



# DAVENPORT RESOURCES

**BUILDING A STRATEGIC POTASH INVENTORY  
IN GERMANY'S SOUTH HARZ BASIN**

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NOVEMBER 2017

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## COMPETENT PERSON STATEMENTS

The South Harz Potash Project data in this report is based on information reviewed by Jason Wilkinson, a member of the 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.

# DAVENPORT at a glance



## DAVENPORT RESOURCES

74mill Issued Shares  
36.1m shares listed on ASX  
Mkt Cap \$6.2 mill  
Cash \$3.7mill @ 30 Sept 2017



## Directors & Management

**Pat McManus:** 30 years of mining experience, Managing Director of Parkway Minerals NL.

**Chris Bain:** A geologist with 40 years of experience in mining, exploration, funds management, stockbroking and corporate advisory roles.

**Rory Luff:** Founder of BW Equities and East Exploration with more than 15 years' experience in financial services.

**Chris Gilchrist:** A Mineral Engineer with more than 30 years of experience including; General Manager and Operations Director for Cleveland Potash Limited (UK), Non-Executive Director of South Boulder Mines (now Danakali Ltd) managing feasibility on the Colluli potash project in Eritrea. More recently as Project Manager and adviser to Circum Minerals on their Ethiopian potash project.

**Jason Wilkinson – Project Director:** A geologist with 25 years of exploration experience including 7 years with Allana Potash and in country manager ICL in Ethiopia taking the project from start-up through to feasibility. Jason is based in Europe.

**DAVENPORT'S DIRECTORS AND MANAGEMENT HAVE EXPERIENCE IN EXPLORATION AND DEVELOPMENT OF POTASH PROJECTS AND OTHER MINERALS LOCATED IN WESTERN EUROPE, AUSTRALIA, MIDDLE EAST AND AFRICA.**

# GROWING GERMAN POTASH ASSETS



Building a strategic position in Germany's South Harz potash basin, a globally significant region with a history of over 120 years of production



Three new perpetual mining licences with historic high grade resources in "next to be mined" parts of the potash basin

Large supporting database that would cost over €100m to replicate the today



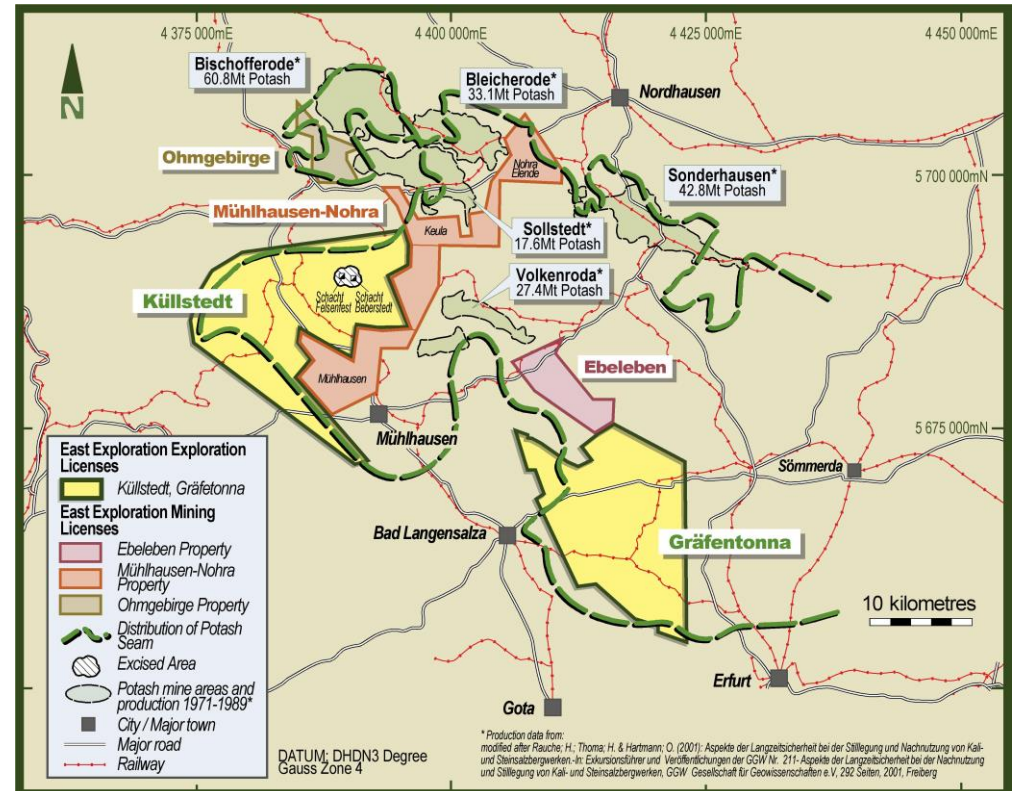
Historic resources are substantial in size and high grade. They provide the basis to fast track exploration to a JORC resource



Davenport directors and management have experience in potash and other minerals in Western Europe, Australia, Middle East and Africa, with skills in finance, geology, project development and operations.

# STRATEGIC LICENCE POSITION

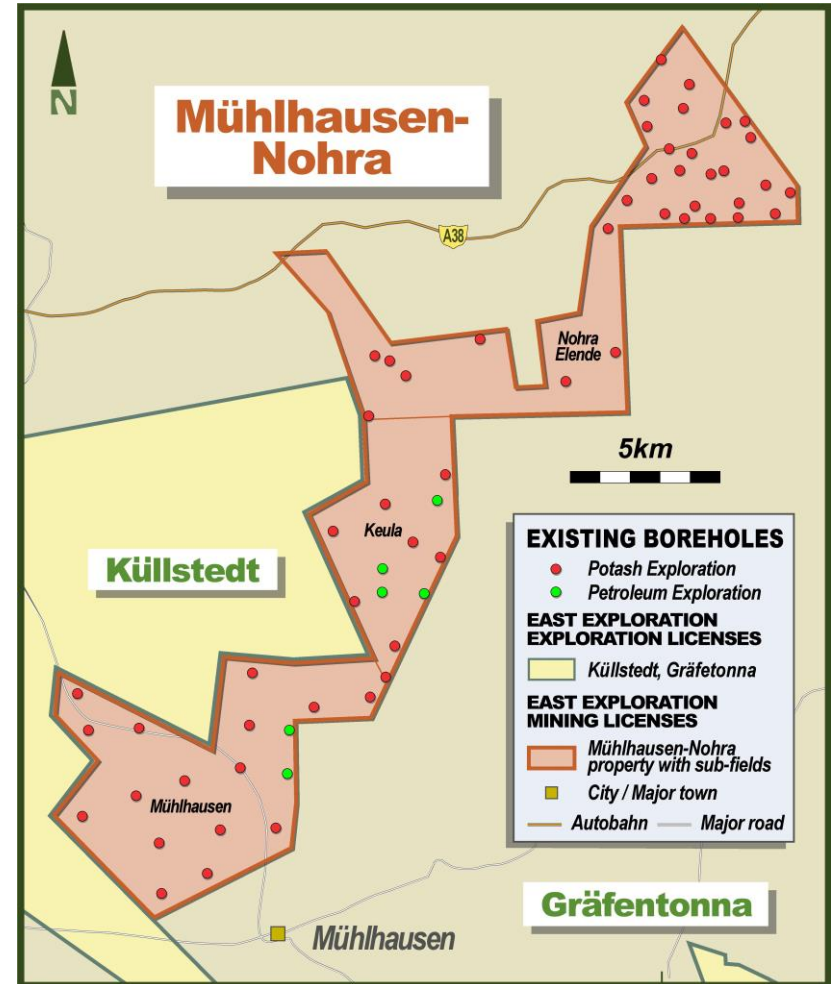
- Davenport owns three perpetual mining licences and two exploration licences covering 659km<sup>2</sup> in the South Harz potash basin.
- Davenport's licence footprint surrounds five historic mines that produced a total of 181Mt of potash (K<sub>2</sub>O) between 1971 & 1989, worth over \$31B at today's MOP prices.
- Extensive historic exploration with historic resources will allow evaluation to be fast tracked





# MÜHLHAUSEN SUB-AREA HISTORIC RESOURCE

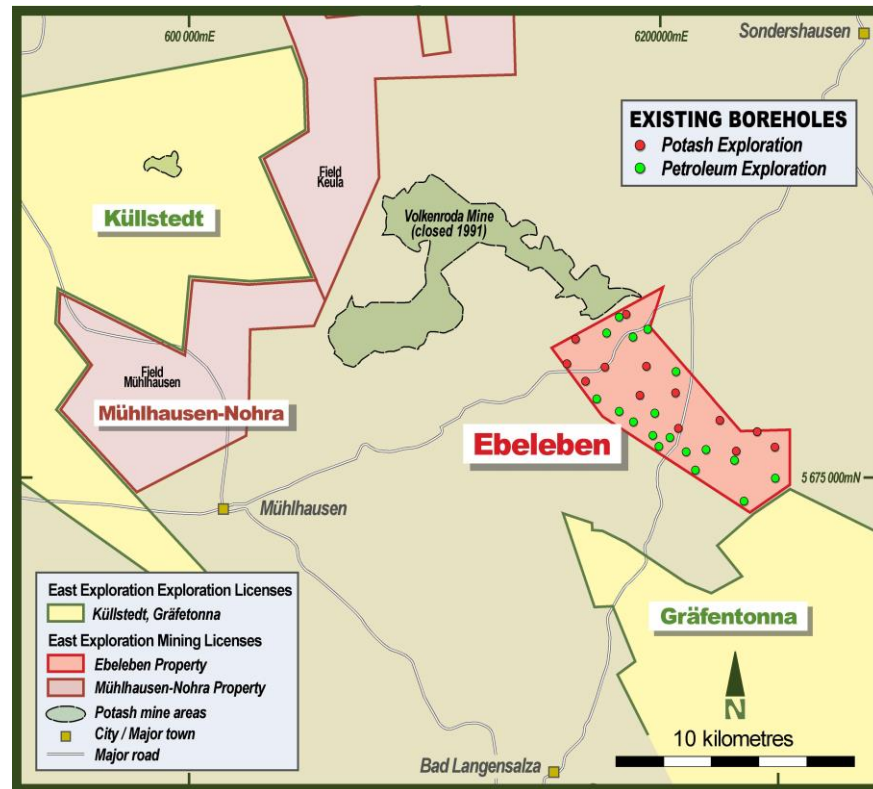
- Historic resource of 234 million tonnes at 14.4%  $K_2O$  (33.8mt of  $K_2O$ ) of mixed potash salts (Hartsalz).
- Area of 53km<sup>2</sup> adjoining Davenport's Küllstedt Licence
- Hartsalz comprises both potassium chloride and potassium sulphate amenable for both Muriate of Potash (MOP) and Sulphate of Potash (SOP) production.



*Mühlhausen-Nohra Licence showing existing drillholes*

# EBELEBEN HISTORIC RESOURCE

- Historic high-grade sylvinitic resource of 356 million tonnes at 16.1%  $K_2O$  (57.4mt of  $K_2O$ )
- Extends from now closed Volkenroda mine to Davenport's Gräfentonna Licence. Total mining licence area is 37km<sup>2</sup> with 31 drill holes.
- Advanced planning for mine development. Shaft sinking began but did not proceed after German re-unification. Volkenroda mine closed in 1991 after 80 years of operation.

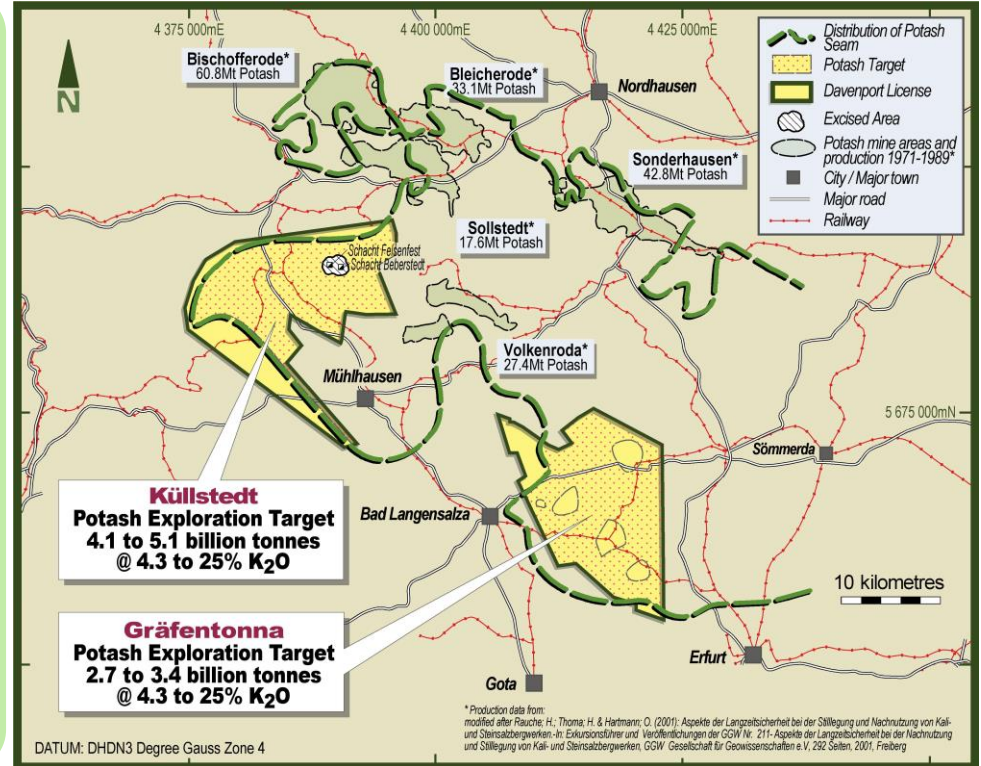


*Ebeleben Licence showing existing drillholes*

# EXPLORATION LICENCES - WORK COMPLETED

Evaluation of geology and historic drill hole data allowed an Exploration Target estimation:

- **Küllstedt – Exploration Target**  
4.055 - 5.141 billion metric tonnes grading 7.2% - 25%  $K_2O$ . (Davenport Resources Limited Replacement Prospectus 24 October 2016, p30)
- **Gräfentonna – Exploration Target**  
2.678 - 3.396 billion metric tonnes grading 4.3% - 25%  $K_2O$ . (ASX Announcement - 22 May 2017)

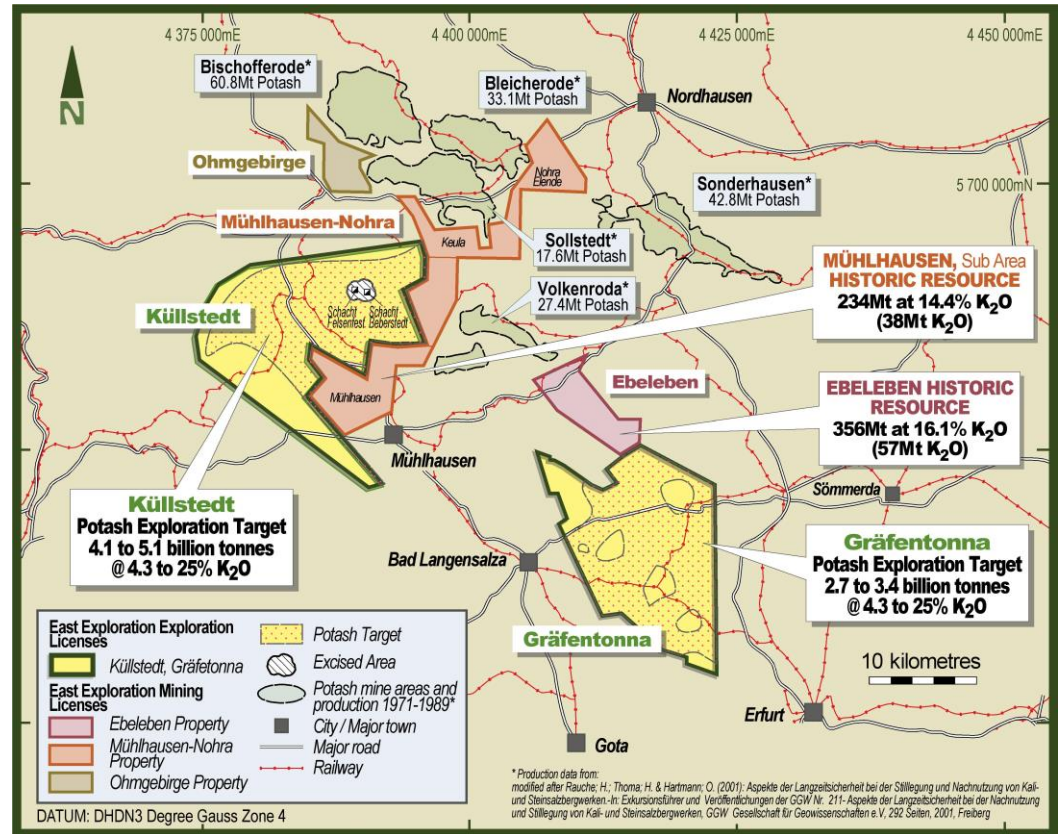


**Küllstedt & Gräfentonna  
Exploration Targets**



# HIGH QUALITY HISTORIC RESOURCES

- Evaluation of data progressing with the two areas -Ebeleben and Mühlhausen sub-area - completed
- Ebeleben has Sylvinite extending south-east from the now closed Volkenroda mine
- Mühlhausen sub-area contains mixed salts (Hartsalz) extending into the Küllstedt Licence
- Historic exploration was done to a high standard and would cost more than €100 million and many years drilling to acquire today.



Location of drilling on licences

# STRONG FOUNDATION TO BUILD RESOURCES

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MINING LICENCES				
EBELEBEN (ASX announcement 8 <sup>th</sup> November 2017)	Historic Resource Category	Tonnes (Million)	K <sub>2</sub> O grade %	Contained K <sub>2</sub> O (Million tonnes)
Sylvinite Resource within the "Mining Horizon"	C2	220.9	16.7%	36.9
"Roof Beam – excluded mineralisation"	c2	33.5	17.3%	5.8
Resource outside the "Mining Horizon"	c2	101.3	14.5%	14.7
<b>TOTAL</b>		355.7	16.1%	57.4
Mühlhausen sub-area (ASX announcement 16 <sup>th</sup> November 2017)				
Hartsalz	C2	234.0	14.4%	33.8
Carnallite	c2	54.4	10.6%	5.8
EXPLORATION LICENCES				
<b>Küllstedt</b> (Prospectus 19 <sup>th</sup> January 2017)	Exploration Target	4,055-5,011	7.2%-25%	Not Applicable
<b>Gräfentonna</b> (ASX announcement 22 <sup>nd</sup> May 2017)	Exploration Target	2,678-3,396	4.3% - 25%	Not Applicable

# COMPARITIVE ANALYSIS

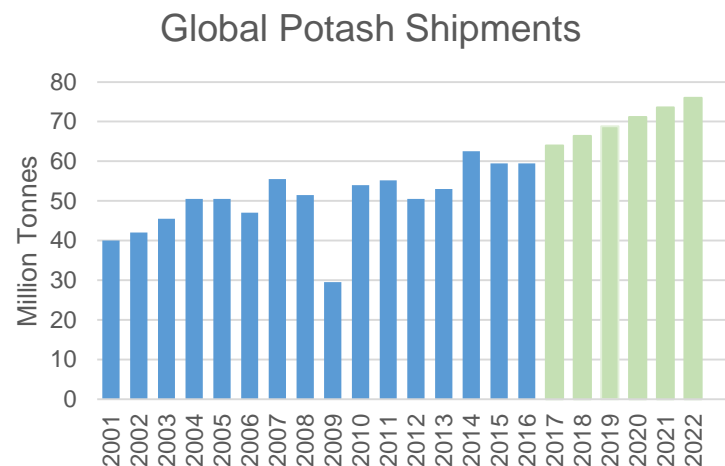
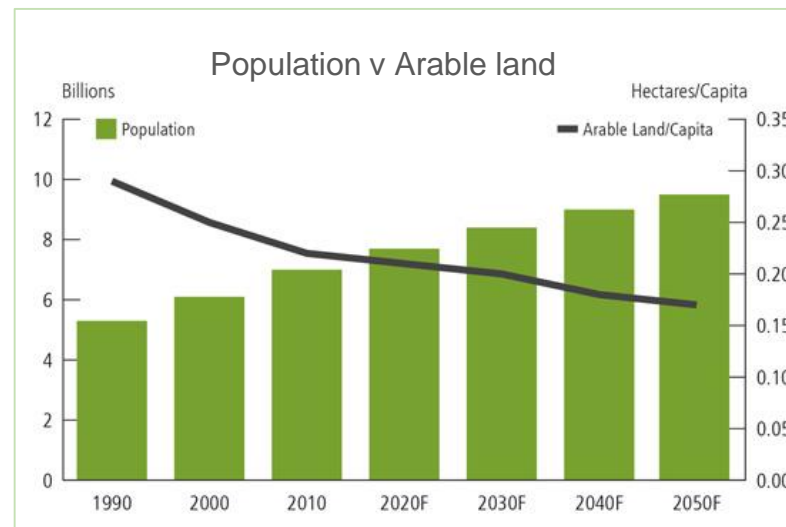
Company	Davenport	Danakali	Sirius Minerals	Highfield Resources	Kore Potash
Ticker	DAV.AU	DNK.AU	SXX.LN	HFR.AU	K2P.AU
Mkt Cap (US\$ millions)	\$5.70	\$140	\$1,585	\$261	\$105
Cash (US\$ millions) #	\$2.80	\$12.00	\$764.00	\$54.00	\$36.00
Debt (US\$ millions)	\$1.3m	-	\$455	-	-
Enterprise Value (US\$ millions)	\$4.20	\$128.00	\$1,276.00	\$207.00	\$69.00
<b>EV / Attributable K<sub>2</sub>O Resource (US\$)</b>	<b>\$0.07</b>	<b>\$0.50 *</b>	<b>\$4.00</b>	<b>\$5.84</b>	<b>\$0.20</b>
Project	South Harz	Colluli	Woodsmith	Muga	Kola
Location	Germany	Eritrea	UK	Spain	Rep of Congo
Interest	100%	50%	100%	100%	97%
Project Resources (Mt)	<b>HISTORIC C2 RESOURCE</b>				
Measured + Indicated	<b>Ebeleben</b> 221 @16.7% K <sub>2</sub> O	287 @ 11% K <sub>2</sub> O	820 @ 12.1% K <sub>2</sub> O	224 @ 13.4% K <sub>2</sub> O	1,277 @ 15.1% K <sub>2</sub> O
Inferred	<b>Mühlhausen</b> 234 @14.4% K <sub>2</sub> O	827 @ 10% K <sub>2</sub> O	1,840 @ 12.0% K <sub>2</sub> O	39 @ 13.8% K <sub>2</sub> O	920 @ 15.6% K <sub>2</sub> O
Total	<b>455 @15.5% K<sub>2</sub>O</b>	1,114 @ 11% K <sub>2</sub> O	2,660 @ 12.0% K <sub>2</sub> O	263 @ 13.5% K <sub>2</sub> O	2,197 @ 15.3% K <sub>2</sub> O

# Balance of purchase cost for mining licences of US\$1.3m payable over six months shown as debt

\* Allowing for 50% ownership

# POTASH MARKET

- ✓ Potash is an essential fertilizer for plant growth. It improves water retention, strengthens roots and stems and assists nutrient transfer.
- ✓ World population is growing at 80 million a year and is headed to 9.3 billion by 2050. Arable land per person is rapidly shrinking so fertilizer is essential to increase global farm output.
- ✓ Current potash market is slowly emerging from a period of oversupply with demand growing at around 3% a year. It is expected to reach a record 61-64 million tonnes this year. MOP Price at ~US\$220 per tonne is beginning to recover as inventories are reducing and the market returns to balance.



# Fast track evaluation

114

Total of 114 drill holes within the mining licences, 89 exclusively for potash with an additional 25 petroleum and geo-stratigraphic drill holes that penetrated the potash bearing strata.



Using today's costs this equates to at least €100 million worth of potash exploration data, including evaluation, geochemical & mineralogical information.



Historic resource estimates, supported by high quality data will enable targeted exploration to confirm JORC 2012 resources on the South Harz project



An exceptional starting point to fast track evaluation with the aim of recommencing potash production in the South Harz region

**A SIGNIFICANT POTASH DATABASE**



## INVESTOR & MEDIA ENQUIRIES

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