

19 December 2018

Dear Shareholders,

I am delighted to share with you a report on the significant progress we have made within Davenport Resources (“**Davenport**”) during 2018. Below is a summary of the milestones we met during the year:

Completion of purchase of three perpetual mining licences from the German Government

We announced in May the completion of the purchase of three perpetual mining licences from the Bodenverwertungs-und-verwaltungs GmbH (**BVVG**), a German Government agency charged with divesting former German Democratic Republic (**GDR**) assets. The final mining licence ownership transfer was announced in July, following receipt of the final confirmation of ownership of the three licence areas from the Thüringian Land Registry Office in the same month. With the licences came a very large drill database from programmes completed in the 1960s and 1980. This has allowed a very rapid and cost-effective evaluation, which is revealing a very large resource on our land.

These licences are both valuable and unique assets as they are not subject to expiry, rent, royalties or any reporting requirements which provides Davenport with a high degree of flexibility in terms of their utilisation.

Ebeleben Mining Licence Resources

Following a detailed review and re-modelling of historic drill hole data from the Ebeleben mining licence area, Micon International Co. Ltd (“**Micon**”) advised a JORC (2012) Inferred potash Resource of 577 million tonnes at 12.1% K₂O which included 324 million tonnes Sylvinite at 15.6% K₂O.

Mühlhausen-Keula-Nohra-Elende Mining Licence Resources

During October and November following further work by Micon, we announced JORC (2012) Inferred Resources for the Mühlhausen-Keula and Nohra-Elende sub-areas respectively which totalled 2.83 billion tonnes of mixed potash salts containing 289.4 million tonnes K₂O. Combined with the Ebeleben resource, Davenport now controls over 3.4 billion tonnes of JORC Inferred Resources grading at 10.5% K₂O.

Bacchus Capital Advisory

We announced in September the appointment of London-based Bacchus Capital Advisers Limited (“**Bacchus**”) for the provision of strategic, financial and corporate advisory services. The Company believes that the appointment of Bacchus will assist in harnessing European investor interest and further demonstrate the value of its assets in Germany.

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Capital Raising

Following a private placement announced in June, Davenport issued a total of 26.5 million fully-paid ordinary shares raising A\$1,854,769. A second tranche of the placement comprising 3.8 million fully-paid shares with attaching options was issued following a shareholder meeting in August. This, together with a Share Purchase Plan (“SPP”) raised a further A\$0.56 million. Davenport wishes to express its thanks for the support of shareholders who participated in this placement and SPP.

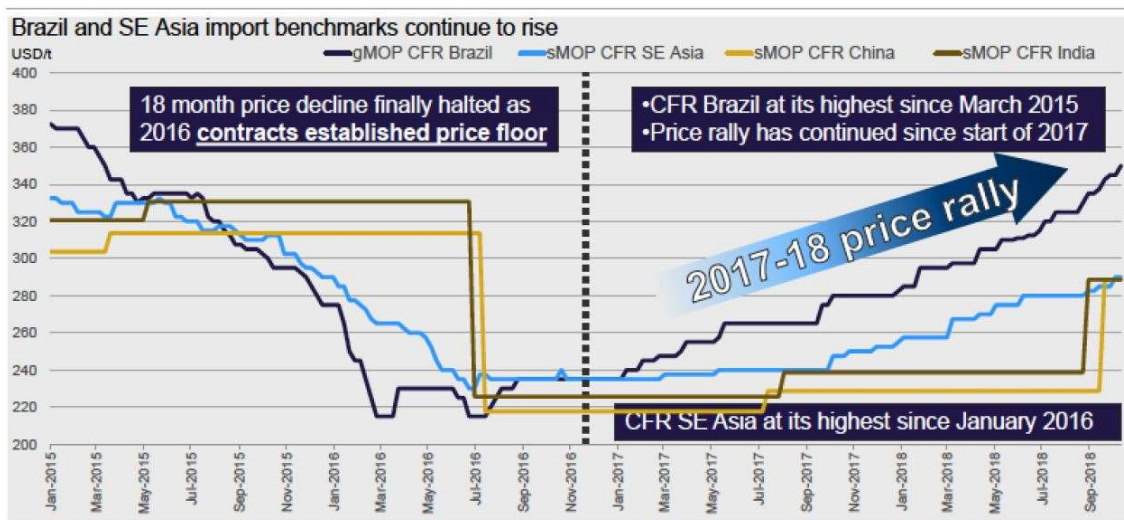
Corporate Marketing

Davenport is delighted to have appointed Perth-based PR advisors Chapter One Limited to assist in the marketing of Davenport Resources to an Australian and European investor audience. Under their guidance, an extensive marketing roadshow was conducted in the major Australian cities during November.

Davenport was also represented at the Mines and Money conference in London during late November where the MD, Dr Chris Gilchrist, delivered the company’s presentation on two occasions to receptive audiences. Davenport also staffed a booth at the accompanying trade show which was very well attended and attracted a high level of investor interest, all of which is currently being followed up.

Potash Market

Davenport has signed an agreement with renowned Potash Market intelligence provider, Integer Research Limited (“Integer”) to advise on potash pricing and future market trends. Owing to the significant gap between European production and demand due to current and forecast mine closures, Integer’s current predictions indicate there will be little challenge to placing European-produced potash in the market. World potash demands reached record highs in 2017 with large rebounds from both China and North America for MOP. Integer are forecasting further volume growth in 2019 and beyond, with favourable price trends as shown below.



Source: CRU Presentation, IFA Crossroads Conference, October 2018

Way Forward 2019

We have met our objectives for 2018, due to the efforts and insights of our Managing Director, Dr Chris Gilchrist, and our Project Director, Jason Wilkinson. Both based in Europe, their deep potash expertise and experience has been invaluable in rapidly assessing the opportunity presented to us, and developing a plan to exploit it, on behalf of our shareholders, I thank them.

We have planned a further set of aggressive targets for 2019, which we intend to deliver. This includes drilling one or possibly two holes in our licence areas in order to upgrade the current JORC Inferred Resources to the higher, Indicated level. This is targeted for achievement by mid-year. We have already secured landowner and local mayoral permission to drill in one selected area and work is currently ongoing to assess the possible need for a second hole. Once the data from these holes are analysed and the resources are upgraded, it is intended to conduct economic studies during the second half of the year.

Once again, I am delighted to share with you the outcome of a successful year for the Company and describe our intentions for 2019. I thank you for your support during this year and anticipate your continued support to this truly unique and exciting project.

Yours Sincerely



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