be strengthened through the appointment of Mr. Bahay Ozcakmak and Mr. Patrick Power. At completion, Dr. Natalia Streltslova will retire from the Parkway board.

Bahay Ozcakmak – Executive Director

Bahay is the founder of Activated Water Technologies and the CEO of AWT's parent company, Consolidated Potash Corp. (CPC). In addition to two decades of successful technology commercialisation experience, Bahay has extensive corporate development expertise, including M&A, particularly in the energy and mining sectors, where he has led the successful acquisition of several flagship projects and major corporate transactions, particularly with listed companies.

Bahay has broad corporate experience ranging from business and corporate strategy development through to CEO and director level roles in the energy and mining sectors. Recent experience with resources companies have focused on gold, copper, nickel, cobalt, lithium, potash and uranium projects. Bahay is currently a director of several private and public companies including TSX-Venture listed Lions Bay Capital and Fidelity Minerals Corp.

Patrick Power – Non-Executive Director

Patrick is the founder of Western Potash, and was instrumental in securing substantial investment for the company and advancing the Milestone (under construction) project in Saskatchewan, Canada. Patrick brings over 25 years experience in mining finance, management and venture capital. Patrick is currently a director of Western Potash and President and CEO of Arctic Star Exploration, a diamond exploration company. He has served as a director of other mineral exploration companies including Amarillo Gold Corp., First Narrows Resources Corp., and Goldtex Resources Ltd.

TRANSACTION DETAILS

Subject to Parkway shareholder and regulatory approvals, CPC will combine with PWN through Parkway's acquisition of all the shares of CPC from its shareholders. At completion, this transaction will result in CPC shareholders owning approximately 42% of the combined group, before any capital raising. At completion, CPC shareholders will have the right to nominate 2 directors to the board and on completion, Dr. Natalia Streltslova will retire from the Parkway board. Mr. Bahay Ozcakmak, the current managing director of CPC will join Parkway as executive director, with Lions Bay Capital, the largest shareholder of CPC nominating Mr. Patrick Power as non-executive director. At completion of the acquisition of CPC, Parkway will remain headquartered in Perth, with the incoming directors being based in Brisbane and Vancouver, respectively, providing improved access to a broader range of investors.

As a result of Parkway's acquisition of CPC, upon completion Parkway will have 2 additional substantial shareholders. At completion, Lions Bay Capital will own approximately 18% of Parkway and Activated Logic 17%, assuming the concurrent capital raising is fully subscribed. Both vendors have agreed to a voluntary escrow period of 12 months from completion of the acquisition for their consideration securities. Mr Bahay Ozcakmak controls Activated Logic and is also a director of Lions Bay.

CAPITAL RAISING

In order to support the merged group, Parkway will place 90,000,000 shares in Parkway to strategic and/or sophisticated investors at a minimum placement price of \$0.005, to raise \$450,000 as an interim placement. This will fund the immediate requirements of the combined group, which includes:

- Advancing the acquisition of a larger interest (70%) in the New Mexico Lithium Project (NMLP)
- Advancing the Karinga Lakes Potash Project (KLPP)
- General working capital

Additional details of the Key Priorities for the enlarged group are further outlined in the Parkway presentation concurrently released with this announcement.

In order to advance these and other opportunities and further grow the company, Parkway anticipates further capital raisings will be required.

About Parkway Minerals

Parkway Minerals (ASX: PWN) is an exploration company focused on developing large greensand deposits in West Australia's Perth Basin. The Company aims to define a substantial resource base and investigate how best to recover phosphate, potash and other minerals from the Dandaragan Trough. The project is well situated in relation to infrastructure, with close access to rail, power and gas. A successful commercial outcome will allow Parkway to become a major contributor to the potash and phosphate markets at a time of heightened regional demand.

Parkway has a strategic land holding over the Dandaragan Trough, one of the world's largest known glauconite deposits. Previous exploration indicates glauconite sediments are widespread for more than 150km along strike and 30km in width. Current JORC compliant Indicated Mineral Resources stand at 630Mt at 1.9% P₂O₅ of phosphate mineralisation and 210Mt at 3.8% K₂O, amenable to processing by the K-Max process (ASX release: 26 September 2017).

Parkway owns 44.2 M shares in Davenport Resources (ASX: DAV), focused on potash exploration in the South Harz region of central Germany and a strategic investment in Lithium Australia NL (ASX: LIT) focused on the lithium value chain from mineral resources through to lithium battery technology and recycling.

COMPETENT PERSON'S STATEMENT

Dandaragan Trough Project (DTP)

The information in this report that relates to the estimation of the Mineral Resources for the Dandaragan Trough Project is based on and fairly represents information and supporting documentation prepared by J.J.G. Doepel, who is a member of the Australasian Institute of Mining and Metallurgy. Mr. Doepel, Principal Geologist of the independent consultancy Continental Resource Management Pty Ltd, has sufficient experience relevant to the style of mineralisation and type of deposit under consideration. He is qualified as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". This report is issued with Mr. Doepel's consent as to the form and context in which the Mineral Resource appears.



Lions Bay Capital to become major shareholder in Parkway Minerals and Davenport Resources

Vancouver, BC, August 6th, 2019 – Lions Bay Capital Inc. (TSX-V: **LBI**) (“**Lions Bay**” or the “Company”) is pleased to advise that Parkway Minerals NL (ASX: **PWN**, “**Parkway Minerals**”), an Australian Stock Exchange (ASX) listed fertiliser minerals company, has signed binding term sheets to acquire 97.79% of the outstanding shares in Consolidated Potash Corporation (**CPC**), (the “**Transaction**”), including 100% of the shares held by Lions Bay.

Lions Bay is currently the largest shareholder of CPC (owns 48% of the issued capital) and has also provided working capital by way of loan funds of approximately C\$550,000 to CPC. Following the satisfaction of all the conditions precedent (including Parkway Minerals shareholder approval) outlined in the term sheet, at completion of the Transaction, Lions Bay will receive approximately:

- 223 million ordinary shares in Parkway Minerals
- 54.5 million partly paid shares in Parkway Minerals
- 10 million shares in Davenport Resources Ltd (details below)

Based on the recently traded share prices for both Parkway Minerals and Davenport Resources, the approximate market value of the shareholdings to be received by Lions Bay is in the order of \$1.6 million. At completion of the Transaction, executive director of Lions Bay and managing director of CPC, Mr Bahay Ozcakmak will join the board of Parkway Minerals as an executive director. Lions Bay has also nominated Mr Patrick Power, the founder and current director of Western Potash Corp. (the developer of the innovative Milestone Potash Project in Saskatchewan), to also join the board of Parkway Minerals as a non-executive director.

Executive Director of Lions Bay and Managing Director of CPC, Mr Bahay Ozcakmak commented:

“Following a prolonged period of under-investment in the fertiliser minerals sector, we believe we are approaching a period where robust projects with a line of sight to sustainable development, will be highly sought after by industry and strategic investors. Following our announcement in February this year that CPC had completed a Scoping Study on the Karinga Lakes Potash Project, we have received significant interest in both CPC and its

promising aMES™ technology. In June this year, our joint venture partner at the Karinga Lakes Potash Project, Verdant Minerals was acquired by a UK based private equity firm at more than twice the prevailing market price before the acquisition was announced, highlighting the deep-value in the sector, that is gradually being recognised by astute investors. As evidenced by our own transaction announced with Parkway Minerals today, we expect the consolidation and rationalisation trend in the sector to continue. In this regard, we believe the transaction between CPC and Parkway Minerals is not only well-timed, but highly synergistic as it combines complementary projects, technology and skills, and positions the merged-entity strongly as an emerging player in the fertiliser minerals sector.

Executive Chairman of Lions Bay, Mr John Byrne commented:

“This transaction is an important step in Lions Bay’s journey to unlock value from one of its early seed investments, by providing visibility on what we have always believed to be significant embedded value within CPC. We have supported the development of CPC and its proprietary mineral processing technology over the past two years and believe this transaction with Parkway creates a company with the critical-mass required to be able to grow the core business and execute an ambitious business plan.

As the major vendor of CPC into the transaction, we have agreed to assist Parkway Minerals conduct a relatively modest capital raise to support the transaction. As soon to be major shareholders of both Parkway and Davenport, we look forward to supporting both the respective management teams to assist in the alignment and transformation of both companies, to ensure they are on a robust growth trajectory moving forward. Whilst the merits of the effective merger of CPC with Parkway are outlined in the Parkway announcement and the accompanying presentation, we are equally excited about the opportunity of assisting Davenport receive the recognition it deserves. Although Davenport has flown under the radar in recent times, we have been impressed with how quickly the Davenport team have been able to systematically assemble a portfolio of projects in Central Germany, which now represent the largest potash resource in Western Europe. We are pleased to be able to expose our shareholders to such opportunities. This is a great example of how Lions Bay is focused on strategically leveraging the experience and network of the management team in the relatively high-risk resources sector, to create value for our shareholders. This transaction highlights how an investment in Lions Bay provides an opportunity for investors to gain exposure to the formation and development of resources focused companies and benefit from the experience of the Lions Bay management team.”

Should the Transaction proceed as envisaged, Lions Bay will have strategic shareholdings in five listed public companies:

- **Fidelity Minerals (TSX-V: FMN)** – focused on copper gold projects in Peru;
- **Elementos (ASX: ELT)** - an emerging global tin company;
- **Kalina Power (ASX: KPO)** – developing portfolio of waste heat power plants;
- **Parkway Minerals (ASX: PWN)** – Australian fertiliser minerals company.
- **Davenport Resources (ASX: DAV)** – owner of significant German potash projects.

The Transaction is subject to Parkway Minerals shareholder approval and a number of conditions precedent. Additional details about the acquisition of CPC by Parkway Minerals,

can be found in the announcement released to the Australian Securities Exchange (ASX) by Parkway Minerals, as attached.

About Lions Bay Capital Inc.

Lions Bay Capital Inc. is a TSX-V listed Investment Issuer that is focused on high return investment opportunities, principally in the mining, clean energy and clean technology sectors, where it provides public and private companies with strategic and financial support.

On behalf of the Board of Lions Bay.

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This press release contains “forward-looking statements” or “forward-looking information” (collectively referred to herein as “forward-looking statements”) within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “will”, “plan”, “intends”, “may”, “will”, “could”, “expects”, “anticipates” and similar expressions. Further disclosure of the risks and uncertainties facing Lions Bay and other forward-looking statements are discussed in Lions Bay’s Management’s Discussion and Analysis which is available under the Company’s profile on www.sedar.com.

Forward-looking statements are based on assumptions made by and information currently available to the Company. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. By their very nature, forward-looking statements involve inherent risks and uncertainties and readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the beliefs, plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, for the Company and the companies it is invested in, but are not limited to, commodity prices, fluctuations in revenues and expenses, need for additional funding, availability of such additional funding and that funding will be on acceptable terms, retention of key employees, economic conditions, currency fluctuations, competition and regulations, legal proceedings and risks related to operations in foreign countries.

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