



# NAVIGATOR RESOURCES LIMITED

## ASX ANNOUNCEMENT & MEDIA RELEASE

8 July 2011

### REVISED RIGHTS ISSUE TO PROCEED WITH FIRM \$20 MILLION UNDERWRITTEN COMMITMENT

Established gold producer **Navigator Resources Limited (ASX: NAV)** ("**Navigator**") has restructured its renounceable rights issue to raise up to \$32.6 million, with Patersons Securities Limited ("Patersons"), with an underwritten amount of \$20 million. Ongoing liaison with the Company's financier RMB Resources Limited ("RMB") has also resulted in confirmation that the previously announced extension to the debt facility will be aligned with the new rights issue timing.

#### Key Points

- ◆ **Amended renounceable rights issue terms to a 7 for 2 issue at 2 cents with a 1 for 2 attaching free option, exercisable at 4 cents to raise up to \$32.6 million**
- ◆ **Issue underwritten to \$20 million by Patersons with no repricing or minimum shareholder subscription conditions**
- ◆ **Debt facility extension aligned with rights issue timetable**

#### BACKGROUND

Since a review of the Bronzewing Gold Project ("BGP") mine plan was announced on 19 May 2011, including a revision of the production forecasts for the June 2011 quarter and 2011/12 financial year, the Company has considered a range of initiatives to most efficiently undertake the waste pre-strip and access full scale ore supply from the Cockburn Pit as soon as possible.

Since 19 May 2011, discussions have been held with a number of parties regarding different types of funding alternatives available to the Company, including corporate transactions and potential asset divestments.

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The Directors are of the view that the most equitable way to raise the necessary funds to enable completion of the pre-strip and repay the Company's debt facility to RMB, is to conduct a renounceable rights issue. A mandate was signed with Patersons (as Lead Manager and Underwriter) on 8 June 2011 for a 1 for 1 renounceable issue priced at 6.8 cents to raise up to \$31.7 million. The Company endorsed the significant discount to the last traded price of 12.5 cents so as to provide shareholders with an attractive offer to encourage take-up and therefore minimise potential dilution.

Following securing of sub-underwriting commitments, the rights issue was announced on 20 June 2011, together with a resumption of trade of the Company's securities.

It is a standard clause in agreements of the nature of that between Navigator and Patersons for the conduct of the rights issue, that, with the occurrence of the Company's share price trading below the issue price, a situation is triggered whereby the process is suspended, pending renegotiation of terms. As this occurred, a trading halt was requested.

An amended mandate was signed with Patersons on 22 June 2011 for revised rights issue terms of a 5 for 3 offer at an issue price of 4 cents (also with an attaching 1 for 2 option). The target maximum subscription of approximately \$31 million was maintained as the Directors were of the view that this was an appropriate level of funding to protect the Company's cash position for the duration of the pre-strip process at Cockburn, as well as repaying outstanding RMB debt. The amended renounceable rights issue terms were announced on 27 June 2011.

The trading of Navigator securities by shareholders unfortunately again resulted in the share price falling below the issue price. Since this time, Navigator and Patersons have been working closely to reframe the issue to provide a level of certainty for the Company, its shareholders and the underwriter.

The prospectus of 24 June 2011 was formally cancelled on 1 July 2011 such that the forthcoming prospectus will be the only offer open.

### **NEW RENOUNCEABLE RIGHTS ISSUE TERMS**

The new terms of the rights issue, as agreed on 1 July 2011, are:

- ◆ 7 for 2 renounceable rights issue of shares to eligible shareholders at the record date;
- ◆ Issue price of 2.0 cents per share;
- ◆ Subscribers to receive 1 free attaching listed option for every 2 shares subscribed for, exercisable at 4.0 cents on or before 31 July 2014; and
- ◆ Minimum raising of \$20 million and up to a maximum raising of \$32.6 million (before costs).

The minimum raising amount of \$20 million is underwritten by Patersons, and firm sub-underwriting commitments have been secured. There is no condition for any minimum shareholder subscription, nor will the agreement be terminated if the price of the Company's shares trades on the ASX at less than the price of the issue.



The prospectus document will be lodged with both ASIC and ASX later in the day and the proposed timetable for the issue is:

Existing shares trade "ex-rights"; rights trading commences	13 July 2011
Record Date to determine rights issue entitlements	19 July 2011
Prospectus and entitlement form despatched	25 July 2011
Last day of rights trading	2 August 2011
Closing date for acceptances	9 August 2011
Anticipated date for allotment and issue of new securities	17 August 2011
Trading of new securities expected to commence	18 August 2011

Funds raised from the rights issue will be used for repayment of the RMB debt facility (see further information below), the Cockburn waste pre-strip, exploration at both of the Company's gold projects and general working capital.

### **DEBT FACILITY**

The Company previously announced that it had reached agreement with RMB for an extension of the current debt facility of \$11.1 million to 2 August 2011. In line with the adjustments to the rights issue timetable, Navigator and RMB have agreed to amend this extension to 18 August 2011. The repayment terms are:

- ◆ If the maximum rights issue subscription amount (\$32.6 million) is raised, the outstanding balance of \$11.1 million will be repaid by the Company on 18 August 2011;
- ◆ If the minimum rights subscription amount (\$20 million) is raised, the Company will repay:
  - ◆ \$5.6 million on 18 August 2011; and
  - ◆ the balance of the outstanding amount in two equal installments on 31 March 2012 and 20 June 2012.

The Board acknowledges the good relationship between the Company and RMB and expresses its appreciation of RMB's ongoing support.

### **CONCLUDING REMARKS**

The Company has received a significant level of shareholder contact over the past month and appreciates the encouragement offered by many for the initiatives implemented and actions taken to provide certainty at both an operational and corporate level.

The Board believes that this capital raising will provide the platform for a positive future. Management is focused on realising the potential of the BGP and capitalising on the exploration opportunities presented for the Company's significant landholdings at both BGP and the Leonora Gold Project.



**Managing Director**  
**NAVIGATOR RESOURCES LIMITED**

**For Further Information:**

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**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.

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