



NAVIGATOR RESOURCES LIMITED

ASX ANNOUNCEMENT & MEDIA RELEASE

27 June 2011

DEBT RESTRUCTURE AND REVISED RIGHTS ISSUE PLACES NAVIGATOR IN STRONG POSITION AS IT ESTABLISHES FIRST ORE PRODUCTION AT 300,000 oz Au COCKBURN PIT

Established gold producer **Navigator Resources Limited (ASX: NAV)** ("**Navigator**") has successfully renegotiated its debt facility with its bankers RMB Australia Holdings Limited ("RMB") and has revised the terms of its rights issue in consultation with the underwriters Patersons Securities Limited. As a result of these measures, Navigator will be in a strong financial position as it commences the buildup of Cockburn Pit ore mining at its Bronzewing Gold Project after waste stripping of the first cutback commenced in late January.

The Company expects to mine circa 300,000 ounces of gold at an average grade of 2g/t Au from the Cockburn Pit, with expected cashflow of circa \$100 million over the next three years. The main ore zone is expected to be accessed no later than in Q2 2012, at which time the main cutback will have been completed, with strong cashflows expected thereafter.

Key Points

- ◆ **Navigator renegotiates banking facilities including a partial extension of its current facility by up to 12 months**
- ◆ **Navigator amends Rights Issue Terms to a 5 for 3 issue at 4 cents with a 1 for 2 attaching free option, exercisable at 6 cents to raise up to \$31 million, with a minimum of \$20 million**
- ◆ **A fully subscribed issue of \$31 million will allow the Company to fully repay its debt, complete its Cockburn Pit cutback and enable it to recommence its targeted exploration program**
- ◆ **Navigator expected to earn circa \$100 million cashflow from its Cockburn Pit over the next three years**

Ground Floor, 45 Richardson Street
WEST PERTH WA 6005

PO Box 276
WEST PERTH WA 6872



ASX Code: NAV ACN: 063 366 487

Telephone: (08) 9226 5311
Facsimile: (08) 9226 5411

Email: navigator@navigatorresources.com.au
Website: www.navigatorresources.com.au

For personal use only



DEBT FACILITY

Navigator has reached agreement with RMB Australia Holdings Limited ("RMB") whereby RMB have extended the current debt facility of \$11.1 million to 2 August 2011. The completion of the rights issue will allow the Company to begin paying down the facility. The Company will repay \$5.6 million of the outstanding amount to RMB on 2 August 2011 and to the extent that the rights issue is fully subscribed, the Company will repay the full amount.

RENOUNCEABLE RIGHTS ISSUE

As announced on 20 June 2011, Navigator has engaged Patersons Securities Limited as Lead Manager and Underwriter to raise a minimum of \$20 million and up to \$31 million, to be underwritten to \$20 million. The renounceable rights issue will be offered to all shareholders, who will also have the opportunity to apply for shares and attaching options in excess of their entitlement.

The Company has worked closely with its underwriters Patersons Securities to reconfigure the terms of its previously announced rights issue to take into account recent general market weakness and the RMB debt re-scheduling. The current rights issue terms enable Navigator to proceed with confidence towards accessing ore from the Cockburn Pit and upcoming strong cash flows from early 2012.

As a consequence, the decision was made to reprice the offer at a level which, in the opinion of the Company's directors and advisors, is extremely attractive to shareholders. To maintain the same amount of funds to be raised, the ratio of the rights issue has also been amended from 1 for 1 to 5 for 3.

Patersons has received strong support from its sub-underwriters for the rights issue in its new form. Navigator's directors, most of whom are Top 40 shareholders, have also advised that they intend to subscribe to the issue to demonstrate their ongoing support for the Company's operational plans and what they trust will be a successful return to sustained production and profitability in the next year.

The rights issue has been restructured as follows:

- ◆ 5 for 3 renounceable rights issue of shares to eligible shareholders at the record date;
- ◆ Issue price of 4.0 cents per share;
- ◆ Subscribers to receive 1 free attaching listed option for every 2 shares subscribed for, exercisable at 6.0 cents on or before 31 July 2014;
- ◆ Minimum raising of \$20 million and up to \$31 million maximum funds raised (before costs); and
- ◆ The underwriting is subject to a minimum contribution of \$9 million from Navigator shareholders and other non-underwriter parties.

As a result of the amended debt repayment arrangements, the Company will have a higher amount of working capital available after the rights issue than would have otherwise been the case.



In conjunction with the Company's existing cash reserves, funds raised will be used for debt retirement (partial or full), the Cockburn waste cutback, exploration and general working capital.

FUTURE UPSIDE

Navigator has been evaluating mine plan improvements over the past two months with the objective of accelerating the ore production ramp-up from Cockburn Pit. Good progress is being made in regard to these initiatives and the Company expects to report outcomes from this work by no later than the June 2011 Quarterly Report.

Furthermore, evaluation of the Cockburn ore body confirms the presence of substantial amounts of gold mineralisation in south plunging ore shoots within an overall north plunging mineralised envelope (as defined by previous drilling) beneath the current Cockburn Pit design. Managing Director Mr David Hatch said that "there is considerable potential for the life of the Cockburn Pit to be extended with a higher gold price, as well as significant potential for underground mining". A more detailed explanation of Cockburn mineralisation is contained within the Appendix to this announcement.

Mr Hatch also stated that "I look forward to ramping up the Cockburn ore supply over the coming months and intend taking up my full entitlement in the rights issue. I invite all shareholders to take advantage of this well-priced offer."

Managing Director
NAVIGATOR RESOURCES LIMITED

For Further Information:

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

David Hatch
Email: navigator@navigatorresources.com.au
Tel: (08) 9226 5311

All \$ amounts noted in this report are Australian dollars, unless otherwise stated.

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.



APPENDIX: COCKBURN RESOURCES, RESERVES AND GRADE CONTROL

Navigator's previously released information regarding Cockburn ore reserves and mineral resources are as follows:

Table 1: Cockburn Resource (inclusive of Reserves) – 30 June 2010

	Lower cut-off	Indicated Resources			Inferred Resources			Total Resources		
	<i>g/tAu</i>	<i>Mt</i>	<i>g/t Au</i>	<i>koz</i>	<i>Mt</i>	<i>g/t Au</i>	<i>koz</i>	<i>Mt</i>	<i>g/t Au</i>	<i>koz</i>
Open Pit	0.7	4.46	2.0	291	0.75	1.8	43	5.21	2.0	334
Underground	3.0	0.81	4.2	110	0.75	4.4	107	1.56	4.3	217

Note: Original Resource estimate by Coffey, 2009.

Table 2: Cockburn Open Pit Probable Reserve – 30 June 2010

Lower cut-off (<i>g/t Au</i>)	Tonnes (000's)	Grade (<i>g/t Au</i>)	Contained Ounces Au
0.7	4,308	2.0	277,600

As previously reported, Navigator has carried out its first grade control program at the 480mRL (35m below surface) on the Stage 1 cutback of Cockburn Pit and has mined and milled the first ore from this area. The Company is very encouraged by the initial results.

The geological model was predicting modest amounts of inferred resource material only (18,800t @ 1.54g/t for 933oz Au) for the grade controlled area. Grade control drilling has however identified that not only is the mineralisation present, but the actual ore tonnes (+69%) and contained ounces (+51%) are greater (31,900t @ 1.37g/t for 1,411oz Au) than the model predicted. The Company believes it is too early to make any future projections regarding other inferred material within the pit design based upon this relatively small grade control program, but the initial orebody testing has been positive.

ABOUT NAVIGATOR

Navigator Resources Limited (ASX: NAV) transitioned from explorer to gold 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 carried out a trial mining program and ongoing targeted exploration.

Both gold projects are well located with respect to regional infrastructure, being in the heart of the north eastern 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 Cummins Range Rare Earth Project.

For personal use only