



Davenport Resources Limited
ABN 64 153 414 852

Half-year Financial Report - 31 December 2019

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Davenport Resources Limited
Contents
31 December 2019

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Davenport Resources Limited
Directors' report
31 December 2019

The directors present their report, together with the financial statements, of the Company for the half-year ended 31 December 2019.

Directors

The following persons were directors of Davenport Resources Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Mr Patrick McManus
Dr Chris Gilchrist
Mr Rory Luff
Mr Reinout Koopmans
Mr Hansjorg Plaggemars (appointed 1 October 2019)

Principal activities

During the financial period the principal continuing activities of the Company consisted of investment in and development of mineral exploration assets.

Results of Operations

Total comprehensive loss for the six months ended December 2019 was \$1,204,465 (2018: \$890,895).

The six month period to 31 December 2019 saw the Company continue to evaluate its extensive suite of potential potash projects within the 650 square kilometres which it holds under licence in the central German state of Thuringia. Davenport holds three perpetual mining licences, Ohmgebirge, Mühlhausen-Nohra and Ebeleben as well as two exploration licences Küllstedt and Gräfentonna (Figure 1).

JORC (2012) compliant Inferred resources were declared for each of the three perpetual mining licence areas based upon historic drill data from the former GDR state potash mining company which had been modelled by Micon International Co Ltd ("Micon"). The total Inferred resources held by the Company now stand at approximately 5.3 billion tonnes (Table 1), representing the largest known potash resource in Western Europe.

During the reporting period, the Company commissioned renowned potash and salt consultants, K- Utec Salt Technologies ("K-Utec") who are based in Sondershausen, Thuringia, to conduct preliminary scoping studies on the potential projects within Davenport's portfolio. Studies were completed on the potential construction of mines in the Mühlhausen-Nohra, Ohmgebirge and Nohra-Elende areas respectively. As the mineral resources are of the Inferred category due to the absence of historic drill- core, it was not possible for Davenport to publicly announce the results of the preliminary economic studies, however the results were significant and allowed the Board of Directors to approve confirmatory drilling and the movement towards a bankable feasibility study, subject to financing. This will be executed later in 2020 and during 2021.

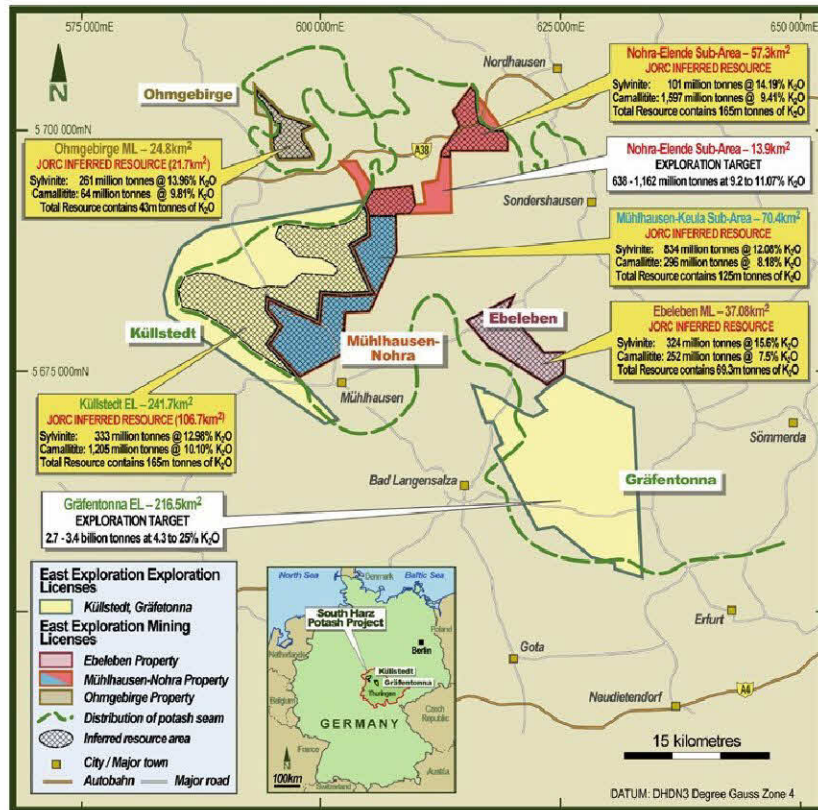


Figure 1: Map depicting location of Davenport's mining and exploration licence areas.

The exploration licences for the Küllstedt and Gräfenonna areas were extended by the Thüringian licencing authority during the reporting period and have a duration of a further three years. No exploration activities were conducted in these areas during the period.

Other Activities

The exploration permits for the Southern Cross Bore project were surrendered during the reporting period.

The Company terminated the services of London-based, Bacchus Capital Advisors during the period as there was little activity in the UK retail market as had been hoped.

Davenport appointed Melbourne-based NWR Communications to drive its marketing activities in Australia. Davenport was represented at the Precious Metals and Commodities Investor Fair in Munich in October 2019.

Matters subsequent to the end of the financial period

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Results of Operations (continued)

| Licence Area | Seam | Bulk Density (t/m ³) | Geol Loss (%) | Tonnage (Mt) | K ₂ O (%) | K ₂ O (Mt) | Insols. (%) | KCl (%) | Mg (%) | Na (%) | SO ₄ (%) | Category |
|---|------------------|----------------------------------|---------------|--------------|----------------------|-----------------------|-------------------|--------------|-------------|--------------|---------------------|-----------------|
| Ebeleben | Sylvinitic | 2.21 | 20 | 324 | 15.57 | 50 | 0.66 | 24.67 | 0.49 | 23.17 | 11.08 | Inferred |
| | Carnallite | 1.86 | 20 | 253 | 7.50 | 19 | 0.64 | 11.90 | 5.01 | 7.60 | 3.05 | Inferred |
| Ebeleben Total | | | | 577 | 12.14 | 69 | 0.65 | 19.24 | 2.41 | 16.54 | 7.66 | Inferred |
| Mühlhausen-Nohra-Elende | Upper Sylvinitic | 2.17 | 20 | 87 | 14.75 | 13 | 0.59 | 23.83 | 3.50 | 15.99 | 9.94 | Inferred |
| | Lower Sylvinitic | 2.30 | 20 | 14 | 10.67 | 1 | 0.36 | 16.84 | 1.81 | 23.21 | 10.39 | Inferred |
| | Carnallite | 1.90 | 20 | 1,597 | 9.41 | 150 | 0.55 | 14.80 | 6.01 | 12.98 | 8.29 | Inferred |
| Mühlhausen-Nohra-Elende Total | | | | 1,698 | 9.69 | 165 | 0.55 | 15.28 | 5.85 | 13.22 | 8.40 | Inferred |
| Mühlhausen-Keula | Upper Sylvinitic | 2.26 | 20 | 660 | 12.69 | 84 | 0.97 | 14.20 | 1.32 | 20.87 | 16.00 | Inferred |
| | Upper Carnallite | 1.88 | 20 | 233 | 8.53 | 20 | 0.67 | 13.47 | 4.89 | 18.09 | 6.52 | Inferred |
| | Lower Carnallite | 1.88 | 20 | 63 | 6.88 | 4 | 0.66 | 10.89 | 3.55 | 22.55 | 5.27 | Inferred |
| Mühlhausen-Keula Total | Lower Sylvinitic | 2.21 | 20 | 174 | 9.76 | 17 | 1.07 | 11.54 | 0.95 | 28.02 | 12.31 | Inferred |
| | | | | 1,130 | | 125 | 0.97 | 14.20 | 1.32 | 20.87 | 16.00 | Inferred |
| | Upper Hartsalz | 2.26 | 20 | 275 | 13.57 | 37 | 0.76 | 16.69 | 1.93 | 19.90 | 17.67 | Inferred |
| Küllstedt | Upper Carnallite | 1.88 | 20 | 1,175 | 10.20 | 120 | 0.49 | 14.48 | 5.00 | 17.36 | 6.87 | Inferred |
| | Lower Carnallite | 1.88 | 20 | 30 | 5.89 | 2 | 0.50 | 9.43 | 3.90 | 24.27 | 7.59 | Inferred |
| | Lower Hartsalz | 2.21 | 20 | 59 | 10.23 | 6 | 0.11 | 16.20 | 2.85 | 24.30 | 18.02 | Inferred |
| Küllstedt Total | | | | 1,538 | 10.72 | 165 | 0.52 | 14.84 | 4.35 | 18.21 | 9.24 | Inferred |
| Ohmgebirge | Sylvinitic | 2.23 | 15 | 261 | 13.96 | 36 | 1.18 | 20.64 | 1.06 | 21.68 | 10.34 | Inferred |
| | Carnallite | 1.89 | 15 | 64 | 9.81 | 6 | insufficient data | | | | | |
| Ohmgebirge Total | | | | 325 | 13.14 | 43 | 1.18 | 20.64 | 1.06 | 21.68 | 10.34 | Inferred |
| Total Davenport Sylvinitic/Hartsalz | | | | 1,854 | 13.23 | 245 | 0.87 | 17.59 | 1.35 | 21.81 | 13.98 | Inferred |
| Total Davenport Carnallite | | | | 3,414 | 9.41 | 321 | 0.53 | 13.99 | 5.34 | 14.47 | 7.08 | Inferred |
| Total Davenport South Harz Resources | | | | 5,268 | 10.76 | 524 | 0.65 | 15.26 | 3.93 | 17.05 | 9.51 | Inferred |

Table 1: Total of Davenport's Inferred Resources

Davenport Resources Limited
Directors' report
31 December 2019

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is signed in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors:



Chris Gilchrist
Director

11 March 2020
Perth

Walker Wayland Advantage Audit Partnership

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF DAVENPORT RESOURCES LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Walker Wayland Advantage

**WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS**

Ben Bester

**BEN BESTER
REGISTERED COMPANY AUDITOR**

Dated in Melbourne on this 11 day of March 2020.

Davenport Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

| | Note | Consolidated | |
|--|------|--------------------|------------------|
| | | 31/12/19 | 31/12/18 |
| | | \$ | \$ |
| Revenue from continuing operations | 3 | 497 | 20,874 |
| Expenses | | | |
| Administration, legal and corporate expenses | | (574,952) | (584,854) |
| Director remuneration and consulting | | (246,500) | (257,719) |
| Salaries and related expenses | | (162,251) | (123,728) |
| Foreign exchange gain/(loss) | | 17,880 | (25,177) |
| Occupancy costs | | (15,000) | (25,472) |
| Capitalised expenditure written off | | (160,228) | - |
| Share based payments | | (1,541) | - |
| Depreciation | | (745) | - |
| Loss before income tax expense from continuing operations | | <u>(1,142,840)</u> | <u>(996,076)</u> |
| Income tax expense | | - | - |
| Loss after income tax expense for the half-year | | <u>(1,142,840)</u> | <u>(996,076)</u> |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign exchange translation reserve | | (61,625) | 105,181 |
| Other comprehensive loss for the year, net of tax | | <u>(61,625)</u> | <u>105,181</u> |
| Total comprehensive loss for the half-year | | <u>(1,204,465)</u> | <u>(890,895)</u> |
| Basic loss per share (cents per share) | 6 | (0.73) | (0.71) |
| Diluted loss per share (cents per share) | 6 | (0.73) | (0.71) |

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Davenport Resources Limited
Statement of financial position
As at 31 December 2019

| | Note | Consolidated | |
|----------------------------------|------|------------------|------------------|
| | | 31/12/19 | 30/06/19 |
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 481,122 | 694,429 |
| Trade and other receivables | | 84,659 | 8,255 |
| Prepayments | | 10,755 | 37,418 |
| Total current assets | | 576,536 | 740,102 |
| Non-current assets | | | |
| Trade and other receivables | | - | 67,290 |
| Property, plant and equipment | | - | 745 |
| Exploration and evaluation | 4 | 2,998,836 | 3,003,863 |
| Total non-current assets | | 2,998,836 | 3,071,898 |
| Total assets | | 3,575,372 | 3,812,000 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 5 | 210,076 | 170,631 |
| Total current liabilities | | 210,076 | 170,631 |
| Total liabilities | | 210,076 | 170,631 |
| Net assets | | 3,365,296 | 3,641,369 |
| Equity | | | |
| Issued capital | 7 | 10,664,918 | 9,738,067 |
| Reserves | | 170,768 | 230,852 |
| Accumulated losses | | (7,470,390) | (6,327,550) |
| Total equity | | 3,365,296 | 3,641,369 |

The above statement of financial position should be read in conjunction with the accompanying notes.

Davenport Resources Limited
Statement of changes in equity
As at 31 December 2019

| Consolidated | Contributed Equity \$ | Reserves \$ | Accumulated losses \$ | Total Equity \$ |
|--|--|------------------------------|--|----------------------------------|
| Balance at 1 July 2019 | 9,738,067 | 230,852 | (6,327,550) | 3,641,369 |
| Loss after income tax expense for the half-year | - | - | (1,142,840) | (1,142,840) |
| Other comprehensive income for the half-year, net of tax | - | (61,625) | - | (61,625) |
| Total comprehensive income/(loss) for the half-year | - | (61,625) | (1,142,840) | (1,204,465) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs | 926,851 | - | - | 926,851 |
| Share-based payments | - | 1,541 | - | 1,541 |
| Balance at 31 December 2019 | <u>10,664,918</u> | <u>170,768</u> | <u>(7,402,070)</u> | <u>3,365,296</u> |

| Consolidated | Contributed Equity \$ | Reserves \$ | Accumulated losses \$ | Total Equity \$ |
|--|--|------------------------------|--|----------------------------------|
| Balance at 1 July 2018 | 7,526,504 | 213,326 | (4,417,620) | 3,322,210 |
| Loss after income tax expense for the half-year | - | - | (996,076) | (996,076) |
| Other comprehensive income for the half-year, net of tax | - | 105,181 | - | 105,181 |
| Total comprehensive income for the half-year | - | 105,181 | (996,076) | (890,895) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs | 2,208,987 | - | - | 2,208,987 |
| Balance at 31 December 2018 | <u>9,735,491</u> | <u>318,507</u> | <u>(5,413,696)</u> | <u>4,640,302</u> |

The above statement of change in equity should be read in conjunction with the accompanying notes.

Davenport Resources Limited
Statement of cash flows
For the half-year ended 31 December 2019

| | Consolidated | |
|--|------------------------|-------------------------|
| | Half-year ended | |
| | 2019 | 2018 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Interest received | 497 | 6,109 |
| Receipts from customers | - | 9,922 |
| Other receipts | 66,098 | 50,680 |
| Payments to suppliers and employees | <u>(1,054,179)</u> | <u>(993,319)</u> |
| Net cash (used in)/provided by operating activities | <u>(987,584)</u> | <u>(926,608)</u> |
| Cash flows from investing activities | | |
| Payments for exploration and evaluation | <u>(155,201)</u> | <u>(227,060)</u> |
| Net cash provided by/ (used in) investing activities | <u>(155,201)</u> | <u>(227,060)</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 968,145 | 2,410,519 |
| Payments for capital raising costs | <u>(38,448)</u> | <u>(198,956)</u> |
| Net cash from financing activities | <u>929,697</u> | <u>2,211,563</u> |
| Net increase/(decrease) in cash and cash equivalents | (213,088) | 1,057,895 |
| Cash and cash equivalents at the beginning of the period | 694,429 | 721,862 |
| Effects of foreign exchange cash movements | <u>(219)</u> | <u>5,419</u> |
| Cash and cash equivalents at the end of the period | <u><u>481,122</u></u> | <u><u>1,785,176</u></u> |

The above statement of cash flows should be read in conjunction with the accompanying notes.

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Davenport Resources Limited
Notes to the financial statements
31 December 2019

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Davenport Resources Limited financial report for the year ended 30 June 2019.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2020 annual report as a consequence of these amendments.

The Group has reviewed the following revised standards:

- AASB 16: *Leases*

During the review of these revised standards, the Directors noted that the adoption of AASB 16 had no impact on the Group as it does not have any long-term leases in excess of 12 months.

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. No significant impact on the accounting policies of the Company is expected from the adoption of these Accounting Standards and Interpretations.

Davenport Resources Limited
Notes to the financial statements
31 December 2019

Going concern

For the half-year ended 31 December 2019, the consolidated entity incurred a total comprehensive loss of \$1,204,465 (2018: \$890,895) and incurred cash outflows from operations of \$987,584 (2018: \$926,608). As at 31 December 2019, the consolidated entity had accumulated losses of \$7,470,390 (2018: \$6,327,550).

Directors are aware that additional capital would be required to meet operational costs and to advance the exploration projects. Having carefully assessed the uncertainties relating to the likelihood of securing additional funding and the consolidated entity's ability to effectively manage its operations and working capital requirements, the directors believe that the consolidated entity will continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business.

The half-year financial report does not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 2. Segment reporting

The consolidated entity has based its operating segment on the internal reports that are reviewed and used by the executive management team ("Chief Operating Decision Makers") in assessing performance and in determining the allocation of resources.

The consolidated entity currently does not have production and is only involved in exploration. As a consequence, activities in the operating segment are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identify of manger and country of expenditure. Information is reviewed on a whole of entity basis.

Based on these criteria, the consolidated entity only has one operating segment, being exploration, and the segment operations and results are reported internally based on the accounting policies as described in note 1 for the computation of the consolidated entity's results presented in this set of financial statements.

Davenport Resources Limited
Notes to the financial statements
31 December 2019

Note 3. Revenue

| | 31/12/19 | 31/12/18 |
|------------------------------------|-----------------|-----------------|
| | \$ | \$ |
| From continuing operations: | | |
| Interest | 497 | 11,222 |
| Other revenue | - | 9,652 |
| Revenue from continuing operations | <u>497</u> | <u>20,874</u> |

Note 4. Non-current assets - exploration and evaluation

| | 31/12/19 | 30/06/19 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| Exploration and evaluation – at cost | <u>2,998,836</u> | <u>3,003,863</u> |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

| | 31/12/19 | 30/06/19 |
|--|------------------|------------------|
| | \$ | \$ |
| Balance at beginning of financial period | 3,003,863 | 2,706,033 |
| Additions | 155,201 | 297,830 |
| Expenditure written off | (160,228) | - |
| Balance at end of financial period | <u>2,998,836</u> | <u>3,003,863</u> |

Exploration programs in each area of interest continue but have not reached a stage which permits a reasonable assessment of economically recoverable reserves. The ultimate recoupment of these costs is dependent on the successful development and exploration of the respective areas of interest for which additional capital will be needed.

During this reporting period, the company wrote off capitalised expenditure as the area of interest is abandoned, accordingly \$160,228 of the capitalised expenditure has been expensed.

Note 5. Trade and Other Payables

| | 31/12/19 | 30/06/2019 |
|----------------|-----------------|-------------------|
| | \$ | \$ |
| Trade payables | <u>210,076</u> | <u>170,631</u> |
| | <u>210,076</u> | <u>170,631</u> |

Davenport Resources Limited
Notes to the financial statements
31 December 2019

Note 6. Loss per Share

| | 31/12/19 | 31/12/18 |
|---|-------------------------|-----------------|
| | \$ | \$ |
| (a) Loss used in the calculation of loss per share | (1,142,840) | (996,076) |
| | Number of Shares | |
| (b) Weighted average number of ordinary shares outstanding during the reporting period used in calculation of basic and diluted loss per share: | 156,640,830 | 140,461,610 |

Note 7. Equity – Issued Capital

| | Consolidated | | Consolidated | |
|------------------------------|---------------------|--------------------|---------------------|------------------|
| | 31/12/19 | 30/06/19 | 31/12/19 | 30/06/19 |
| | Shares | Shares | \$ | \$ |
| Ordinary shares - fully paid | <u>166,759,917</u> | <u>143,137,413</u> | <u>10,664,918</u> | <u>9,738,067</u> |

Movements in ordinary share capital

| Details | Date | No of shares | \$ |
|-------------------------------------|-------------|---------------------|-------------------|
| Balance | 01 Jul 2019 | 143,137,413 | 9,738,067 |
| Shares issued – placement | 11 Sep 2019 | 21,280,838 | 893,795 |
| Shares issued – share-based payment | 11 Sep 2019 | 571,428 | 24,000 |
| Shares issued – placement | 11 Dec 2019 | 1,770,238 | 74,350 |
| Equity raising costs | - | - | (65,294) |
| Balance | 31 Dec 2019 | <u>166,759,917</u> | <u>10,664,918</u> |

Share based payment

During the period the Company issued 571,428 ordinary fully paid shares to DELPHI Unternehmensberatung, the Company's corporate advisor, in lieu of payment for the services provided.

Performance Shares

On 23 December 2019, the company has issued various classes of performance rights to the directors under employee incentive scheme. The performance rights in each series convert automatically upon the achievement of the vesting condition applicable to that series with nil consideration.

Details of the performance right conditions are below;

Davenport Resources Limited
Notes to the financial statements
31 December 2019

Performance Shares (continued)

| SERIES | Vesting Condition |
|-----------------|--|
| Series C | The Company, within 24 months of date of issue, announces a JORC compliant measured/indicated resource of minimum 100Mt of at least 12% K2O |
| Series D | The Company, within 24 months of date of issue, announces a second JORC compliant measured/indicated resource of minimum 100Mt of at least 12% K2O |
| Series E | The Company, within 24 months of date of issue, announces a positive scoping study with an IRR of at least 25% |
| Series F | The Company, within 24 months of date of issue, announces a second positive scoping study with an IRR of at least 25% |
| Series G | The Company's share price reaches a 20-day VWAP of at least \$0.10 within 12 months of date of issue |
| Series H | The Company's share price reaches a 20-day VWAP of at least \$0.25 within 24 months of date of issue |
| Series I | The Company's share price reaches a 20-day VWAP of at least \$0.50 within 36 months of date of issue |
| Series J | The Company, within 36 months of date of issue, announces the completion of a preliminary feasibility study with an IRR of at least 25% |
| Series K | The Company, within 36 months of date of issue, announces the completion of a preliminary feasibility study with an IRR of at least 25% |

Note 8. Contingent Liabilities

The consolidated group does not have any contingent liabilities outstanding at 31 December 2019 (30 June 2019: nil).

Note 9. Events after the reporting period

There have not been any other matters that have arisen after balance date that have significantly affected, or may significantly affect, the operations and activities of the Company, the results of those operations or the state of affairs of the Company in future financial years other than disclosed elsewhere in this half-year report.

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Davenport Resources Limited
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Chris Gilchrist
Director

11 March 2020
Perth

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DAVENPORT RESOURCES LIMITED

Report on the Half-Year Financial Report.

Conclusion

We have reviewed the accompanying half-year financial report of Davenport Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entities comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year period.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year consolidated financial report of Davenport Resources Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1: Going Concern in the financial report which indicates that the consolidated entity incurred a total comprehensive loss and incurred negative cash flows from operations during the half-year ended 31 December 2019. These conditions, along with other matters as set forth in Note 1: Going Concern, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF DAVENPORT RESOURCES LIMITED (Continued)**

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Davenport Resources Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Davenport Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



**WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS**



**BEN BESTER
REGISTERED COMPANY AUDITOR**

Dated in Melbourne on this 11 day of March 2020.