



NAVIGATOR
RESOURCES LIMITED

20 October 2011

The Manager
Company Announcements Office
Australian Stock Exchange Limited
PO Box H224 Australia Square
SYDNEY NSW 2000

Dear Sir/Madam

NOTICE OF ANNUAL GENERAL MEETING

Please find attached the Notice of Meeting, Explanatory Statement and Proxy Form for the Annual General Meeting of the Company to be held at 10.30am on Wednesday, 23 November 2011 at The University Club, University of Western Australia, via Gate 1, Hackett Drive, Crawley, Western Australia.

The Notice of Meeting, Explanatory Statement and Proxy Form was posted to shareholders today.

Yours sincerely

GERRY KACZMAREK
Company Secretary

For personal use only



NAVIGATOR RESOURCES LIMITED

ABN: 82 063 366 487

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

Date: 23 November 2011

Time: 10.30am (WST)

Place: The University Club
University of Western Australia
via Gate 1
Hackett Drive
Crawley, Western Australia

THIS IS AN IMPORTANT DOCUMENT. PLEASE READ IT CAREFULLY.

If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting will be held at 10.30am (WST) on Wednesday, 23 November 2011 at:

The University Club
University of Western Australia
via Gate 1
Hackett Drive
Crawley, Western Australia

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

HOW TO VOTE

You may vote by attending the meeting in person, by proxy or by authorised representative.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) hand delivery to the Company's registered office at Ground Floor, 45 Richardson Street, West Perth, 6005;
- (b) post to Navigator Resources Limited, PO Box 276, West Perth WA 6872;
- (c) facsimile to the Company on facsimile number (+61 8) 9226 5411; or
- (d) email to the Company at navigator@navigatorresources.com.au,

so that it is received not later than 10.30am (WST) on Monday, 21 November 2011.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders will be held at 10.30am (WST) on Wednesday, 23 November 2011 at The University Club, University of Western Australia, via Gate 1, Hackett Drive, Crawley, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5.00pm (WST) on Monday, 21 November 2011.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. ANNUAL REPORT

To receive and consider the financial report of the Company together with the reports of the Directors and the auditor for the financial year ended 30 June 2011.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a **non-binding ordinary resolution**:

"That for the purposes of section 250R(2) of the Corporations Act 2001 (Cth) and for all other purposes, the Remuneration Report for the financial year ended 30 June 2011 (as contained in the financial report of the Company for the financial year ended 30 June 2011) be adopted."

The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by or on behalf of any Director or a member of the Key Management Personnel of the Company (or their nominee), details of whose remuneration are included in the Remuneration Report, and any of their closely related parties. (Please refer to the definition of Key Management Personnel in the Explanatory Statement.) However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form.

Any undirected proxy for a Shareholder that is entitled to vote that is held by the Chair or a member of the Key Management Personnel or any of their closely related parties cannot be voted on Resolution 1 and that Shareholder's vote will not be counted. If you appoint the Chair or any Key Management Personnel or any of their closely related parties as your proxy, you must direct them how to vote on Resolution 1 if you want your Shares to be voted on this item of business.

3. RESOLUTION 2 – RE-ELECTION OF MR MATTHEW HEALY AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That Mr Matthew Healy, being a Director of the Company who retires in accordance with Rule 7.3(a) of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

4. RESOLUTION 3 – ADOPTION OF INCENTIVE RIGHTS SCHEME

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.2 (Exception 9) of the ASX Listing Rules and for all other purposes, the Directors be authorised to adopt the “Navigator Resources Limited Incentive Rights Scheme” (Scheme) on the terms and conditions annexed to the Explanatory Statement accompanying this Notice and approve the issue of securities pursuant to the Scheme from time to time under the Navigator Resources Limited Incentive Rights Scheme as an exception to Listing Rule 7.1.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by any Director or employee of the Company (or their nominee) and any of their associates. A vote on this Resolution must not be cast (in any capacity) by or on behalf a member of the Key Management Personnel of the Company, details of whose remuneration are included in the Remuneration Report, or a closely related party of such a member.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form.

Any undirected proxy for a Shareholder that is entitled to vote that is held by the Chair or a member of the Key Management Personnel or any of their closely related parties cannot be voted on Resolution 3 and that Shareholder’s vote will not be counted. If you appoint the Chair or any Key Management Personnel or any of their closely related parties as your proxy, you must direct them how to vote on Resolution 1 if you want your Shares to be voted on this item of business.

BY ORDER OF THE BOARD



GF Kaczmarek

Company Secretary

Dated: 19 October 2011

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at The University Club, University of Western Australia, via Gate 1, Hackett Drive, Crawley, Western Australia at 10.30am (WST) on Wednesday, 23 November 2011.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. ANNUAL REPORT

Section 317 of the Corporations Act requires the reports of the Directors and of the auditors and the Annual Report, including the financial statements, to be put before the Annual General Meeting and the Constitution provides for those reports and statements to be received and considered at the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the reports or statements however Shareholders will be given the opportunity to raise questions on the reports and the statements at the Annual General Meeting.

The Company's 2011 Annual Report is available at www.navigatorresources.com.au. Those Shareholders that elected to receive a printed copy of the Annual Report will have received a copy with this Notice of Annual General Meeting.

2. RESOLUTION 1 – Adoption of Remuneration Report

Section 300A of the Corporations Act sets out the information that should be included in the Remuneration Report. Section 250R(2) of the Corporations Act requires a resolution that the Remuneration Report be adopted to be put to a vote of Shareholders at the Company's Annual General Meeting. The vote on this Resolution is only advisory to the Company and does not bind the Directors or the Company.

The Remuneration Report is set out in, and forms part of, the Directors' Report. The Remuneration Report:

- (a) explains the Board's policy for determining the nature and amount of remuneration of Executive Directors and Key Management Personnel of the Company;
- (b) discusses the relationship between such policy and the Company's performance; and
- (c) sets out remuneration details of each Director and each of the Company's executives and Key Management Personnel named in the Remuneration Report for the financial year ended 30 June 2011.

Under section 250SA of the Corporations Act, Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Directors consider that the remuneration policies adopted by the Company are appropriately structured to provide rewards that are commensurate with the performance of the Company and the individual. On this basis, the Directors unanimously recommend that members vote in favour of this advisory resolution.

Under the Corporations Act (under recent changes which came into effect on 1 July 2011), if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two (2) consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings (**Second AGM**) on a resolution that a further general meeting is held at which all of the Company's Directors (other than the Managing Director and CEO) must come up for re-election (**Re-Election Resolution**).

If more than 50% of Shareholders vote in favour of the Re-Election Resolution, the Company must convene an extraordinary general meeting (**Re-Election Meeting**) within 90 days of the Second AGM. All of the Directors of the Company who were in office when the resolution was passed to approve the Director's Report that was put before the Second AGM, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Re-Election Meeting but are eligible to stand for re-election at the Re-Election Meeting. Following the Re-Election Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

Undirected Proxies

Pursuant to the Corporations Act, any undirected proxies held by the Chair of the meeting cannot be voted on this Resolution and that Shareholder's vote will not be counted in relation to this Resolution. Accordingly, if you appoint the Chair of the meeting as your proxy, you must direct him how to vote on this Resolution if you want your Shares to be voted. The same will apply if you appoint any other Director of the Company, any other of its Key Management Personnel, details of whose remuneration is contained in the Remuneration Report, or any of their closely related parties.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes the Directors of the Company (executive or otherwise) and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 30 June 2011.

The **closely related parties** of a member of the Key Management Personnel are defined in the Corporations Act, and include:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR

3.1 General

Under Rule 7.3 of the Constitution, one third ($\frac{1}{3}$) of the Directors (rounded down to the nearest whole number) must retire at each annual general meeting but a Director who retires under that Rule is eligible for re-election at that meeting. Re-election is by way of an ordinary resolution of Shareholders.

3.2 Mr Matthew Healy

Mr Matt Healy, who was appointed as a Director on 9 April 2009, retires from office in accordance with Rule 7.3(a) of the Constitution and, being eligible, offers himself for re-election as a Director of the Company.

Mr Healy is an experienced commercial and contracts executive who has extensive experience involved in multi-national property and construction companies facilitating the development and project management of mixed use developments. During his career, Mr Healy has worked in various management and operational roles for several respected asset management groups bringing a wealth of business experience to the Company.

Mr Healy is a construction engineer by training, graduating from the University of Technology in 2000 and holds a post-graduate MBA (Exec) from the Australian Graduate School of Management in Sydney.

Mr Healy has also been a director of Elk Petroleum Limited since 21 October 2010.

4. RESOLUTION 3 – ADOPTION OF INCENTIVE RIGHTS SCHEME

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 3 seeks the approval of Shareholders for the adoption of the “Navigator Resources Limited Incentive Rights Scheme” (**Rights Scheme**) to allow the grant of Rights to acquire Shares in the Company under the Scheme as an exception to ASX Listing Rule 7.1 in accordance with exception 9(b) of ASX Listing Rule 7.2. An issue under an incentive option/rights scheme will only fall within exception 9(b) of ASX Listing Rule 7.2 if the securities are issued under a Scheme approved by shareholders within three (3) years before the date of issue.

Shareholders had previously approved the “Navigator Resources Limited Incentive Option Scheme” (**Option Scheme**) at the Annual General Meeting held on 25 November 2008. This new Rights Scheme replaces the previous Option Scheme and carries many of the same terms and conditions as the previous scheme but is updated for changes in legislation that have occurred since the previous Option Scheme was approved.

If Resolution 3 is passed, the Company will have the ability to issue Rights to eligible participants under the Rights Scheme over a period of three (3) years (or a longer period, if allowed by ASX) without impacting on the Company’s 15% placement capacity under ASX Listing Rule 7.1. In the case of a Director, no Rights may be issued to the Director without separate Shareholder approval pursuant to ASX Listing Rule 10.14.

The purpose of the Rights Scheme is to:

- (a) recognise the ability and efforts of employees who contribute to the success of the Company;
- (b) provide an incentive to employees to achieve the long term objectives and improve the performance of the Company; and
- (c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees.

The terms and conditions of the Rights Scheme are set out in Annexure A to this Explanatory Statement.

As at the date of this Explanatory Statement, there are 1,500,000 Rights on issue under the Rights Scheme.

The Directors recommend that Shareholders vote in favour of Resolution 3.

Undirected Proxies

Pursuant to the Corporations Act, any undirected proxies held by the Chair of the meeting cannot be voted on this Resolution and that Shareholder's vote will not be counted in relation to this Resolution. Accordingly, if you appoint the Chair of the meeting as your proxy, you must direct him how to vote on this Resolution if you want your Shares to be voted. The same will apply if you appoint any other Director of the Company, any other of its Key Management Personnel, details of whose remuneration is contained in the Remuneration Report, or any of their closely related parties.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes the Directors of the Company (executive or otherwise) and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 30 June 2011.

The **closely related parties** of a member of the Key Management Personnel are defined in the Corporations Act, and include:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

GLOSSARY

\$ means Australian dollars.

Annual General Meeting means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Company means Navigator Resources Limited (ABN 82 063 366 487).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Equity Securities has the same meaning as in the ASX Listing Rules.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of general meeting including the Explanatory Statement.

Remuneration Report means the remuneration report in the Directors' Report section of the Company's Annual Report.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Right means a right to acquire a Share.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A – TERMS AND CONDITIONS OF INCENTIVE RIGHTS SCHEME

**NAVIGATOR RESOURCES LIMITED
ACN 063 366 487**

INCENTIVE RIGHTS SCHEME

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The Board is empowered to operate the Navigator Resources Limited Incentive Rights Scheme (**Scheme**) on the following terms and in accordance with the Listing Rules of ASX:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

For the purposes of the Scheme, the following words have the following meanings:

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in Section 12(2) of the Corporations Act.

Associated Body Corporate means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

Board means the board of directors of the Company.

Business Day means those days other than a Saturday, Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which the ASX shall declare and publish is not a business day.

Class Order means ASIC Class Order 03/184 (or any amendment to or replacement of that Class Order).

Commencement Date means 1 July 2008.

Company means Navigator Resources Limited (ACN 063 366 487).

Corporations Act means the Corporations Act 2001 (Cth).

Eligible Participant has the meaning given by Rule 3.2.

Exercise Price means the exercise price, if any, of a Right, as specified in the Offer Document.

Expiry Date means the expiry date of a Right, as specified in the Offer Document.

Group means the Company or an Associated Body Corporate.

Income Tax Assessment Act means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as appropriate.

Listing Rules means the official listing rules of ASX as amended from time to time.

LTIP means the long term incentive plan as set out in Rule 8.

Managing Director means the managing director of the Company.

MTIP means the medium term incentive plan as set out in Rule 7.

Nominee has the meaning given by Rule 5.4.

Offer means an offer made to an Eligible Participant to subscribe for one or more Rights under the Scheme.

Offer Document means an offer document in substantially the same form as set out in Schedule 2, or such other form as prescribed by, or is consistent with, the Corporations Act or the Class Order.

Participant means an Eligible Participant to whom Rights have been granted under the Scheme, or if Rule 5.4 applies, an Associate of the Eligible Participant to whom Rights have been granted under the Scheme.

Right means a performance right granted pursuant to these Rules to subscribe for one Share upon and subject to the terms of these Rules and the Offer and the terms of the MTIP or LTIP, as applicable.

Rights Cap has the meaning given by Rule 5.6.

Rules means the rules of the Scheme set out in this document.

Scheme means the scheme established in accordance with these Rules and includes the MTIP and LTIP.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of Shares.

Trigger Event means:

- (a) the despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
- (b) the announcement of a takeover bid or receipt by the Company of a bidder's statement in respect of the Company; or
- (c) the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Right, to sufficient Shares to give it or them the ability, in general meeting, to replace all of the Board where such ability was not already held by a person associated with such person or group of associated persons.

1.2 Interpretation

In this Scheme unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, two or more Parties binds or benefits all of them jointly and each of them severally;
- (c) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;

- (e) a reference to any document (including this Scheme) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Scheme and a reference to this Scheme includes any schedule, exhibit or annexure to this Scheme;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (j) a reference to **\$** or **dollar** is to Australian currency.

2. PURPOSE

The purpose of the Scheme is to:

- (a) recognise the ability and efforts of employees who contribute to the success of the Company;
- (b) provide an incentive to Eligible Participants to achieve the long term objectives and improve the performance of the Company; and
- (c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees.

3. COMMENCEMENT & APPLICATION

3.1 Commencement

The Scheme will commence on the Commencement Date.

3.2 Eligible Participants

The Scheme will apply to full time or part time employees of the Company or an Associated Body Corporate of it who the Managing Director determines, in his absolute discretion, are eligible to participate in the Scheme.

3.3 Classification of Eligible Participant

- (a) Eligible Participants will be allocated one of four employment classifications as follows:
- (i) Executive;
- (ii) Senior Management;
- (iii) Management; or
- (iv) Staff.

- (b) An Eligible Participant's employment classification will be stated on their individual position description issued at the time of appointment, or at any subsequent time.

4. NO EFFECT ON CONTRACT OF EMPLOYMENT

- (a) This Scheme shall not form any part of any contract of employment between the Company and the Eligible Participant unless expressly incorporated in the Eligible Participant's contract of employment by reference or otherwise.
- (b) Nothing in this Scheme:
- (i) confers on the Eligible Participant any right to continue as an employee of the Company;
 - (ii) affects the rights which the Company may have to terminate the employment of the Eligible Participant; or
 - (iii) may be used to increase any compensation or damages in any action brought against the Company in relation to the termination of employment of the Eligible Participant.

5. RIGHTS OFFER

5.1 Entitlements

The Company may offer Rights to Eligible Participants in accordance with these Rules.

5.2 Offer Document

An Offer must be made using an Offer Document.

5.3 Personal Offer

Subject to Rule 5.4, an Offer is personal and is not assignable.

5.4 Renunciation

Upon receipt of an Offer, an Eligible Participant may, by notice in writing to the Board, nominate an Associate of that Eligible Participant (**Nominee**) in whose favour the Eligible Participant wishes to renounce the Offer. The Board may, in its discretion, resolve not to allow a renunciation of an Offer in favour of a Nominee without giving any reason for that decision. If the Board resolves to allow a renunciation of an Offer in favour of a Nominee, the Eligible Participant will procure that the permitted Nominee accepts the Offer made to that Eligible Participant and that both the Eligible Participant and the Nominee agree to be bound by the Rules.

5.5 Time Period

An Eligible Participant (or permitted Nominee) may only accept an Offer within the time period specified in the Offer Document, which cannot be less than 7 days from the date of the Offer.

5.6 Limitation of Offers

- (a) The Company will not make an Offer under the Scheme if the aggregate of:
- (i) the number of Shares which would be issued on exercise of the Rights to be granted;
 - (ii) the number of Shares which would be issued if all the current Rights granted under the Scheme were exercised; and
 - (iii) the number of Shares which have been issued as a result of the exercise of Rights granted under the Scheme,
- would exceed 5% of the Shares on issue at the time of the Offer (**Rights Cap**).
- (b) An Offer which would otherwise exceed the Rights Cap will be made by the Company within its annual placement capacity under the Listing Rules, if any, or with the approval of Shareholders under the Listing Rules, if required.

6. TERMS OF THE OFFER OF RIGHTS

6.1 No Consideration

Rights issued under the Scheme will be issued for nil cash consideration.

6.2 Rights

- (a) Subject to Rule 11, on issue and exercise, each Right entitles the Right holder to subscribe for one Share upon payment, if applicable, of the Exercise Price.
- (b) Shares issued pursuant to the exercise of Rights will in all respects, including bonus issues and new issues, rank equally and carry the same rights and entitlements as other Shares on issue.

7. MEDIUM TERM INCENTIVE PLAN

7.1 Offer

- (a) The medium term incentive plan (**MTIP**) comprises an entitlement to the issue of Rights following achievement of tenure and performance conditions as established by the Board and advised in an Offer to the Eligible Participant.
- (b) The terms and conditions of the Rights, including the quantity, the vesting period, expiry date and Exercise Price, will be determined by the Board and advised in the Offer Document.

7.2 Issue date

- (a) The Rights will be granted on a date determined by the Board, which will generally be on or around 1 July and 1 January in each year (subject to change).
- (b) An Eligible Participant does not have any interest in the Rights until the Rights are formally granted by the Company.

8. LONG TERM INCENTIVE PLAN

8.1 Offer

- (a) The LTIP aims to recognise Eligible Participant's loyalty to the Company through an entitlement to the issue of Rights not before the third anniversary of an Eligible Participant's continuous employment with the Company or an Associated Body Corporate. Any additional tenure or performance conditions associated with the entitlement may be determined at the Board's discretion and advised in an Offer to an Eligible Participant.
- (b) The terms and conditions of the Rights, including the quantity, the vesting period, expiry date and Exercise Price, will be determined by the Board and advised in the Offer Document.

8.2 Issue date

- (a) The Rights will be granted on a date determined by the Board, which will generally be on or around 1 July and 1 January in each year (subject to change).
- (b) An Eligible Participant does not have any interest in the Rights until the Rights are formally granted by the Company.
- (c) The issue of the Rights is subject to the Participant remaining an Eligible Participant on the issue date.

9. TERMINATION OF RIGHT TO EXERCISE RIGHTS

9.1 Lapse of Rights

A Right will lapse on the earlier of:

- (a) the Expiry Date of that Right;
- (b) a determination of the Board that the Participant has, in the Board's opinion:
 - (i) been dismissed or removed from office for a reason which entitles a company in the Group to dismiss the Participant without notice or has committed any act of fraud, defalcation or gross misconduct in relation to the affairs of that company (whether or not charged with an offence); or
 - (ii) done any act which brings the Group or any company in the Group into disrepute; or
- (c) unless otherwise determined by the Board in respect of any Participant, where the employment of that Participant by the Company or an Associated Body Corporate ceases for any reason.

For the avoidance of doubt, this Rule 9.1 continues to apply in the event the Rights are renounced to a Nominee under Rule 5.4.

9.2 Effect of lapse

On a Right lapsing, all rights of Participants under the Scheme in respect of a Right shall cease, regardless of whether the Right has become exercisable.

9.3 Exceptions to limitations on exercise of Rights

The exercise of Rights under this Scheme shall be effective if the Participant ceases to be an Eligible Participant in the following circumstances:

- (a) where a Participant dies and at the date of his death that Participant held Rights. In such circumstances, those Rights are automatically transferred to the estate of the deceased Participant and shall continue as provided for by the terms of the Scheme notwithstanding that the Participant is no longer an Eligible Participant; or
- (b) where the Participant ceases to be an Eligible Participant by reason of ill health or accident (resulting in permanent disability). In such circumstances, the Participant's right to exercise Rights shall not be terminated and shall continue as provided for by the terms of the Scheme prior to the occurrence of the illness or permanent disability notwithstanding that the Participant is no longer an Eligible Participant.

10. MANNER OF EXERCISE OF RIGHTS

10.1 Exercise of Rights

10.1.1 With an Exercise Price that is not Nil

Rights granted to a Participant may only be exercised by delivery to the Company's secretary (at a time when the Rights may be exercised) of:

- (a) a notice in the form of Schedule 1 addressed to the Company and signed by the Participant:
 - (i) stating that the Participant exercises the Rights and specifying the number of Rights which are exercised; and
 - (ii) specifying the subregister of the Company in which the Shares issued upon exercise of the Rights described in Rule 10.1.1(a)(i) are to be recorded; and
- (b) payment to the Company of an amount equal to the Exercise Price multiplied by the number of Rights which are being exercised.

10.1.2 With an Exercise Price that is Nil

Rights granted to a Participant with an Exercise Price of nil will be automatically exercised on vesting.

10.2 Issue of Shares

10.2.1 From Rights with an Exercise Price that is not Nil

If the items specified in Rule 10.1.1 are delivered in accordance with that Rule, the Company will, subject to the Listing Rules (if relevant) within 10 Business Days of delivery of the documents referred to in Rule 10.1.1 issue to the Participant the Shares credited as being fully paid in respect of which the Rights are exercised.

10.2.2 From Rights with an Exercise Price that is Nil

The Company will, subject to the Listing Rules (if relevant), within 10 Business Days of vesting issue to the Participant the Shares credited as being fully paid in respect of which the Rights are exercised.

10.3 Death of Participant

If a Participant has died, the Participant's legal personal representative will stand in the place of the Participant for the purposes of Rules 10.1 and 10.2 subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a shareholder in respect of the Shares held by the Participant.

10.4 Beneficial Owner of Shares

From and including the date of issue to a Participant of any Shares in accordance with these Rules, the Participant will:

- (a) be the beneficial owner of those Shares; and
- (b) subject to the Corporations Act, the Constitution and the Listing Rules, be entitled to deal with those Shares as beneficial owner.

10.5 Equal Rank

A Share issued on exercise of a Right will rank equally in all respects with Shares already on issue on the date of exercise of the Right, except for entitlements which had a record date before the date of issue of that Share.

10.6 Official Quotation

The Company will make application for Shares which are issued pursuant to Rule 10.2 to be quoted in accordance with the Listing Rules.

11. NEW ISSUES AND RECONSTRUCTIONS

11.1 Participation generally

There are no participating rights or entitlements inherent in the Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Rights. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Rights holders the opportunity to exercise their Rights prior to the date for determining entitlements to participate in any such issue.

11.2 Pro rata issues

If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price shall be reduced according to the formula specified in the Listing Rules.

11.3 Bonus issues

In the event of a bonus issue of Shares being made pro-rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Right will include the number of bonus Shares that would have been issued if the Right had been exercised prior to the record date for the bonus issue. No adjustment will be made to the Exercise Price per Share of the Right.

11.4 Quotation

Rights will not be quoted on ASX. However, application will be made to ASX for official quotation of the Shares allotted pursuant to the exercise of Rights if the Company's Shares are listed on ASX at that time.

11.5 Applications

An application to be issued Rights may be made by persons invited to participate in the Scheme in such form and upon such terms and conditions concerning the closing date for applications as are approved by the Board from time to time.

11.6 Reorganisation

The terms upon which Rights will be granted will not prevent the Rights being reorganised in the same manner and having the same effect as options to acquire shares as required by the Listing Rules on the reorganisation of the capital of the Company.

12. ADJUSTMENTS

12.1 Auditors to make adjustments

Any calculations or adjustments which are required to be made for the purpose of these Rights will be made by the auditors of the Company for the time being and will, in the absence of manifest error, be final and conclusive and binding on the Participant.

12.2 Cumulation of Adjustments

Effect will be given to Rule 11 in such manner that the effect of the successive applications of them is cumulative, with the intention being that the adjustments they progressively effect will reflect previous adjustments.

12.3 Notice of Adjustments

Whenever the number of Shares comprised in a Right or the Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant and ASX together with calculations on which the adjustment is based.

13. OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE

Notwithstanding the Rules or the terms of any Right, no Right may be offered, granted or exercised and no Share may be issued under the Scheme if to do so:

- (a) would contravene the Corporations Act, the Listing Rules or any other applicable law; or
- (b) would contravene the local laws or customs of an Eligible Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

14. AMENDMENT OF RULES

Subject to and in accordance with the Listing Rules (including any waiver granted under such Listing Rules), the Board (without the necessity of obtaining the prior or subsequent consent of Shareholders of the Company in a general meeting) may from time to time amend (including the power to revoke, add to or vary) all or any provisions of the Rules in any respect whatsoever, by an instrument in writing, provided that rights or entitlements in respect of any Right granted before the date

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of amendment shall not be reduced or adversely affected unless prior written approval from the affected holder(s) is obtained.

15. TRIGGER EVENT

Notwithstanding the Rules of the Scheme, upon the occurrence of a Trigger Event, the Board may determine:

- (a) that the Rights may be exercised at any time from the date of such determination, and in any number until the date determined by the Board acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event, provided that the Board will forthwith advise in writing each holder of such determination. Thereafter, the Rights shall lapse to the extent they have not been exercised; or
- (b) to use their reasonable endeavours to procure that an offer is made to holders of Rights on like terms (having regard to the nature and value of the Rights) to the terms proposed under the Trigger Event in which case the Board shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Rights shall immediately become exercisable and if not exercised within 10 days, shall lapse.

16. ADMINISTRATION OF SCHEME

- (a) The Scheme will be overseen by the Managing Director of the Company who may delegate such authorities as may be necessary or desirable for the administration and management of the Scheme.
- (b) Subject to the provisions of the Rules, the Managing Director may make such regulations and establish such procedures for the administration and management of the Scheme as he considers appropriate.
- (c) The decision of the Managing Director as to the interpretation, effect or application of the Rules will be final.

17. COSTS

- (a) The Company will bear all costs associated with administering the Scheme, including fringe benefits tax.
- (b) The Participant will bear personal taxation costs associated with the issue, exercise or disposal of Rights or Shares issued on exercise of the Rights.

18. ATTORNEY

Each Participant, in consideration of an Offer:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an "attorney"), severally, as the Participant's attorney to complete and execute any documents including applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules;
- (b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power;

- (c) releases each member of the Group and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and
- (d) indemnifies and holds harmless each member of the Group and the attorney in respect thereof.

19. ASIC RELIEF

Notwithstanding any other provisions of the Scheme, every covenant or other provision set out in an exemption or modification granted from time to time by the ASIC in respect of the Scheme pursuant to its power to exempt and modify the Corporations Act and required to be included in the Scheme in order for that exemption or modification to have full effect, is deemed to be contained in the Scheme. To the extent that any covenant or other provision deemed by this Rule to be contained in the Scheme is inconsistent with any other provision in the Scheme, the deemed covenant or other provision shall prevail.

20. TERMINATION

This Scheme may be terminated by the Board but such termination shall not affect the rights of holders of Rights issued prior to termination.

21. NOTICES

Any notice to Participants may be given in such manner as the Board determines.

22. GOVERNING LAW

This Scheme is governed by and shall be construed and take effect in accordance with the laws of Western Australia.

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SCHEDULE 1 – NOTICE OF EXERCISE OF RIGHTS

To: The Directors
Navigator Resources Limited

I/We _____ of _____
_____ being [registered holder(s) of the rights to subscribe for fully
paid ordinary shares in the Company, hereby exercise _____ of the
abovementioned rights. I/We enclose my/our cheque for \$ _____ in payment of
the application monies due in respect of those shares calculated on the basis of \$
_____ per share.]

I/We authorise and direct the Company to register me/us as the holder(s) of the shares to be
allotted to me/us and I/we agree to accept such shares subject to the provisions of the
Constitution of the Company.

Dated the _____ day of _____ 201(*).

Signature of Holder(s)

Note:

1. Each holder must sign.
2. An application by a company must be executed in accordance with section 127 of the Corporations Act 2001 (Cth) and if signing for a company as a sole director/secretary – ensure “sole director” and “sole secretary” is written beside the signature.
3. Cheques should be made payable to Navigator Resources Limited.

SCHEDULE 2 – OFFER DOCUMENT

[Name and address of employee]

Dear [*]

INCENTIVE OPTION SCHEME

The board of directors of Navigator Resources Limited (**Company**) is pleased to make an offer to you of [*] rights pursuant to its incentive rights scheme (**Scheme**).

In accordance with ASIC Class Order 03/184, the Company informs you of the following:

- (a) accompanying this letter is a full copy of the terms of the Scheme;
- (b) this offer remains open for acceptance by you for 14 days from the date of this letter (**Offer Period**);
- (c) the rights under the Scheme will be granted to you for nil consideration;
- (d) the exercise price of each of the rights is \$[*] and the expiry date is [*];
- (e) the rights will be subject to a vesting period until (*);
- (f) the rights are subject to:
 - i. [*]
 - ii. [*]
- (g) the Company undertakes that during the period commencing on the date of this letter and expiring at the end of the Offer Period, it will within a reasonable period of you so requesting, make available to you the current market price of the underlying shares to which the rights relate;
- (h) that, unless at the time of the exercise of the rights the shares the subject of those rights will be in the same class as securities which have been quoted on the financial market operated by ASX Limited or an approved foreign market throughout the 12 month period immediately preceding the exercise date of the rights without suspension for more than a total of 2 trading days during that period, the Company will have a prospectus available in relation to the shares the subject of the rights which complies with the requirements of the Corporations Act; and
- (i) employees cannot exercise the rights being offered unless either a current prospectus is available to them or the shares the subject of the rights are in the same class as securities which have been quoted on the financial market operated by ASX Limited or an approved foreign market throughout the 3 month period immediately preceding the exercise date of the rights without suspension for more than a total of 5 trading days during that period.

Could you please confirm your acceptance of the offer set out in this letter by signing in the appropriate place below and returning it to the Company on facsimile number (08) 9226 5411.

Yours faithfully

[*]
For and on behalf of
Navigator Resources Limited

Encl.

I agree to the terms and conditions set out above and accept the offer of rights as contained in the letter set out above.

Name: _____

Date: _____

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NAVIGATOR RESOURCES LIMITED

ABN: 82 063 366 487

PROXY FORM

Company Secretary, Navigator Resources Limited
PO Box 276, WEST PERTH WA 6872
Ph: +61 8 9226 5311; Fax: +61 8 9226 5411

<HOLDER INFORMATION LINE 1>
<HOLDER INFORMATION LINE 2>
<HOLDER INFORMATION LINE 3>
<HOLDER INFORMATION LINE 4>

ANNUAL GENERAL MEETING

I/We

being a member(s) of Navigator Resources Limited and entitled to attend and vote at the Annual General Meeting, hereby appoint

(Name of proxy)

or failing the person/body corporate so named or, if no person/body corporate is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to relevant laws, as the proxy sees fit, at the Annual General Meeting of the Company to be held at 10.30am (WST) on Wednesday, 23 November 2011 at The University Club, University of Western Australia, via Gate 1, Hackett Drive, Crawley, Western Australia (and at any adjournment thereof). If the Chair is appointed the proxy and no directions are given, the Chair will vote in favour of all of the Resolutions.

Important directions for Resolutions 1 and 3: If the Chair of the Meeting or any member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report, or a closely related party of that member, is your Proxy and you have not directed your proxy how to vote on Resolutions 1 and 3, the proxy will be prevented from casting your vote on those Resolutions. If the Chair, another member of the Key Management Personnel of the Company or a closely related party of that member is your proxy, in order for your vote to be counted on Resolutions 1 and 3, you must direct your proxy how to vote on those Resolutions.

Voting on Business of the Annual General Meeting

Please indicate your voting intentions by placing an X in the appropriate box.

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Mr Matthew Healy as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Adoption of Incentive Rights Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

Place an X in the box if the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct the Chair how to vote as your proxy in respect of Resolution 2.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolution 2 and that votes cast by the Chair of the Annual General Meeting for Resolution 2 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolution 2 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 2.

If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____ %.

Signed this day of 2011

By:

Individuals and joint holders

Signature

Signature

Signature

Companies (affix common seal if appropriate)

Director

Sole Director &
Sole Company Secretary

Director/
Company Secretary

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INSTRUCTIONS FOR COMPLETING 'PROXY FORM'

1. A member entitled to attend and vote at a general meeting is entitled to appoint not more than two (2) proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. If two (2) proxies are appointed, each proxy must be allocated a proportion of the member's voting rights. If a member appoints two (2) proxies and the appointment does not specify this proportion, each proxy may exercise half (½) the votes. A duly appointed proxy need not be a member of the Company.
2. Where a member's holding is in one (1) name the holder must sign the Proxy Form. Where the holding is in more than one (1) name, all members should sign.
3. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.
4. Corporate members should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - ◆ two (2) directors of the company;
 - ◆ a director and a company secretary of the company; or
 - ◆ for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

5. Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended whilst the member is present at the Annual General Meeting.
6. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - ◆ hand delivery to the Company's registered office at Ground Floor, 45 Richardson Street, West Perth 6005; or
 - ◆ post addressed to Navigator Resources Limited, PO Box 276, West Perth WA 6872; or
 - ◆ facsimile at +61 8 9226 5411; or
 - ◆ email to navigator@navigatorresources.com.au,

so that it is received not later than 10.30am (WST) on Monday, 21 November 2011.

Proxy forms received later than this time will be invalid.