

NAVIGATOR RESOURCES LIMITED



QUARTERLY REPORT

FOR THE PERIOD ENDING 31 MARCH 2010

ASX CODE: NAV

MARKET CAPITALISATION: \$65M

ISSUED SHARES: 392.6M

CASH: \$15.2M (incl. \$6.5M restricted cash)

Navigator's objective is to become a highly regarded, profitable and responsible gold producer with a pipeline of resource projects.

HIGHLIGHTS

BRONZEWING – FIRST GOLD PRODUCTION ACHIEVED

- ◆ Bronzewing approvals finalised in January 2010
- ◆ Plant refurbishment mostly completed during the Quarter
- ◆ Mining at Central Pit commenced on 5 March 2010
- ◆ Crushing circuit commissioned on 26 March 2010
- ◆ SAG Mill fully operational on 10 April 2010
- ◆ First gold poured on 21 April 2010
- ◆ Corboys drilling returns gold intercepts including 6m @ 5.83g/t, 10m @ 3.35g/t, 2m @ 13.43g/t and 10m @ 2.42g/t

LEONORA – FIRST GOLD RETURNED FROM TRIAL MINING

- ◆ Mining of first trial ore parcel commenced on 12 February 2010
- ◆ Milling of first ore parcel completed on 21 April 2010 through St Barbara's Gwalia mill
- ◆ First gold poured on 21 April 2010

CORPORATE – FIRST GOLD RECEIPTS IMMINENT

- ◆ Cash and deposits of A\$15.2 million (including A\$6.5 million secured against environmental bonds for the Bronzewing Gold Project)
- ◆ Undrawn debt facility of \$7.0 million

OPERATIONS REPORT

BRONZEWING GOLD PROJECT

Project Overview

The Bronzewing Gold Project (BWGP) is located approximately 83km northeast of Leinster and 800km northeast of Perth and comprises the Bronzewing and McClure group of mines within a semi-contiguous landholding of approximately 1,000km².

The BWGP assets comprise:

- ◆ Mining tenements covering approximately 1,000km² with a global resource of 850,000oz (12.56Mt at 2.1g/t Au). The resource includes low grade stockpiles of 850,000t at 0.5g/t Au (14,000oz);
- ◆ 2.3Mtpa gold processing plant including a 3.5MW SAG mill and crushing circuit, stripping circuit and gold room;
- ◆ Airstrip, fuel farm, water supply infrastructure and access roads;
- ◆ Miscellaneous plant and equipment, light vehicles and consumables;
- ◆ 280 person accommodation village including recreational facilities; and
- ◆ Surface workshops, mine offices and assay laboratory.



Navigator Resources completed the acquisition of the Bronzewing Gold Project on 30 September 2009 following which fundraising activities were concluded during the December 2009 quarter in preparation for the commencement of refurbishment works during the March 2010 quarter.

Operations Update

Re-commissioning proceeded on time and on budget at Bronzewing during the Quarter with first gold being poured on 21 April 2010.

During the Quarter the following major milestones were achieved:

- ◆ Project Management Plan for the recommencement of the Project was approved by the Department of Mines and Petroleum;
- ◆ Most major contracts and/or supply commitments were finalised;
- ◆ Staffing at all levels for the Project completed;
- ◆ Haulage of low grade commissioning ore commenced on 4 March 2010;
- ◆ Full mining fleet mobilised and mining in the Central Pit commenced on 5 March 2010;
- ◆ Grade control drilling commenced in Central Pit on 19 March 2010;
- ◆ Plant refurbishment continued on schedule;
- ◆ Crushing commenced on 26 March 2010;
- ◆ SAG Mill commissioning commenced on 3 April 2010 with normal operations achieved on 10 April 2010;
- ◆ Remaining processing plant progressively commissioned; and
- ◆ First gold pour achieved on 21 April 2010.



Additional mining equipment was mobilised to site in mid April. This equipment is being deployed at the Success Pit, which will become the second operational pit and ore source to supplement the current Central Pit operation in accordance with the mine plan. Mining at Success commenced on 28 April 2010.



Mining Operations in Central Pit



Bronzewing Processing Plant



First NAV Gold at Bronzewing

Exploration

An 84 hole RC drilling program for a total of 7,055m was completed in February at the Corboys prospect, located 40km by road from the Bronzewing processing plant. Results for those intersections that yielded better than 10 gram-metres of gold (gm = interval x grade) are shown in Table 1 at the end of this report. Drill results from this program confirm the development of both high-grade mineralisation and broad zones of modest grade mineralisation.

High-grade, constrained-width mineralisation intersections include:

- ◆ 6m @ 5.83g/t Au from 66m;
- ◆ 2m @ 13.43g/t Au from 9m;
- ◆ 4m @ 6.26 g/t Au from 38m;
- ◆ 2m @ 12.38g/t Au from 62m;
- ◆ 2m @ 10.51g/t Au from 83m;
- ◆ 3m @ 6.72 g/t Au from 95m;
- ◆ 3m @ 6.59g/t Au from 15m;
- ◆ 2m @ 8.93g/t Au from 100m;
- ◆ 2m @ 8.65g/t Au from 76m;
- ◆ 2m @ 6.06g/t Au from 98m; and
- ◆ 1m @ 10.65g/t Au from 24m

Broader, modest grade mineralised zones include:

- ◆ 10m @ 3.35g/t Au from 81m;
- ◆ 10m @ 2.42g/t Au from 18m;
- ◆ 10m @ 2.27g/t Au from 45m;
- ◆ 10m @ 2.12g/t Au from 97m; and
- ◆ 10m @ 1.36g/t Au from 51m

The Corboys drilling program was designed to upgrade resources from the Inferred to Indicated category and will have implications concerning planning of the proposed open pit. Work is in progress on an in-house resource estimate which is expected to be completed in the current Quarter.

At Mt Joel, 20km northeast of the Bronzewing plant, Navigator has a 70% direct interest in various tenements, with prospector Mark Creasy holding the remainder. A thorough technical review is in progress of gold mineralisation at Mt Joel to identify those areas where sufficient data exists to upgrade the mineralisation to resource status. The technical review will also identify those mineralised zones with significant upside exploration potential. Drilling programs were completed by Great Central Mines at Mt Joel in the 1990s augmented by further drilling conducted by View Resources.

A five hole geotechnical diamond drilling program was completed at the Cockburn Pit for a total of 1,087m. The program was planned to provide geotechnical information for confirmation of the designs for development of the Cockburn open pit. Geotechnical and geological logging of the holes has been completed and the geotechnical report is now in preparation.

LEONORA GOLD PROJECT

Overview

The 268km² Leonora Gold Project is located 35km northeast of the town of Leonora, and approximately 250km north of Kalgoorlie, Western Australia. Independent estimates of the mineral resources at Leonora total 12.4Mt at 1.9g/t for 750,000oz of contained gold. A Pre-Feasibility Study (PFS) for a standalone mine development was completed in the March 2009 Quarter. In July 2009, Navigator reached agreement with **St Barbara Limited** ("SBM") to undertake the trial mining of approximately 75,000 tonnes of ore to produce in the vicinity of 5,000 ounces of gold. Trial mining will further advance feasibility work at Leonora. SBM agreed to batch treat the ore through its Gwalia mill at Leonora for a fixed per tonne processing charge.

Trial Mining

The trial mining is being undertaken at two representative shallow open pit locations within the Project area (Mertondale 2 and Bruno) with the objectives of:

- ◆ testing and verifying mining cost estimates and materials handling;
- ◆ verifying ore grades;
- ◆ verifying gold recovery; and
- ◆ determining the optimum material blend and throughput rates.

Under the terms of the agreement, all gold produced from the ore treated will be returned to Navigator for sale.

Mobilisation of personnel and equipment for the trial mining operation occurred in early February, and mining commenced on 12 February 2010. Mining started at the Bruno Pit before moving to Mert 2 Pit which is a normal hardrock environment requiring drill and blasting. After the initial overburden was removed from Mert 2, the mining fleet was relocated to the Bruno Pit which is a free-digging, soft, supergene clay material whilst drill and blast activities continued at Mert 2.

First ore was mined from the Bruno Pit on 29 March 2010 and an initial stockpile of approximately 30,000 tonnes was created very quickly. Ore haulage to SBM's plant in Leonora commenced on 9 April 2010.



First Ore at Bruno Pit



First Haulage to SBM ROM Stockpile



Mining conditions at Bruno have been significantly better than expected. Bench floors have been damp, but firm. Mining productivity and unit costs are reconciling well with original budget estimates. More importantly it is apparent that larger, conventional dumps trucks could be utilised for future mining rather than the smaller six-wheel drive trucks currently in use, which would result in lower unit mining costs. The estimated grade of this ore from the pit design was 1.7g/t Au.

Due to the better than expected Bruno ore characteristics, Navigator decided, in consultation with SBM, to process the first ore parcel comprising exclusively Bruno supergene ore. This enabled Navigator to test and draw conclusions regarding the grade of the Bruno supergene ore compared to the ore grade as estimated from the pit design.

Crushing of the trial ore commenced on 14 April 2010, with the first ore entering the mill on 15 April 2010.

The damp supergene clay ore from Bruno caused some materials handling challenges through the crushing circuit and various transfer points to the primary mill, which resulted in the mill running at a lower throughput rate than would normally be expected from oxide material. Ore loading, transport and dumping normally results in material drying, however rain during ore haulage added moisture to the ore rather than it drying out.

The first ore milling parcel was completed on 21 April 2010.

Mill throughput was up to 100 tonnes per hour and other performance criteria included:

- ◆ Weighted average mill feed head grade of 2.43g/t Au;
- ◆ High gold recovery being achieved (typically over 95%);
- ◆ Fine grind of 100% passing 75 microns with a mean of ~20 microns;
- ◆ Reagent consumption is in accordance with previous testwork estimates; and
- ◆ Low gravity gold recovery (due to the fine grind).

Of note is that preliminary daily plant assays indicated a significant grade uplift effect, confirming the trend observed from Run-Of-Mine (ROM) stockpile sampling and the uncut pit design grade.

With the completion of the processing of the first ore parcel, a full report will be compiled and the results will be available shortly.

The first gold pour occurred at Leonora on 21 April 2010 with three bars being produced. Gold from this pour will be available for sale in the week commencing 26 April 2010. Due to the increase of gold in circuit at the plant, additional gold will be released to the Company in the first week of May.

The next parcel of ore will comprise a blend of Mert 2 and Bruno ore types and is presently planned for treatment in mid May.



First NAV Gold at Leonora



Exploration

Field investigations around historic drilling at the Hobby prospect have indicated discontinuous old prospector workings over an approximate 400m strike length. Historic drilling has intersected 12m @ 10.7g/t Au from 6m and 19m @ 1.38g/t Au from 20m including 3m @ 5.97g/t Au from 31m. These intersections are over a 120m strike length at the southern end of the prospect with only shallow widely spaced RAB holes testing the northern end of the prospect.

Future drilling programs at Cardinia, Mertondale 3-4, Helen's and Rangoon are planned to upgrade the inferred oxide resources at these localities, within optimised pit shells, to the indicated category.

EAST KIMBERLEY PROJECTS

Navigator has three projects in the East Kimberley region, Cummins Range, Eastman and Laura River. Eastman and Laura River are the subject of a joint venture arrangement with **Magma Metals Limited** ("MMW").

Cummins Range Rare Earth Project

The Cummins Range Project is located 130km southwest of Halls Creek in the East Kimberley, Western Australia and is prospective for carbonatite-hosted rare earth oxides (REOs), uranium, niobium, tantalum and phosphate.

A mineralogical investigation of the Cummins Range deposit by CSIRO Minerals Down Under Flagship was completed during the Quarter with the principal rare earth bearing minerals being primary apatite and monazite with only subordinate amounts of secondary rare earth bearing minerals being present. The main area of the investigation was the known weathered resource zone with some minor work on the deeper unweathered mineralisation for comparison.

The CSIRO mineralogical work will assist the Company in the assessment of potential flowsheets for the processing of Cummins Range mineralisation.

Eastman Ni-Cu-PGE Project (MMW 70%, NAV 30% free-carried)

The 260km² Eastman Project, located 115km southwest of Halls Creek, is prospective for iron-ore associated with outcropping and near surface iron-formations, nickel-copper-platinum mineralisation associated with the 20km-long Eastman Bore intrusion, and for volcanogenic massive sulphide style copper-zinc-lead-silver-gold mineralisation associated with the Koongie Park Formation.

No field work was conducted during the Quarter.

Laura River Ni-Cu-PGE & Cu-Zn Project (MMW 70%, NAV 30% free-carried)

The Laura River Project, 35km southwest of Halls Creek, contains occurrences of several types of mineralisation including iron ore, nickel, copper, zinc, uranium and gold.

In November 2009 MMW completed its earn-in following cumulative expenditure in excess of \$1 million and now has a 70% interest in the Laura River Project. Navigator retains a 30% interest free-carried to a decision to mine. No field work was conducted during the Quarter.

CORPORATE

Financial

The Company's new website went live on 12 March 2010.

At the end of the quarter, the Company had cash and deposits available of A\$8.7 million plus A\$6.5 million secured against environmental bonds for the Bronzewing Gold Project. The Company's current undrawn debt facility totals \$7.0 million.

Exploration expenditure for the quarter was \$702,000.

Navigator Achieves Gold Producer Status

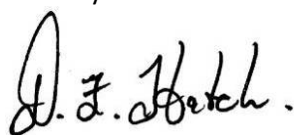
Following the pouring of first gold at both the Bronzewing and Leonora Gold Projects on 21 April 2010, Navigator's Managing Director, Mr David Hatch said, "I would like to thank all of our employees and contractors whose hard work and dedication have taken the Bronzewing operation from acquisition to gold production in less than 7 months – and whose collective efforts have also successfully instigated the trial mining initiative at Leonora, the result of five years successful exploration at the project.

"In the case of Bronzewing, it should not be understated that NAV only acquired the project on 30 September last year and has managed to transform the operation from mothballs to a gold producer today. At Leonora, NAV shareholders can now begin to see the benefits of the staged exploration program at the project since its acquisition in September 2004.

"On behalf of the NAV Directors, I thank all those who have contributed to our success to date. The first gold bar at Bronzewing is the first in what will be an annualised rate of production of 100,000 ozs of gold, lifting Navigator into the ranks of a mid-tier gold producer. At Leonora, gold production from the trial mining program is not only generating revenue – but self-funding the feasibility work targeting a larger scale development plan for the project.

"Much work still lies ahead – but what has now been proven is the capability of the Navigator team, including our contractors and service providers, to deliver the Company's gold projects into production on time and on budget. For that achievement I commend each and every one of you who has been involved.

"Our management team has tried to think of a previous gold producer that has achieved first gold production from two gold projects almost simultaneously. We haven't thought of one as yet – so we may have achieved a gold industry first."



David Hatch

Managing Director

NAVIGATOR RESOURCES LIMITED



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Table 1: Corboys Intersections > 10gm

Hole ID	Local N	Local E	From	To	Interval	g/t Au	gm	
NCBRC007	10030	10078	66	72	6	5.83	35.0	
NCBRC015	10110	10080	81	91	10	3.35	33.5	
NCBRC016	10110	10100	108	113	5	5.65	28.2	
NCBRC017	10150	9920	9	11	2	13.43	26.9	
NCBRC006	10030	10050	38	42	4	6.26	25.0	
NCBRC046	10500	9775	62	64	2	12.38	24.8	
NCBRC010	10070	10030	18	28	10	2.42	24.2	
NCBRC072	10050	10010	45	55	10	2.27	22.7	
NCBRC065	9910	10101	97	107	10	2.12	21.2	
NCBRC079	10132	9961	83	85	2	10.51	21.0	
NCBRC031	10225	10040	96	100	4	5.26	21.0	
NCBRC056	9810	10079	95	98	3	6.72	20.2	
NCBRC005	9990	10109	94	100	6	3.33	20.0	
NCBRC084	10090	10010	15	18	3	6.59	19.8	
NCBRC063	9868	10100	100	102	2	8.93	17.9	
NCBRC004	9990	10090	77	82	5	3.57	17.9	
NCBRC023	10190	9915	53	61	8	2.22	17.8	
NCBRC071	10010	10050	42	46	4	4.43	17.7	
NCBRC062	9870	10080	78	81	3	5.84	17.5	
NCBRC020	10150	10020	6	12	6	2.90	17.4	
NCBRC046	10500	9775	76	78	2	8.65	17.3	
NCBRC008	10030	10099	89	92	3	5.62	16.9	
NCBRC075	10090	9970	56	59	3	5.52	16.6	
NCBRC060	9850	10080	68	77	9	1.64	14.8	
NCBRC015	10110	10080	56	63	7	1.97	13.8	
NCBRC018	10150	9944	51	61	10	1.36	13.6	
NCBRC078	10090	10079	77	83	6	2.21	13.3	
NCBRC062	9870	10080	13	16	3	4.37	13.1	
NCBRC046	10500	9775	66	71	5	2.58	12.9	
NCBRC006	10030	10050	98	100	2	6.06	12.1	
NCBRC059	9850	10060	35	39	4	3.03	12.1	
NCBRC044	10500	9734	37	42	5	2.38	11.9	
NCBRC073	10050	10080	43	45	2	5.80	11.6	
NCBRC017	10150	9920	29	38	9	1.29	11.6	
NCBRC006	10030	10050	72	75	3	3.77	11.3	
NCBRC061	9870	10060	57	62	5	2.19	11.0	
NCBRC006	10030	10050	109	111	2	5.47	10.9	
NCBRC073	10050	10080	50	53	3	3.60	10.8	
NCBRC043	10500	9700	24	25	1	10.65	10.7	
NCBRC058	9850	10040	27	35	8	1.31	10.5	
Average						4.9	3.58	17.6

Notes:

- ◆ Drill collars surveyed in GDA94 Zone51 co-ordinates and converted to local grid.
- ◆ All holes drilled at -60° to local grid west.
- ◆ Estimated true widths are at least 80% of down hole intervals.
- ◆ Results are based on 1m riffle split samples.
- ◆ Assays by 40g fire assay at Kalassay Group, Leonora and Kalgoorlie.

Sections of information contained within this report that relate to Exploration Results, Mineral Resources and Ore Reserves at the Bronzewing Gold Project and Leonora Gold Project are based on information reviewed by Bernie Kirkpatrick who is a full-time employee of Navigator Resources Limited and a Member of the Australasian Institute of Mining and Metallurgy. Bernie Kirkpatrick has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Bernie Kirkpatrick consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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