



NAVIGATOR RESOURCES LIMITED

ASX ANNOUNCEMENT & MEDIA RELEASE

14 March 2011

FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Mid-tier gold producer **Navigator Resources Limited (ASX: NAV)** provides the following comments on the Financial Results for the Half Year ended 31 December 2010.

Key Points

- ◆ **Gold production of 45,807 ounces**
- ◆ **Sales revenue of \$54.4 million**
- ◆ **Gross profit from operations after depreciation, etc of \$4.1 million**
- ◆ **Net loss after tax \$4.2 million**
- ◆ **Cash at bank of \$20.3 million**

Review of Result

The Company generated revenues from gold and silver sales of \$54.4 million for the half year ended 31 December 2010 from the production of 45,807 ounces of gold at its operations at Bronzewing and Leonora.

Gross profit from operations before depreciation, amortisation and other operating expenses was \$9.1 million. Gross profit after depreciation, amortisation and other operating expenses (including royalties) was \$4.1 million.

The Net loss after tax for the period was \$4.2 million which included the expensing of \$4.2 million in financing costs related to the Company's banking facility. The majority of these financing costs were share based payments valued on the issue of obligatory options to the Company's financier.

Navigator's Managing Director David Hatch said that "while we have established the Bronzewing operation and advanced Leonora through the successful trial mining exercise, we were not able to report a profit in the half year to 31 December 2010. The Company's mining operations were profitable for the period although the overall result



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was a loss after financing and corporate activities. We aim to grow our production and revenue in the second half of the year with the intention of increasing the operating margins and generating a maiden profit for the 2010/11 financial year."

Managing Director
NAVIGATOR RESOURCES LIMITED

For Further Information:

Please direct any queries, or requests for further information, to:

David Hatch
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Tel: (08) 9226 5311

ABOUT NAVIGATOR

Navigator Resources Limited (ASX: NAV) transitioned from explorer to producer in April 2010 and its objective is to build value for shareholders by becoming a highly regarded and profitable gold producer with a pipeline of advanced projects.

The Company acquired the Bronzewing Gold Project (located 960km northeast of Perth) in late 2009, and this Project recommenced production in April 2010. Navigator also continues to pursue development opportunities at the Leonora Gold Project (located 830km northeast of Perth) by having initially carrying out a trial mining program.

Both gold projects are well located with respect to regional infrastructure, being in the heart of the northeastern goldfields region of Western Australia. All required mining permits and granted mining leases are in place both at Bronzewing and Leonora. The Company's medium term objective is to target 150,000oz pa of gold production from these two open pit projects.

Navigator also maintains an interest in assets in the East Kimberley region of WA, including the 100% owned Cummins Range Rare Earth Project.

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NAVIGATOR
RESOURCES LIMITED

ABN: 82 063 366 487

**Financial report for the half-year ended
31 December 2010**

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Corporate Directory

Board of Directors

Dr Allan Trench	Non-Executive Chairman
Mr David Hatch	Managing Director
Mr Ian Macpherson	Non-Executive Director
Mr Matt Healy	Non-Executive Director
Mr John Shipp	Non-Executive Director

Senior Management

Mr Trevor Cook	Chief Operating Officer
Mr Bernie Kirkpatrick	Exploration Manager
Mr Gerry Kaczmarek	Chief Financial Officer & Company Secretary
Mr Ian Bignell	General Manager – Bronzewing Operations
Ms Michelle Simson	Manager Corporate Affairs

Principal Place of Business & Registered Office

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Website: www.navigatorresources.com.au

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth, Western Australia 6000

Share Registry

Advanced Share Registry Services
150 Stirling Highway
Nedlands, Western Australia 6009

Securities Exchange Listing

Shares in Navigator Resources Limited are quoted on ASX Limited (code: NAV) and Listed Options under code: NAVO. The Home Exchange is Perth, Western Australia.

Financial report for the half-year ended 31 December 2010

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Directors' Report

The Directors of Navigator Resources Limited submit herewith the financial report for the half-year ended 31 December 2010. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Names of Directors

The names of the Directors of the Company who have held office during and since the end of the half-year and up until the date of this report are:

- ◆ Dr Allan Trench
- ◆ Mr David Hatch
- ◆ Mr Ian Macpherson
- ◆ Mr John Shipp
- ◆ Mr Matt Healy
- ◆ Mr Gordon Galt (resigned 31 January 2011)

The above named Directors held office for the entire period unless otherwise noted.

Review of Operations

Navigator Resources Limited's ("Navigator") objective is to build value for shareholders by becoming a highly regarded and profitable gold producer with a pipeline of advanced projects. To achieve this objective, the Company is focusing on two main Projects, namely the Bronzewing Gold Project and the Leonora Gold Project, both located in the north-eastern goldfields of Western Australia.

Bronzewing

The Bronzewing Gold Project is located approximately 83km north-east of Leinster and 800km north-east of Perth, and comprises the Bronzewing and the McClure group of mining tenements within a semi-contiguous landholding of approximately 1,000km². Gold production commenced in April 2010.

During the half year, Bronzewing produced 41,276 ounces of gold at a cash cost of \$1,092/oz. Gold sales during the half were 37,424 ounces at an average price of \$1,370/oz for total sales revenue of \$51,259,000.

Mining was undertaken at the Central, Success, Challenger and Challenger South Pits during the period with the Central Pit being the main ore source. In late September, there was a major pit wall failure in Central Pit which restricted mining activities until the slip was cleaned up at the end of October when normal mining operations resumed.

Dewatering of the Cockburn Pit was completed during December with commencement of waste stripping starting in early January 2011. Cockburn will be the major ore source for the Bronzewing operation for the next 3 years and will be accessed by a series of staged cutbacks over that time.

Exploration activities at Bronzewing concentrated on the Eagle and Woorana prospects where drilling activities were conducted late in the year. Further drilling at these prospects is scheduled for February and March 2011 respectively.

Leonora

The 268km² Leonora Gold Project is located 35km north-east of Leonora. Independent estimates of the mineral resources at Leonora total 12.2Mt at 1.9g/t for 750,000oz of contained gold.

The Company conducted trial mining activities at Leonora on the Bruno and Mert 2 Pits from January to June 2010.

The ore produced from the trial mining was treated by St Barbara Limited through its Gwalia mill at Leonora. This milling was conducted over 5 campaigns during the period from April to August 2010. Some excess ore was also trucked to Navigator's Bronzewing mill for processing. A total of 114,000 tonnes was processed to produce 7,223ozs recovered and an overall positive net cashflow of approximately \$2.1 million.

The result of the trial has provided Navigator greater confidence on mining conditions, grade, mill recoveries and mining costs. This led the Company to initiate an engineering study on a low capital cost milling facility to be considered for the project. The Company prepared and dispatched tender documents during October and submissions were received from 4 parties in mid December 2010. Subsequently, the 4 was reduced to a shortlist of 2 parties. Tenders were in the range of \$17.5-20 million. The Company is investigating ways of improving the project economics and a final development decision is not expected before mid-year.

Cummins Range

In October, the Company announced that it would undertake a spin-off of its Cummins Range rare earths project into a separate listed entity. The new company, to be called Kimberley Rare Earths Limited (KRE), will acquire a 25% direct interest in Cummins Range in exchange for shares. Navigator proposes, as part of the float process, to distribute the majority of these shares to qualifying Navigator shareholders as a free in-specie distribution on a 1 KRE share for every 20 Navigator shares held at the record date. In addition, qualifying Navigator shareholders will receive a Priority Offer to subscribe for 1 new KRE shares in the float for each 10 Navigator shares they hold at the record date for the priority offer. There will also be a Public Offer for a minimum \$5m.

KRE will have an entitlement to earn another 30% in the project (to take it to 55%) by spending \$10 million on the project over the next 4 years. KRE can then elect to earn a further 25% (to go to 80%) by free carrying Navigator to completion of a feasibility study in bankable form.

The in-specie distribution will be subject to Navigator shareholder approval at a General Meeting which is likely to be scheduled for late April 2011.

Results

Revenues from gold and silver sales for the half year ended 31 December 2010 was \$54,357,000 (2009: Nil).

Gross Profit from operations before depreciation, amortisation and other operating expenses was \$9,101,000 (2009: Nil) and Gross Profit after depreciation, amortisation and other operating costs was \$4,135,000 (2009: Nil).

The Net Loss after Tax was \$4,249,000 after deducting \$4,224,000 for Finance Costs during the period (2009: Loss \$7,480,000).

Rounding of Amounts

The Company has applied the relief available to it in ASIC Class Order 98/100, and accordingly certain amounts in the interim financial report and the Directors' report have been rounded off to the nearest \$1,000, unless otherwise indicated.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2010.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



David Hatch
Managing Director

Perth, 14 March 2011

Sections of information contained within this report that relate to Ore Reserves, Mineral Resources and Exploration Results are based on information reviewed or compiled by Bernie Kirkpatrick who is a full-time employee of Navigator Resources Ltd and is 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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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Navigator Resources Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
14 March 2011

L DI GIALLONARDO
Partner, HLB Mann Judd

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Navigator Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Navigator Resources Limited ("the Company") which comprises the condensed consolidated statement of financial position as at 31 December 2010, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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 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.

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 2010 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 Navigator 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*.

Conclusion

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 financial report of Navigator Resources Limited 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 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

L Di Giallonardo

Perth, Western Australia
14 March 2011

L DI GIALLONARDO
Partner

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Directors' Declaration

In the opinion of the Directors of Navigator Resources Limited ('the Company'):

1. the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year then ended; and
2. 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 the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors



David Hatch
Managing Director

Perth, 14 March 2011

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Condensed Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2010

	<i>Note</i>	Consolidated	
		31 Dec 2010 \$'000	31 Dec 2009 \$'000
Income			
Operating sales revenue	2a	54,357	-
Cost of production relating to sales	2b	(45,256)	-
Gross profit before depreciation, amortisation and other operating costs		9,101	-
Depreciation and amortisation relating to sales	2c	(2,501)	-
Other operating costs relating to sales	2d	(2,465)	-
Gross profit		4,135	-
Exploration expenses		-	(532)
Corporate administration expenses	2e	(2,669)	(3,286)
Operating profit/(loss)		1,466	(3,818)
Other revenue	2f	388	88
Other expenses	2g	(1,879)	-
Finance costs	2h	(4,224)	(3,750)
Loss before income tax		(4,249)	(7,480)
Income tax benefit		-	-
Net Loss for the half year		(4,249)	(7,480)
Other comprehensive income		-	-
Total comprehensive loss for the half year		(4,249)	(7,480)
Loss per share (cents per share)			
Basic		(1.0)	(2.82)

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position as at 31 December 2010

	<i>Note</i>	Consolidated	
		31 Dec 2010 \$'000	30 Jun 2010 \$'000
Current assets			
Cash and cash equivalents		13,706	3,777
Trade and other receivables		2,264	3,752
Inventory		7,911	7,940
Deferred mining expenditure		4,674	5,300
Total current assets		28,555	20,769
Non-current assets			
Property, plant & and equipment	3	13,332	12,806
Mining and development properties	4	2,689	3,929
Exploration and evaluation expenditure	5	23,520	21,733
Other financial assets	6	6,828	6,822
Total non-current assets		46,369	45,290
Total assets		74,924	66,059
Current liabilities			
Trade and other payables		7,001	8,586
Borrowings	7	13,218	15,188
Provisions		1,083	472
Total current liabilities		21,302	24,246
Non-current liabilities			
Borrowings		696	-
Provisions	8	5,382	5,148
Total non-current liabilities		6,078	5,148
Total liabilities		27,380	29,394
Net assets		47,544	36,665
Equity			
Issued capital	9	71,936	59,650
Reserves		7,976	5,134
Accumulated losses		(32,368)	(28,119)
Total equity		47,544	36,665

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity for the half-year ended 31 December 2010

	Consolidated			
	Issued capital \$'000	Share-based payments reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance at 1 July 2009	29,961	254	(7,002)	23,213
Loss for the period	-	-	(7,480)	(7,480)
Total comprehensive loss for the period	-	-	(7,480)	(7,480)
Recognition of share-based payments – finance costs	-	1,950	-	1,950
Recognition of share-based payments – directors and employees	-	189	-	189
Transfer (options lapsed during the period)	-	(7)	7	-
Issue of shares	29,490	-	-	29,490
Share issue costs	(2,111)	-	-	(2,111)
Balance at 31 December 2009	57,340	2,386	(14,475)	45,251
Balance at 1 July 2010	59,650	5,134	(28,119)	36,665
Loss for the period	-	-	(4,249)	(4,249)
Total comprehensive loss for the period	-	-	(4,249)	(4,249)
Recognition of share-based payments – finance costs	-	2,915	-	2,915
Recognition of share-based payments – directors and employees	-	31	-	31
Transfer from equity settled employee benefits reserve (options exercised)	104	(104)	-	-
Issue of shares	12,732	-	-	12,732
Share issue costs	(550)	-	-	(550)
Balance at 31 December 2010	71,936	7,976	(32,368)	47,544

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows for the half-year ended 31 December 2010

	Consolidated	
	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Cash flows from operating activities		
Receipts from customers	59,103	-
Payments to suppliers and employees	(54,599)	(3,584)
Interest and other costs of finance	(1,540)	(1,059)
Interest received	341	87
Net cash generated by/(used in) operating activities	3,305	(4,556)
Cash flows from investing activities		
Payments for property, plant and equipment	(756)	(7,846)
Payments for exploration and evaluation expenditure	(1,787)	(2,670)
Payments for mining and development properties	(9)	-
Proceeds for environmental bonds	46	-
Payments for environmental bonds	(52)	(6,500)
Net cash (used in) investing activities	(2,558)	(16,656)
Cash flows from financing activities		
Proceeds from issues of equity securities	12,732	29,348
Payment of share issue costs	(550)	(1,819)
Proceeds from borrowings	-	9,000
Repayment of borrowings	(3,000)	-
Net cash generated by financing activities	9,182	36,529
Net increase in cash and cash equivalents	9,929	15,317
Cash and cash equivalents at the beginning of the period	3,777	3,617
Cash and cash equivalents at the end of the period	13,706	18,484

The accompanying notes form part of these financial statements.

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Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2010

1. Statement of Significant Accounting Policies

Statement of Compliance

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including *AASB 134: Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with AASB 134 ensures compliance with IAS 34: *Interim Financial Reporting*.

The condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Navigator Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

Basis of Preparation

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2010.

Significant Accounting Judgements and Key Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2010.

Adoption of New and Revised Accounting Standards

In the current half year, the Group has reviewed all of the new and revised Standards, Amendments and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2010.

The Group has adopted the following new and/or revised Standards, Amendments and Interpretations from 1 July 2010:

- ◆ AASB 2009-5 Amendments arising from the Annual Improvements Project
- ◆ AASB 2009-8 Amendments – Group Cash-settled Share-based Payment Transactions

- ◆ AASB 2009-10 Amendments – Classification of Rights Issues
- ◆ AASB 2010-3 Amendments arising from the Annual Improvements Project

Adoption of the above Standards, Amendments and Interpretations did not have any effect on the financial position or performance of the Group.

New Accounting Standards and Interpretations Issued but not yet Effective

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2010. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

2. Revenue and expenses

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

		Consolidated	
		2010 \$'000	2009 \$'000
a)	Operating sales revenue		
	Gold	54,196	-
	Silver	161	-
	Total operating sales revenue	54,357	-
b)	Cost of sales		
	Mine production and development costs	23,264	-
	Processing costs	21,128	-
	Inventory movements	864	-
	Total cost of sales	45,256	-
c)	Depreciation and amortisation relating to sales		
	Depreciation and amortisation	2,501	-
		2,501	
d)	Other operating costs relating to sales		
	Royalties	2,465	-
		2,465	
e)	Corporate administration expenses		
	Corporate costs	2,461	3,251
	Corporate depreciation	177	35
	Equity settled share-based payments	31	-
	Total operating sales revenue	2,669	3,286
f)	Other revenue		
	Interest from other persons	341	85
	Other revenue	47	3
	Total other revenue	388	88

		Consolidated	
		2010 \$'000	2009 \$'000
g) Other expenses			
	Development costs expensed	1,879	-
	Total other income/(expenses)	1,879	-
h) Finance costs			
	Interest costs:		
	Interest on loans	774	-
	Other:		
	Facility fees and associated costs	3,450	3,750
	Total finance costs	4,224	3,750
i) Depreciation and amortisation			
	Property, plant and equipment		
	Included in:		
	Depreciation and amortisation relating to sales	2,501	-
	Corporate depreciation	177	35
	Total finance costs	2,678	35

3. Property, Plant & Equipment

	Consolidated			
	Land & buildings at cost \$'000	Plant & equipment at cost \$'000	Plant & equipment under Hire Purchase \$'000	Total \$'000
Net carrying amount				
Balance at 1 July 2010	120	12,686	-	12,806
Additions	-	755	1,200	1,955
Disposals	-	-	-	-
Depreciation	(1)	(1,342)	(86)	(1,429)
Balance at 31 December 2010	119	12,099	1,114	13,332

4. Mining and Development Properties

	Consolidated	
	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Costs carried forward in respect of areas of interest in the following phases:		
Mining and Development Phase – at cost		
Balance at beginning of period	3,929	-
Acquisitions during the period	-	2,759
Expenditure incurred during the period	9	15
Provision for rehabilitation	-	1,468
Amortisation during the period	(1,249)	(313)
	2,689	3,929

5. Exploration and Evaluation Expenditure

	Consolidated	
	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Exploration and Evaluation Phase – at cost		
Balance at beginning of period	21,733	19,149
Expenditure incurred during the period	1,787	2,878
Impairment of exploration expenditure	-	(294)
	23,520	21,733

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

6. Other Financial Assets

The amount of \$6,828,000 as at 31 December 2010 (\$6,822,000 as at 30 June 2010) relates to term deposits that secure the provision of Performance Bonds provided by the entity to the Department of Mines and Petroleum over Bronzewing and Leonora mining tenements.

7. Borrowings

Of the Borrowings amount of \$13,218,000 as at 31 December 2010, \$12,187,500 relates to the loan Facility provided by RMB Resources Limited and is due to be repaid by 30 June 2011 (\$15,187,500 as at 30 June 2010).

The loan is secured by a fixed and floating charge over all the assets of all the corporate members of the Consolidated Group.

The remainder relates to hire purchase and insurance funding facilities entered into during the period (previously Nil).

8. Provisions

The non-current provision amount of \$5,382,000 (30 June 2010: \$5,148,000) is primarily made up of Provision for Rehabilitation (\$5,098,000) for the Bronzewing Gold Project. The remainder of the provision amount relates to long service leave and a small amount of rehabilitation provision for the Leonora Gold Project.

9. Issued Capital

	Consolidated	
	31 December 2010	
	No.	\$'000
Fully paid ordinary shares		
Balance at 1 July 2010	405,040,836	59,650
Issue of shares during the period		
Shares issued at 17 cents pursuant to Share Purchase Plan	9,441,412	1,604
Shares issued on exercise of listed options at 25 cents	8,102	2
Shares issued on exercise of unlisted options	1,000,000	126
Share placement at 22 cents	50,000,000	11,000
Transfer from Option Premium Reserve on Option Exercise	-	104
Share issue costs	-	(550)
	465,490,350	71,936
Balance at 31 December 2010		

10. Segment Information

The Group has applied *AASB 8: Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Navigator Resources Limited.

The following table presents the revenue and profit information regarding the segment information provided to the Board of Directors for the half-year periods ended 31 December 2010 and 31 December 2009.

	Corporate \$'000	Exploration \$'000	Production \$'000	Total \$'000
31 December 2010:				
Segment revenue	-	2,942	51,415	54,357
Segment net profit/(loss) after taxation	(6,194)	560	1,385	(4,249)
Interest income	258	21	62	341
Interest expense	4,224	-	-	4,224
Depreciation and amortisation	34	18	2,626	2,678
Income tax expense	-	-	-	-
Segment assets	13,695	18,860	42,369	74,924
Segment liabilities	1,035	159	26,186	27,380
31 December 2009:				
Segment revenue	-	-	-	-
Segment net profit/(loss) after taxation	(5,259)	(192)	(2,029)	(7,480)
Interest income	75	10	-	85
Interest expense	-	-	3,750	3,750
Depreciation and amortisation	18	17	-	35
Income tax expense	-	-	-	-
Segment assets	27,500	18,262	16,002	61,764
Segment liabilities	10,154	225	6,134	16,513

11. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

12. Share-based Payments

There were three separate tranches of options over ordinary shares issued during the half year. The options were valued using a Black and Scholes valuation model with the following inputs:

	Issue 1 *	Issue 2	Issue 3 *
Number of options	1,000,000	19,962,963	3,015,134
Fair value of options	14.8 cents	19.2 cents	11 cents
Grant date	21 July 2010	1 December 2010	23 December 2010
Vesting date	Immediately	Immediately	Immediately
Expiry date	21 July 2013	1 December 2015	30 November 2011
Underlying share price	17.5 cents	20.5 cents	18 cents
Exercise price	12.6 cents	12.5 cents	25 cents
Expected share price volatility	150%	150%	150%
Risk free interest rate	4.65%	5.11%	5.05%
Discount for lack of marketability	30%	30%	30%

Note: * these option amounts were accrued in the 30 June 2010 annual financial report and issued subsequent to the end of the financial year.

13. Related Parties

Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2010 annual financial report.

Key management personnel continue to receive compensation in the form of short term employee benefits, post-employment benefits and share-based payments.

14. Options

Listed Options

Movements in listed options over ordinary shares on issue:

At 1 July 2010	121,458,787
Issued during period:	
n/a	-
Exercised during period:	
4 November 2010	(2,523)
6 December 2010	(5,579)
At 31 December 2010	121,450,685

Unlisted Options

Movements in unlisted options over ordinary shares on issue:

	No.
At 1 July 2010	49,057,718
Issued during period:	
21 July 2010 – Fee settlement (\$0.126, 21/07/2013 expiry)	1,000,000
3 December 2010 – Fee settlement (\$0.125, 01/12/2015 expiry)	19,962,963
27 December 2010 – Fee settlement (\$0.25, 30/11/11 expiry)	3,015,134
Exercised during period:	
15 September 2010	(500,000)
24 November 2010	(500,000)
At 31 December 2010	72,035,815

15. Subsequent Events

No material subsequent events have occurred between 31 December 2010 and the date of this report.

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