



ASX Announcement

31 January 2017

COMPANY DETAILS

Davenport Resources Limited

ABN: 64 153 414 852

ASX CODE: DAV

PRINCIPAL AND REGISTERED OFFICE (& Postal Address)

Davenport Resources Limited
Level 14,
31 Queen Street
Melbourne VIC 3000

W: www.davenportresources.com.au

E: info@davenportresources.com.au

P: +61 (0) 415 065 280

Capital Structure

74.0M Ordinary shares
33.9M First milestone shares
33.9M Second milestone shares
6.2M Unlisted options

BOARD OF DIRECTORS

Patrick McManus

(Non-Executive Chairman)

Chris Bain

(Managing Director)

Rory Luff

(Non-Executive Director)

Angus Edgar

(Non-Executive Director)

Quarterly Activities Report Period Ended 31 December 2016

- ASX listing completed on 20 January 2017 raising over \$5million
- Preparatory work begun on South Harz Potash project
- Data compilation at Southern Cross Bore Project

Davenport Resources Limited (ASX:DAV) (**Davenport** or the **Company**) completed its IPO raising \$5.11 million and the shares commenced trading on the ASX on Friday 20 January 2017.

During the December quarter, with the focus on the IPO, the Company undertook preparatory work ahead of commencing the full exploration program on both the South Harz Potash Project in Germany and the Southern Cross Bore copper/gold project in Australia.

South Harz Potash Project, Germany.

Küllstedt

Consultation commenced with the state mining authority on a draft work plan to permit the drilling of initially two confirmatory holes at Küllstedt with the objective of upgrading part of the existing Exploration Target to a JORC compliant Inferred Resource.



Gräfen tonna

Davenport has acquired data from 25 historic drill holes within the licence area and on completion of the IPO Davenport's consultant ERCOSPLAN commenced work on compiling all available data into a useable database. Upon completion ERCOSPLAN will then construct a 3D model of the potash horizon at depth for estimating a potash Exploration Target at Gräfen tonna.

Southern Cross Bore Project, Australia

EL 30090

A compilation of historic exploration information over EL30090 identified a number of prospects for follow up exploration now that Davenport is fully funded. Very little work has been carried out on this tenement since the mid-1990s and no historic drilling has been identified. Davenport has ranked a number of areas as priority for field work in the coming year.



EL28045

Data modeling was undertaken as part of the preparation for the IPO. Davenport is completing a Mine Management Plan before re-commencing field work on the tenement. In addition the rehabilitation work of past drill pads was completed at the end of the September quarter and subsequent rain has seen good regrowth of native vegetation across the site.

ENQUIRIES

Investors:

Chris Bain
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Media:

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Monsoon Communications
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info@monsoon.com.au

Competent Person Statements

The South Harz Potash Project data in this report is based on information reviewed by Mr. Jason Wilkinson, a Professional Member of the Institute of Materials, Minerals & Mining (MIMMM) and an employee of Davenport Resources Limited. Mr. Wilkinson has sufficient experience that is relevant to the style of the mineralisation and the type of deposit under consideration and to the activity to which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Wilkinson has consented to the inclusion of this information in the form and context in which it appears in this report.

The Southern Cross Bore Project data in this report is based on information reviewed by Mr. Chris Bain, a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and an employee of Davenport Resources Limited. Mr. Bain has sufficient experience that is relevant to the style of the mineralisation and the type of deposit under consideration and to the activity to which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Bain has consented to the inclusion of this information in the form and context in which it appears in this report.

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")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers – sub-tenants rent	4	8
1.2 Payments for		
(a) exploration & evaluation	(10)	(23)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(109)	(198)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other - IPO/prospectus costs	(87)	(305)
- Rehabilitation costs	-	(32)
1.9 Net cash from / (used in) operating activities	(199)	(546)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	(d) other non-current assets Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		500
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities	(80)	(80)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(80)	420

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
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 (provide details if material)		
3.10	Net cash from / (used in) financing activities		

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	548	395
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(199)	(546)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(80)	420
4.4	Net cash from / (used in) financing activities (item 3.10 above)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	269 *	269 *

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	269 *	548
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	269 *	548

* The closing balance as at 31 December 2016 excludes share application funds received during the quarter. These funds were restricted pending satisfaction of the conditions required for the Company listing on the ASX. These conditions were satisfied and the Company listed on 20 January 2017 raising a total of \$5,111,737 before costs.

The above cash flow information does not include East Exploration Pty Ltd and its controlled subsidiary. These entities were acquired by Davenport with an effective date of 9 January 2017 following satisfaction of all contract conditions.

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	20
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	

Director fees.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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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.		

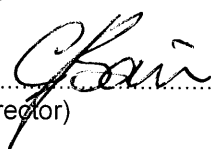
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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	300
9.2	Development	
9.3	Production	
9.4	Staff costs	60
9.5	Administration and corporate costs	100
9.6	Other (provide details if material)	
9.7	Total estimated cash outflows	460

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 schedule.		
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

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)

Date:31 January 2017.....

Print name:Chris Bain.....

Notes

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

DAVENPORT RESOURCES LIMITED

TENEMENT SCHEDULE

NORTHERN TERRITORY

The following tenement interests were held during the quarter ended 31 December 2016:

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 sq kms
EL28045	100	-	100	G	73
EL29827	100	(100)	-	G	13
EL30090	100	-	100	G	557

GERMANY

Subsequent to the end of the quarter the following interest was acquired:

Effective on 9 January 2017, the Company acquired East Exploration Pty Ltd and its 100% controlled entity located in Germany, East Exploration GmbH.

East Exploration GmbH holds the South Harz Project located in the northern part of the Federal State of Thuringia, situated approximately halfway between Frankfurt and Berlin. Details of the two licences held are:

- Küllstedt licence granted on 12 January 2015 covering an area of 241 km²
- Gräfenonna 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.

DAVENPORT RESOURCES LIMITED

PERFORMANCE SHARES - MILESTONES

It is a condition of the ASX listing that the Company discloses in each quarterly report details of the Performance shares that remain on issue.

Subsequent to the end of the quarter, 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 Performance shares (67,708,334 in total). These remain on issue and no milestones have been met.

The following are the common terms of the first Performance shares and the second Performance shares.

- (a) **(Performance Shares):** A Performance share is a share in the capital of the Company (being Davenport Resources Limited) **(Performance Shares)**.
- (b) **(General Meetings):** A Performance share shall confer on the holder (a **Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. The Holder of a Performance share has the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting Rights):** A Performance share does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No Dividend Rights):** A Performance share does not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up):** The Holder of a Performance share is not entitled to participate in the surplus assets or profits of the Company in a winding up.
- (f) **(Not Transferable):** A Performance share is not transferable.
- (g) **(Issues and Reorganisation of Capital):** A Performance share does not entitle the Holder to participate in any bonus issue, pro rata issue or any other issue or rights to subscribe for fully paid ordinary shares or any other securities issued by the Company. Further, if at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed as if each Performance share held by the Holder was a fully paid ordinary share, to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (h) **(No Other Rights):** A Performance share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (i) **(Conversion):** Subject to paragraph (m) below, a Performance share will convert into one fully paid ordinary share in the Company (a **Share**) upon the achievement of the milestone applicable to that Performance Share (the **Applicable Milestone**). The Applicable Milestone for a Performance share will be specified in the terms of issue of or invitation to apply for the Performance share. Performance shares which have not lapsed will convert automatically (without the achievement of the Applicable Milestone) in the event of a takeover or change of control of the Company.
- (j) **(Conversion Procedure):** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of Performance Shares into Shares under paragraph (i).
- (k) **(Lapse):** If the Applicable Milestone for a Performance share is not achieved within the time or by the event specified for and as part of the Applicable Milestone, all Performance shares for which that milestone is the Applicable Milestone will lapse and be deemed to have been cancelled without payment or other compensation to the Holder.
- (l) **(Quotation – Application to ASX):** Performance shares will not be quoted on the ASX. If Performance shares convert into Shares the Company must within seven (7) days of the date of conversion apply for official quotation on ASX of the Shares.

- (m) **(Compliance with Law):** The conversion of Performance shares is subject to compliance at all times with the Corporations Act and the Listing Rules of ASX.
- (n) **(Ranking of Shares):** The Shares into which the Performance share will convert will rank pari passu in all respects with existing Shares.

The Applicable Milestone for the first Performance shares is Milestone 1. The Applicable Milestone for the second Performance shares is Milestone 2. The Milestones are set out below.

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 are 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).

“South Harz Project” means the mineral exploration project targeting potash in central Germany including the K llstedt and Gr fentonna exploration licences and all ground within 50 kilometres of the K llstedt and Gr fentonna tenements.