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

2011 ANNUAL REPORT

Please find attached Navigator Resources Limited's 2011 Annual Report which is being despatched to shareholders today.

A copy will also be available on the Company's website at www.navigatorresources.com.au.

Yours sincerely

G. Kaczmarek

GERRY KACZMAREK
Company Secretary

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ASX Code: NAV ACN: 063 366 487

NAVIGATOR
RESOURCES LIMITED

ANNUAL REPORT 2011

CORPORATE DIRECTORY

Navigator Resources Limited
ABN: 82 063 366 487

Directors & Senior Management

Directors

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

Senior Management

Mr Gerry Kaczmarek	Chief Financial Officer & Company Secretary
Mr Bernie Kirkpatrick	Exploration Manager
Miss Michelle Simson	Manager Corporate Affairs
Mr Tim Blyth	General Manager – Bronzewing Operations

Company Secretary
Mr Gerry Kaczmarek

Principal Place of Business & Registered Office

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Website: www.navigatorresources.com.au

Share Registry

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

Auditors

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

Solicitors

Wright Legal
1/103 Colin Street
West Perth, Western Australia 6005

Stock Exchange

Listed securities in Navigator Resources Limited are quoted on ASX Limited; shares under code: NAV and listed options under codes: NAVO and NAVOB. The Home Exchange is Perth, Western Australia

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CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholder,

The 2010/11 year for Navigator Resources was challenging. Whilst significant positives were achieved such as record gold production in the December 2010 quarter (22,667 ounces) and the successful ASX listing of spin-off company Kimberley Rare Earths (KRE) in May 2011 raising $18.2 million, these milestones were overshadowed by a poor June 2011 quarter production performance which left the Company short of working capital and the funds required to retire its debt obligations when they fell due.

Your Company was forced to undertake a heavily discounted rights issue offering to shareholders as a result of the funds shortfall – and endured a time of uncertainty and extended period of selling which pushed our share price downwards as equity markets remained weak.

It is with thanks to all shareholders who, after the financial year's end, supported a rights issue that recapitalised your Company. That support is gratefully acknowledged – and the subsequent performance of the Bronzewing gold mine indicates that a recovery is now underway, assisted by further strength in the Australian dollar gold price.

Unfortunately it was the very shareholders who stood by the Company through this period that have endured the greatest fall in the value of their investment. That situation is noted by your Board and by your executive management team – none of whom sold any shares in your Company – and thus who can empathise fully with the disappointment of lost value. I can assure all shareholders that the root causes to the production shortfall have been identified – and to the fullest extent possible – that changes in management systems have been made to prevent a recurrence.

Moving forward the future now looks bright. However both the management and Board of your Company realise that such words are no substitute for consistent performance delivery. The challenge is clear: It is to deliver Bronzewing operational performance to plan and to budget.

The 2011-12 year will see the full establishment of ore supply at Bronzewing from the Cockburn open pit, presently undergoing staged cutbacks. The Bronzewing life-of-mine plan clearly indicates that ore supply will become lower cost – and cashflow will increase markedly – as the Cockburn Pit deepens. 2011-12 will be a critical step forward in the plan and 2012-13 will be even better.

Let me state again that as shareholders we have a lot to look forward to – but that as a Board and management it is imperative that we deliver operational performance to plan. Doing so will open up the strategic potential for your Company to develop the Leonora Gold Project in addition to enabling Bronzewing to create further value. It is a long journey back to establish with the market the latent asset value clearly present in your Company, but that journey has already commenced.

Yours faithfully,

DR ALLAN TRENCH
Chairman

MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholder,

The 2010/11 year was, as highlighted by the Company's Chairman, Dr Allan Trench, a challenging period. The September 2010 quarter did not match expectations, however the December 2010 quarter was much improved with three successive months of gold production despite the cleanup of a substantial wall slip in Central Pit during October 2010. Unit costs were also reduced by almost $200/oz during the December 2010 quarter compared to the previous quarter.

Following a disappointing March 2011 quarter and incorrect production forecasting for the June 2011 quarter, the Company made a number of changes in its operations management group. The resultant production and cashflow re-forecast for the June 2011 quarter was far reaching for our Company. It was clear that supplementary funding would be required in order to repay the already extended loan facility and to meet the working capital needs for waste pre-stripping at Cockburn Pit and the associated temporary ore supply shortfall. At the time, the Cockburn Pit was expected to have a life of approximately three years and to provide the majority of ore feed to the mill for that period.

Regrettably, shareholders suffered substantial loss of wealth as a result of the need to raise additional capital.

Ore generation has progressively increased from Cockburn Pit since first ore was mined in June 2011. In addition, the Cockburn resource has been optimised at the prevailing gold prices and substantial upgrades were announced to a new open pit resource (687koz defined by A$2,000/oz pit shell) and open pit ore reserve (438koz derived from A$1,700/oz pit shell) during August and September 2011 respectively. Based on the new pit design, the expected mine life for the Cockburn Pit has been extended to around five years.

Due to the cash restraints during the June 2011 quarter and until the rights issue was concluded in August 2011, exploration activities have been limited. The exploration group has however carried out extensive low cost field activities and has in the process defined several significant soil anomalies in close proximity to the Bronzewing plant. Drilling is scheduled to resume at the Eagle prospect in October 2011 and following aboriginal heritage clearance, aircore drilling to test the new soil anomalies at Bower and Harrier is expected to occur in late 2011.

I acknowledge the support of shareholders, the Board of Directors and sincerely thank all members of my management team for their considerable commitments through a difficult period in the past months, during which time we have overcome the challenges and positioned the Company to progress into the 2011/12 year and beyond with a high degree of confidence.

D. F. Hatch.

DAVID HATCH
Managing Director

REVIEW OF CORPORATE ACTIVITIES

During 2010/11 the Company's focus was on the operational performance of the Bronzewing Gold Project (BGP) and consolidating its position as a gold producer. This gold focus was the catalyst for the Company considering options for an asset-level transaction of the Cummins Range Rare Earths Project (CRREP) to enable value to be generated for shareholders.

KRE IPO & Listing

During the September 2010 quarter the Company conducted an expression of interest process regarding Cummins Range and received a number of high quality but non-binding offers to participate in the Project's advancement. Following consideration of these offers, and other opportunities, the Company decided to proceed with the establishment of a new rare-earth focussed company which would be listed on the ASX.

Kimberley Rare Earths Limited (KRE) was established on 2 December 2010 as a wholly owned subsidiary of Navigator and a joint venture agreement was negotiated between the parties which entailed Navigator transferring 25% ownership of the CRREP to KRE on listing in exchange for shares in the new company. Under the agreement, KRE was appointed manager of the Project with the ability to earn an additional 30% interest through the expenditure of $10 million within a four year period. A further 25% interest (to move to 80%) is available to KRE upon completion of a bankable feasibility study with Navigator free-carried to decision to mine. If Navigator chooses not to participate in further development of the CRREP, then the interest may convert to a royalty.

The KRE prospectus was lodged on 14 March 2011 and a Priority Offer extended to all eligible Navigator shareholders on the basis of 1 KRE share for every 10 Navigator shares held at an issue price of 20 cents per share. Both the Priority and Public Offers closed oversubscribed with the IPO raising a total of $18.2 million and KRE listing on the ASX on 18 May 2011.

As part of the KRE spin off and sale of the initial interest in Cummins Range, Navigator committed to an in specie distribution of KRE shares to eligible shareholders on a 1 for 20 pro rata basis. The distribution was approved by Navigator shareholders at an Extraordinary General Meeting on 6 May 2011 and the dispatch of in specie entitlements took place on 20 June 2011. Navigator retains an 8.8% shareholding in KRE.

Equity Raisings

On 2 August 2010 the Company closed its Share Purchase Plan which raised $1.66 million, and in October 2010 an $11 million placement to sophisticated investors was announced.

Following three successive months of record production during the December 2010 quarter, a subsequent poor production performance at Bronzewing during the March 2011 quarter led to a complete review of the Project mine plan during April/May which necessitated consideration of various funding alternatives available. The Board's view was that the most equitable way to raise the necessary funds to enable completion of the Cockburn Pit cutback and repay the Company's debt facility was to conduct a renounceable rights issue.

An underwritten rights issue was announced on 20 June 2011 and, following the occurrence of the Company's share price trading below the original issue price, subsequent amendments to the structure were advised on 27 June 2011 and 8 July 2011. The prospectus for a 7 for 2 renounceable offer of shares to eligible shareholders at an issue price of 2 cents per share with a 1 for 2 attaching option was lodged on 8 July 2011. The closing date for acceptances of the offer was 9 August 2011, with new securities issued on 17 August 2011.

The rights issue closed fully subscribed to the maximum amount of $32.6 million. Funds raised were allocated to repaying the debt facility, completing the Cockburn Pit cutback, exploration at both the BGP and Leonora and general working capital.

Debt Funding

The Company's debt facility from RMB Resources Limited (RMB), secured as part of the Bronzewing acquisition funding, was initially due for repayment on 30 September 2010 however, in line with the rollover terms available in the agreement, was extended until 30 June 2011. During the December 2010 quarter the Company made two repayments totalling $3 million from the debt facility, with a further $1 million payment in early April 2011 leaving a balance of $11.1 million.

On 27 June 2011 the Company announced that a further extension had been made available by RMB, and this was subsequently amended in line with the rights issue timetable to 18 August 2011. Following completion of the rights issue, the facility was repaid in full to RMB and as at the time of this report, the Company is debt-free.

Shareholder & Investor Meetings

The Company's Annual General Meeting was held on 26 November 2010 and a general meeting of shareholders was held on 6 May 2011 to consider the KRE in specie distribution.

The Company continued to conduct twice-yearly presentations to shareholders around Australia with events held in Adelaide, Brisbane, Melbourne, Perth and Sydney in July 2010 and March 2011. International investor briefings were held in Hong Kong (October 2010 & March 2011) and Switzerland (February 2011).

Other

In the September 2010 quarter, Non-Executive Director Ian Macpherson was formally appointed Deputy Chairman of the Company and on 31 January 2011, Non-Executive Director Gordon Galt resigned from his position on the Company's Board due to personal work commitments.

REVIEW OF OPERATIONS & EXPLORATION

BRONZEWING GOLD PROJECT
(100% Navigator)

Overview

The BGP, which is located approximately 83km northeast of Leinster and 800km northeast of Perth in Western Australia, comprises the Bronzewing and McClure group of mines within a semi-contiguous landholding of approximately 1,000km^2. Navigator commenced mining at Bronzewing in March 2010 and the processing plant was commissioned and first gold poured in April 2010. Average annualised production capacity over the life of the mine is forecast at around 100,000oz of gold from an initial five year mine plan.

Operations

Overall, the 2010/11 year was a challenging one for the BGP with below forecast total material movement, grade reconciliation and gold production, and above budget unit operating costs. Whilst the first two years of operation at the Project were expected to be the most demanding, the Company is disappointed with the actual performance and has taken various actions, including management changes, with the objective of rectifying this and moving to operational profitability.

The major factors influencing production performance were unseasonal wet weather, wall instability in Central Pit, poor equipment availability and material movement inefficiencies, which resulted in significantly higher unit costs for mining than were forecast. In April 2011 the Company commenced a strategic review of the mining operations at the BGP with the objective of achieving the forecast levels of performance. A key element of the review was to calibrate and reconcile mining equipment productivity rates and associated unit costs against actual operating output, as well as benchmark mine planning assumptions against industry standards.

Adjustments to the operating strategy arising from the mine plan review resulted in record quarterly mining fleet material movement in the June 2011 quarter which is forecast to continue into 2011/12, with gold production expected to increase as ore supply stabilises.

Safety

With 2010/11 being the first full year of mining operations, establishment, implementation and upgrading of safety systems was an ongoing priority. Navigator is committed to taking all possible steps to ensure the health, safety and welfare of all employees and contractors and consulting with all relevant personnel in the continuous improvement of performance in this regard.

The membership base of the Emergency Response Team was expanded during the year and an extensive series of competency training was provided across all aspects of mines rescue. A major focus was securing an appropriate range of equipment to complement the team's training and ensure emergency response preparedness.

There were however a disappointing number of incidents which resulted in lost time injuries, mainly arising from sprains and strains, particularly to the lower back. Educational awareness programs regarding safe work practices and early intervention assisted in reducing the incident trend later in the year and a significant training campaign was undertaken to provide the relevant certification for site Safety and Health Representatives.

The Company has been affected by skilled labour shortages and associated employee turnover during 2011. Recognising the potential threat to the business, management has implemented a range of initiatives aimed at stabilising and training the Bronzewing workforce.

Mining

In the September 2010 quarter, the main production focus was on the Central and Success Pits. Whilst Central provided the main ore supply, several challenges were confronted including grade reconciliation shortfall and harder than expected ore and waste. A major wall slip in this pit in late-September 2010 contributed to below-expectation mining performance for the quarter and impacted on achievement of production targets.

Mining commenced in the Challenger and Challenger South Pits, and ceased in Success, during the December 2010 quarter. The Central Pit cleanup was completed on time and within cost estimates and orebody definition and grade improved with depth, with the pit remaining the primary ore source well into 2011.

The major waste cutback of the Cockburn Pit commenced in January 2011, whilst mining continued at Central and Challenger. A further wall slip in the Central Pit in March 2011 prompted a renewed management focus on completing mining activities within the pit in the safest and shortest sensible timeframe and mining ceased during June 2011.

Material movement in the Cockburn Pit was progressively ramped up during the June 2011 quarter, with grade control drilling and first ore mined late in the quarter. Whilst the substantial cutback was being undertaken, supplementary ore feed was sourced from the Challenger South Pit. As at the date of this report, the majority of mill feed was being sourced from Cockburn and this pit will be the primary ore supply for up to the next five years of mine life. Operations will continue in the Challenger South Pit until October 2011.

Processing

The Bronzewing processing plant's performance was constrained during the year due to availability of ore supply and lower than forecast feed grade. When sufficient mill feed was available, the facility significantly exceeded throughput and recovery projections. The processing team were able to implement a number of zero-cost initiatives to enhance performance on several occasions and these contributed to the record total gold production achieved for three consecutive months in the December 2010 quarter.

A planned major shutdown occurred in February 2011 to replace the mill drive pinion, remove and reverse the mill girth gear and laser align the mill drive train was safely completed well within the allocated timeframe. A further shutdown in the June 2011 quarter focused on replacement of crusher components. A routine mill liner change was completed in August 2011, with the liners having outperformed their original life estimates.

Total gold production for the 2010/11 financial year was 75,423 ounces (including gold in circuit) at an average unit operating cost of $1,135/ounce. Gold sales were 74,202 ounces at an average sale price of $1,382 per ounce for total revenue of $102.5 million. The 2011/12 production forecast is for 75,000-80,000 ounces.

On 17 August 2011, Navigator announced that it had entered into a toll treatment agreement with Nex Metals Exploration Limited (Nex) for up to 150,000 tonnes of ore sourced from Nex's gold project located south east of Leonora. The timely processing of Nex's ore will allow Navigator to increase utility of the mill whilst completing the ramp up of ore supply production from the Cockburn Pit.

Exploration

A tenement monitoring program continued through the year with prospective ground being applied for as it became available. The current area of granted exploration tenements totals 1,097km^2, up from 918km^2 at the same time last year.

BLEG soil sampling was carried out over extensions to the Eagle prospect, about 10km southeast of the Bronzewing plant site. The Eagle South prospect extends for over 1km in a north-south strike direction and remains open to the south.

Aircore and RC drill programs were completed primarily at Eagle, which provided some good encouragement. Better intersections at Eagle South include:

- 4m @ 66.6g/t Au from 28m in NEAC019
- 1m @ 123g/t Au from 64m in NEAC167, approximately 500m south of NEAC019

A heritage survey has been completed and the Department of Mines and Petroleum (DMP) have approved a Program of Work application for a follow up 4,000m RC drill program which is scheduled for October 2011.

At Woorana, two aircore and RC drill programs were completed during the year with results from the second program being disappointing overall and the prospect has been downgraded from a priority target.

Several hundred metres east of the Eagle South area the extra soil sampling has defined a +5ppb Au anomaly, with a maximum value of 252ppb Au, which has a northwest trend over a 400m strike length. A program of aircore drilling has been planned over this anomaly and applications will be made for the required approvals during the September 2011 quarter.

BLEG soil sampling was also carried out at two new prospects named Bower and Harrier which are located about 5km southeast of the Bronzewing plant site.

At Bower the main anomaly has a strike length of 1.7km with a highest value of 80ppb Au whilst at Harrier the main anomaly has a strike length of 1.5km with the highest value of 41ppb Au. An isolated value of 225ppb Au in the Bower grid area requires follow up sampling to determine its significance. Overall, the Bower and Harrier prospects extend over a strike length of 3.7km.

Aircore programs are being planned for the Bower and Harrier prospects in late 2011 after completion of a heritage survey for the area.

LEONORA GOLD PROJECT

(100% Navigator)

Overview

The Leonora Gold Project (LGP) is located 35km northeast of the town of Leonora, and approximately 250km north of Kalgoorlie, in Western Australia. The Project comprises three main areas – Cardinia, Mertondale and Raeside. A pre-feasibility study was completed in March 2009 and these outcomes were consolidated with an open pit ore mining and milling trial during the first half of 2010, during which a total of 114,000 tonnes of ore was processed. The last parcels were milled in July 2010 and the trial successfully confirmed material handling, grade and recovery aspects and generated net cashflow in excess of $2 million from gold sales.

Development Considerations

During the December 2010 quarter the Company prepared and dispatched tender documentation, including a request for firm cost estimates, for a purpose built, low capital processing facility to initially treat Cardinia supergene and other sources of oxide ore. High quality submissions were received from several parties, following which in depth analysis of the proposals and further consultation was undertaken. The Company also pursued additional refinements of in-house mine planning and financial modelling incorporating the tendered capital costings.

Navigator estimates that with the inclusion of owner capital costs, first fill consumables and an appropriate working capital buffer (but with no provision for contingency), the likely capital cost will be in the range of $25-$30 million to construct a facility to treat around 0.5Mtpa. The updated financial modelling would appear to present a business case more favourable than that arising from the pre-feasibility study however further ways are being sought in which to improve the Project robustness, including definition of additional high grade ore sources.

Whilst management focus in the latter half of the year has been on achieving performance targets at Bronzewing, the LGP remains a key asset of the Company and the Board is committed to generating shareholder return from the Project.

Exploration

The tenement monitoring program was continued during the year with the current area of granted exploration tenements consisting of 305km^2, up from 292km^2 a year ago.

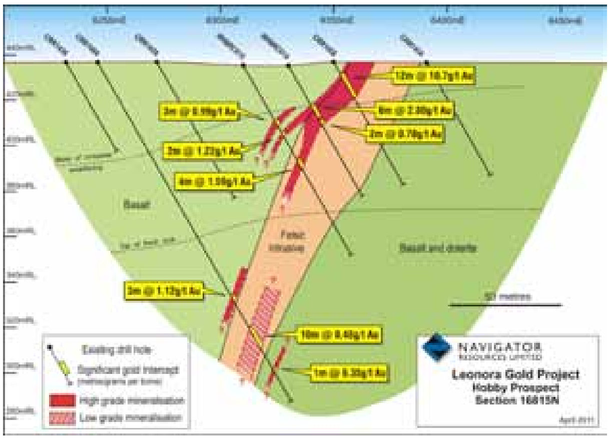
Navigator has identified three separate 2km-long gold systems in successive years over its 35km Mertondale-Cardinia greenstone belt, an aspect that highlights the exploration potential of the Leonora Gold Project. These systems have good scope for strike and depth extensions and, due to the focus to date on identifying sufficient near-surface, open pittable resources to trigger development, large portions of the Mertondale Shear and other areas remain inadequately explored.

During the year RC drill programs were completed at Hobby and Kurrajong North. 19 RC holes for 1,324m were drilled at Hobby to follow up on historical RAB and RC drilling. The recent RC program was completed over a total strike length of 560m with the main zone, covering 300m of strike, being drilled on predominantly 40m line intervals with every hole intersecting gold mineralisation.

Better gold intercepts at Hobby include:

- 9m @ 3.88g/t Au from 31m, including 3m @ 10.3g/t Au in NHBRC011
- 7m @ 3.75g/t Au from 26m, including 1m @24.6g/t Au in NHBRC004
- 19m @ 1.49g/t Au from 14m, including 11m @ 2.27g/t Au in NHBRC010
- 6m @ 2.80g/t Au from 20m in NHBRC014
- 2m @ 6.44g/t Au from 33m in NHBRC012

A follow up program at Hobby has been planned and a Program of Work has been approved by the DMP. A heritage survey remains to be completed before the drill program can be carried out, expected in the December 2011 quarter.



At Kurrajong North, a best intercept of 7m @ 1.51g/t Au from 72m was obtained from a seven hole, 513m drill program and the most likely follow up will consist of a series of aircore traverses to better define RC target areas.

EAST KIMBERLEY PROJECTS

Navigator retains interests in three projects in the East Kimberley region – Cummins Range, Laura River and Eastman.

Cummins Range Rare Earths Project

(25% KRE, 75% Navigator)

The Cummins Range rare earths deposit was the basis for spinning Kimberley Rare Earths out of Navigator during the year. The CRREP is now 75% owned by Navigator with the recently listed KRE holding the remaining 25% with the right to increase their equity to 55% through the expenditure of $10 million over four years and then to 80% by completion of a bankable feasibility study.

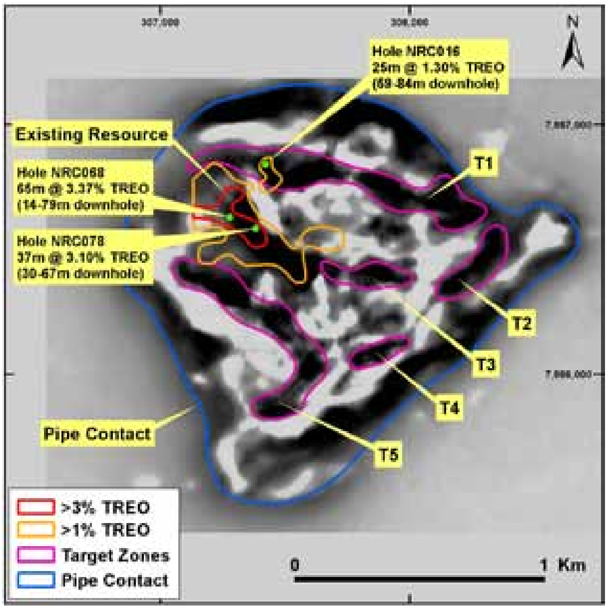
Cummins Range is located 130km southwest of Halls Creek in the East Kimberley, Western Australia and is prospective for carbonatite-hosted rare earth metals, uranium, niobium, tantalum and phosphate. The rare earths mineralisation is up to 50m in thickness and occurs in a sub-horizontal geometry within a deeply weathered regolith which is developed over carbonatite and pyroxenite rocks.

KRE have already completed the following programs:

- close spaced low altitude aeromagnetic/radiometric survey of the complete diatreme and surrounding country rock;
- close spaced ground gravity survey over the same area as the aerial geophysical survey; and
- a tenement wide shallow auger drilling program.

An RC drill program within the resource area commenced in early September 2011.

The recent aeromagnetics survey has highlighted other areas, within the diatreme, that yielded similar magnetic lows to that defined over the known resource area and these will be tested following completion of the resource definition program.



CRREP Areomagnetic Image showing New Targets

Laura River and Eastman Projects

(Magma 70%, Navigator 30% free-carried to decision to mine)

Magma Metals Limited (Magma) has a 70% interest in Laura River and Eastman, with Navigator retaining a 30% free-carried interest to a decision to mine.

The 158km^2 Laura River Project, located 30km southwest of Halls Creek, and the 227km^2 Eastman Project, located 130km southwest of Halls Creek, have been previously explored for precious and base metals with limited success. More recently Magma has been exploring the iron ore potential of the tenements and has been seeking a partner to advance these projects.

RESERVES & RESOURCES TABLES

As of 30 June 2011, the Company's Ore Reserves and Mineral Resources (which are inclusive of Ore Reserves) comprised:

GOLD

100% Navigator, unless otherwise shown

BRONZEWING GOLD PROJECT

Bronzewing Ore Reserves have increased by 12% to 540,000oz of gold, despite the production of 75,423oz of gold during the year to 30 June 2011, whilst the Bronzewing Mineral Resources have increased by 14% to 1.07Moz.

A new block model was created for Cockburn to take into account drilling programs that had been completed prior to Navigator purchasing the Project in September 2009 but subsequent to the creation of the previous block model in 2006. Because of recent gold prices in the A$1,700 – A$1,900/oz price range it was decided that the new Resources should be reported within an A$2,000/oz optimised pit shell and at a lower cutoff grade of 0.5g/t Au.

The Ore Reserves at Cockburn are contained within an open pit design that was based on an optimised pit shell at A$1,700/oz gold price using 100% of the Indicated and Inferred Resources. Navigator does not have to commit to the final pit cutback on the western side of Cockburn Pit for this new design for approximately six months and thus will have flexibility for further optimisations and pit designs over this time should the price of gold vary significantly.

The Resources at Corboys, Mt Joel 4800N and Mt Joel 6100N have not changed since those stated in the 2010 Annual Report.

At Challenger the updated Mineral Resource and Ore Reserve estimates are based on previously estimated block models which have been reviewed by Navigator and are constrained by the current pit design at a gold price of A$1,250/oz and have been depleted for mining up to 30 June 2011. A review of the Challenger area is currently in progress.

Mining at both the Central and Success open pits was completed in the year to 30 June 2011 and no reportable Resources or Reserves remain at either location. Reviews are planned to determine whether any further Mineral Resources and Ore Reserves may exist in these two areas taking into consideration current gold prices.

The previous underground Mineral Resources at the Bronzewing gold deposit were located beneath the Discovery Pit which is now being utilised as a tailings storage facility. In addition, access to the previous underground workings has been denied by recent mining in Central Pit and it was therefore decided that these underground Resources were no longer viable.

	Bronzewing Gold Project Ore Reserves – 30 June 2010				Bronzewing Gold Project Ore Reserves – 30 June 2011			
Project Area	Lower cutoff grade	Probable Ore Reserve			Lower cutoff grade	Probable Ore Reserve		
	g/t Au	kt	g/t Au	oz	g/t Au	kt	g/t Au	oz
Cockburn	0.70	4,308	2.0	277,600	0.5	8,700	1.6	438,000
Central	0.70	1,717	1.6	86,000	-	-	-	-
Corboys	0.91	1,544	1.7	82,300	0.91	1,544	1.7	82,300
Challenger	0.84	460	1.6	23,500	0.84	380	1.6	19,700
Success	0.80	128	2.7	11,100	-	-	-	-
Subtotal		**8,157**	**1.8**	**480,500**		**10,624**	**1.6**	**540,000**

Notes to Ore Reserves:

Cockburn: *Reserve estimate by Navigator, 2011, estimated from a pit optimisation at A$1,700/oz gold price with subsequent pit design, based on a multiple-indicator kriging (MIK) resource model created by Coffey Mining, 2011. A mining ore loss of 5% has been applied.*

Corboys: *Reserve estimate by Intermine, 2010, based on an inverse distance squared (ID2) resource model and pit optimisation at A$1,300/oz gold price with subsequent pit design. Factors of 10% mining dilution and 90% mining recovery were applied.*

Challenger: *Reserve estimate by Navigator, 2011, based on an ordinary kriging (OK) resource model and pit optimisation at A$1,250/oz gold price with subsequent pit design. Factors of 10% mining dilution and 95% mining recovery were applied.*

Central and Success: *Mining at both deposits was completed during the year and no ore reserves remain at either area.*

Bronzewing Gold Project Mineral Resources – 30 June 2011										
Project Area	Lower cutoff grade	Indicated Resources			Inferred Resources			Total Resources		
	g/t Au	Mt	g/t Au	koz	Mt	g/t Au	koz	Mt	g/t Au	koz
Open Pit										
Cockburn *	0.5	10.80	1.6	541	3.30	1.4	146	14.10	1.6	687
Corboys **	1.0	2.18	1.9	135	0.99	1.6	49	3.17	1.8	184
Challenger ***	0.8	0.37	1.7	20				0.37	1.7	20
Mt Joel 4800N ** *(70/30 JV)*	1.0				0.32	2.1	22	0.32	2.1	22
Mt Joel 6100N ** *(70/30 JV)*	1.0				0.39	2.0	25	0.39	2.0	25
Low Grade Stockpiles ***		0.07	0.7	2				0.07	0.7	2
Subtotal		**13.42**	**1.6**	**698**	**5.00**	**1.5**	**242**	**18.42**	**1.6**	**940**
Underground										
Cockburn ****	3.0	0.30	4.3	40	0.60	4.5	87	0.90	4.5	127
Subtotal		**0.30**	**4.3**	**40**	**0.60**	**4.5**	**87**	**0.90**	**4.5**	**127**
TOTAL		**13.72**	**1.7**	**738**	**5.60**	**1.8**	**329**	**19.32**	**2.1**	**1,067**

Notes to Mineral Resources:

- * *Resource estimate by Coffey, 2011, within a $2,000/oz optimised pit shell.*
- ** *Resource estimate by Navigator, 2010.*
- *** *Resource estimate by Navigator, 2011. (Note: Challenger Pit depleted by Navigator for mining to 30 June 2011).*
- **** *Resource estimate by Coffey, 2006, and reported, 2011, beneath a $2,000/oz optimised pit shell and depleted for the Calista underground workings.*

For comparative purposes the Mineral Resources for the Bronzewing Gold Project as of 30 June 2010 are shown in the table below:

Bronzewing Gold Project Mineral Resources – 30 June 2010										
Project Area	Lower cutoff grade	Indicated Resources			Inferred Resources			Total Resources		
	g/t Au	Mt	g/t Au	koz	Mt	g/t Au	koz	Mt	g/t Au	koz
Open Pit										
Cockburn	0.7	4.46	2.0	291	0.75	1.8	43	5.21	2.0	334
Central	0.7	1.72	1.6	86				1.72	1.6	86
Corboys	1.0	2.18	1.9	135	0.99	1.6	49	3.17	1.8	184
Challenger	0.7	0.44	1.8	25				0.44	1.8	25
Success	0.8	0.12	3.0	12				0.12	3.0	12
Mt Joel 4800N *(70/30 JV)*	1.0				0.32	2.1	22	0.32	2.1	22
Mt Joel 6100N *(70/30 JV)*	1.0				0.39	2.0	25	0.39	2.0	25
Low Grade Stockpiles		0.21	0.7	4				0.21	0.7	4
Subtotal		**9.13**	**1.9**	**553**	**2.45**	**1.8**	**139**	**11.58**	**1.8**	**692**
Underground										
Cockburn	3.0	0.81	4.2	110	0.75	4.4	107	1.56	4.3	217
Bronzewing	1.5	0.36	2.3	27				0.36	2.3	27
Subtotal		**1.17**	**3.6**	**137**	**0.75**	**4.4**	**107**	**1.92**	**3.9**	**244**
TOTAL		**10.30**	**2.1**	**690**	**3.20**	**2.4**	**246**	**13.50**	**2.1**	**936**

LEONORA GOLD PROJECT

There have been no changes to the Leonora Mineral Resources during the year.

Leonora Gold Project Mineral Resources – 30 June 2011

Project Area	Lower cutoff grade	Indicated Resources			Inferred Resources			Total Resources		
	g/t Au	Mt	g/t Au	koz	Mt	g/t Au	koz	Mt	g/t Au	koz
Mertondale*										
Mertondale 3_4	0.7	0.87	2.3	65	0.66	2.1	45	1.53	2.2	110
Merton's Reward	0.7	1.01	2.7	87	0.07	1.7	4	1.08	2.6	91
Tonto	0.7	0.97	1.9	60				0.97	1.9	60
Eclipse (Tonto North)	0.7	0.62	1.8	35	0.25	1.7	14	0.87	1.8	49
Mertondale 5	0.7	0.32	3.2	33	0.16	2.7	13	0.48	3.0	46
Quicksilver (Tonto South)	0.7	0.55	1.8	31	0.11	2.1	8	0.66	1.8	39
Subtotal Mertondale		**4.34**	**2.2**	**311**	**1.25**	**2.1**	**84**	**5.59**	**2.2**	**395**
Cardinia**										
Bruno-Lewis Exploration	0.7	1.04	1.1	37	1.52	1.3	63	2.56	1.2	100
Helen's North	0.7	0.63	1.2	24	0.13	1.1	5	0.76	1.2	29
Kyte	0.7				0.31	1.6	16	0.31	1.6	16
Rangoon	0.7	0.09	1.8	5	0.23	1.3	9	0.31	1.4	14
Lewis Grade Control	0.7	0.29	1.4	13				0.29	1.4	13
Bruno Grade Control	0.7	0.11	1.4	5	0.03	1.1	1	0.15	1.3	6
Helen's South	0.7	0.19	1.8	11	0.01	1.3	0	0.20	1.7	11
Lewis South	0.7				0.10	1.3	4	0.10	1.3	4
Black Chief***	0.7				0.12	1.6	6	0.12	1.6	6
Subtotal Cardinia		**2.35**	**1.3**	**95**	**2.44**	**1.3**	**104**	**4.79**	**1.3**	**199**
Raeside										
Michelangelo-Leonardo	0.7	1.28	2.7	111				1.28	2.7	111
Forgotten Four	0.7	0.07	3.0	7	0.10	2.1	7	0.17	2.5	14
Krang	0.7	0.11	2.6	9				0.11	2.6	9
Subtotal Raeside		**1.47**	**2.7**	**127**	**0.10**	**2.1**	**7**	**1.57**	**2.6**	**134**
Gambier Lass***	0.7				0.34	1.6	17	0.34	1.5	17
TOTAL		**8.16**	**2.0**	**533**	**4.13**	**1.6**	**212**	**12.29**	**1.9**	**745**

Notes to Mineral Resources:

* *Resource estimate by McDonald Speijers, 2009 with Merton's Reward depleted by McDonald Speijers in 2010.*

** *Resource estimate by Runge Limited, 2009 with Bruno Grade Control depleted by Runge in 2010.*

*** *Resource estimate by Navigator, 2009.*

Other: *Assay top cuts for Mertondale and Raeside are variable but generally between 10-20g/t Au and are 15g/t Au at Cardinia with no top cuts at Black Chief and Gambier Lass. No allowance has been made for dilution or ore loss. All resources (except Black Chief and Gambier Lass) are constrained by open pit shells optimised at A$2,000/oz.*

RARE EARTHS

75% Navigator

There have been no changes to the Cummins Range Mineral Resources during the year.

Cummins Range Rare Earths Project Inferred Resource – 30 June 2011*									
COG %**	**Tonnage Mt**	**TREO %**	**P_2O_5 %**	**U_3O_8 ppm**	**Th ppm**	**TREO kt**	**LREO %**	**MREO %**	**HREO %**
3.0	0.32	3.71	13.3	369	56	11.7	96.0	3.7	0.3
2.0	1.09	2.79	12.0	299	50	30.5	95.9	3.8	0.3
1.0	4.17	1.72	11.0	187	41	71.7	95.6	4.1	0.3

Notes to Mineral Resources:

* *Resource estimate by Hellman & Schofield Pty Ltd, 2009.*

** *COG = cut-off grade; TREO = Total rare earth oxides including yttrium; LREO = Light REO (La-Nd); MREO = Middle REO (Sm-Dy); HREO = Heavy REO (Ho-Lu); Mt = Million tonnes; kt = kilotonnes. Significant figures quoted do not imply precision and are used to avoid round-off errors.*

Competent Person Statements

Sections of information contained within this report that relate to Mineral Resources for Cockburn at the Bronzewing Gold Project are based on information compiled by David Slater who is a full-time employee of Coffey Mining and is a Member of the Australasian Institute of Mining and Metallurgy. David Slater 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". David Slater consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Sections of information contained within this report that relate to Mineral Resources for Corboys, Challenger, Mt Joel 4800N, Mt Joel 6100N and the Low Grade Stockpiles and to the Ore Reserves at Challenger, all at the Bronzewing Gold Project, are based on information supervised or reviewed by Bernie Kirkpatrick who is a full-time employee of Navigator Resources Limited 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.

Sections of information contained within this report that relate to Ore Reserves for Cockburn at the Bronzewing Gold Project are based on information compiled by Gordon Garnsey who is a full-time employee of Navigator Resources Limited and is a Member of the Australasian Institute of Mining and Metallurgy. Gordon Garnsey 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". Gordon Garnsey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Sections of information contained within this report that relate to Ore Reserves for Corboys at the Bronzewing Gold Project are based on information compiled by Stephen O'Grady who is a full-time employee of Intermine Engineering Consultants and is a Member of the Australasian Institute of Mining and Metallurgy. Stephen O'Grady 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". Stephen O'Grady consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Sections of information contained within this report that relate to Mineral Resources at Mertondale and Raeside for the Leonora Gold Project are based on information compiled by Diederik Speijers who is a Fellow of the Australasian Institute of Mining and Metallurgy. Diederik Speijers is a full-time employee of McDonald Speijers and 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". Diederik Speijers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Sections of information contained within this report that relate to Mineral Resources at Cardinia and Helen's and Rangoon for the Leonora Gold Project are based on information compiled by Robert Williams who is a fulltime-employee of Runge Limited and is a Member of the Australasian Institute of Mining and Metallurgy. Robert Williams 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". Robert Williams consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Sections of information contained within this report that relate to Mineral Resources for Black Chief and Gambier Lass at the Leonora Gold Project are based on information reviewed by Bernie Kirkpatrick who is a full-time employee of Navigator Resources Limited 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.

The resource estimates cited as having been prepared by Hellman & Schofield Pty Ltd ("H&S") were prepared by Dr Phillip Hellman BSc (Hons) PhD FAIG, a Director of H&S. He is a Competent Person as defined by the 2004 JORC Code. Information in this release relating to the H&S resource estimates is based on and accurately reflects information provided by Dr Hellman who consents to the inclusion in the report of the resource estimates which have been attributed to H&S and to the matters based on his information in the form and context in which they appear.

TENEMENT SCHEDULE

Summary of tenements held by Navigator Resources Limited and its wholly owned subsidiaries, Navigator (Bronzewing) Pty Ltd and Navigator Mining Pty Ltd, as at 30 June 2011.

Tenement	Status	Equity	Note
Bronzewing Gold Project			
E 36/215	G	-	2
E 36/404	G	100%	
E 36/509	G	-	2
E 36/578	G	70%	1
E 36/593	G	100%	
E 36/604	G	100%	
E 36/623	G	-	2
E 36/673	G	70%	1
E 36/693	G	70%	1
E 36/698	G	70%	1
E 36/734	G	-	2
E 36/748	G	100%	
E 36/749	G	100%	
E 36/761	G	100%	
E 36/762	G	100%	
E 37/846	G	100%	
E 37/847	G	100%	
E 37/848	G	100%	
E 37/1088	A	100%	
E 53/1212	G	70%	1
E 53/1373	G	70%	1
E 53/1450	G	70%	1
E 53/1451	G	70%	1
E 53/1496	G	70%	1
L 36/100	G	100%	
L 36/106	G	100%	
L 36/107	G	100%	
L 36/111	G	100%	
L 36/112	G	100%	
L 36/127	G	100%	
L 36/176	G	100%	
L 36/183	G	100%	
L 36/184	G	100%	
L 36/185	G	100%	
L 36/186	G	100%	
L 36/190	G	100%	
L 36/192	G	100%	
L 36/200	G	100%	
L 36/204	A	100%	
L 36/205	A	100%	
L 36/55	G	100%	
L 36/62	G	100%	
L 36/65	G	100%	
L 36/82	G	100%	
L 36/84	G	100%	
L 36/98	G	100%	
L 53/133	G	100%	
L 53/162	G	100%	
M 36/107	G	100%	
M 36/146	G	100%	
M 36/187	G	100%	
M 36/200	G	100%	
M 36/201	G	100%	
M 36/202	G	100%	
M 36/203	G	100%	
M 36/226	G	100%	
M 36/244	G	100%	
M 36/263	G	100%	
M 36/283	G	100%	
M 36/295	G	100%	
M 36/312	G	100%	
M 36/318	G	100%	
M 36/319	G	100%	
M 36/615	G	100%	
M 36/670	G	-	2
M 36/80	G	100%	
M 36/81	G	100%	
M 36/82	G	100%	
M 36/94	G	100%	
M 53/15	G	100%	
M 53/294	G	70%	1
M 53/295	G	70%	1
M 53/296	G	70%	1
M 53/297	G	70%	1
M 53/393	G	70%	1
M 53/544	G	70%	1
M 53/547	G	70%	1
P 36/1664	G	70%	1
P 36/1665	G	70%	1
P 36/1666	G	70%	1
P 36/1671	G	70%	1
P 36/1672	G	70%	1
P 36/1673	G	70%	1
P 36/1674	G	70%	1
P 36/1675	G	70%	1
P 36/1713	G	70%	1
P 36/1734	G	100%	
P 36/1735	G	100%	
P 36/1736	G	100%	
P 36/1737	G	100%	
P 36/1738	G	100%	
P 36/1740	G	100%	
P 36/1741	G	100%	
P 36/1754	A	70%	1
P 36/1755	A	70%	1
P 36/1762	A	100%	
P 36/1765	A	100%	
P 36/1766	A	100%	
P 36/1767	A	100%	
P 36/1768	A	100%	
P 37/6944	G	100%	
P 37/6945	G	100%	
P 37/6946	G	100%	
P 37/6947	G	100%	
P 37/6948	G	100%	
P 37/8061	A	100%	
P 37/8076	A	100%	
P 37/8077	A	100%	
P 37/8078	A	100%	
P 37/8079	A	100%	
P 53/1423	G	70%	1
P 53/1424	G	70%	1
P 53/1425	G	70%	1
P 53/1426	G	70%	1
P 53/1427	G	70%	1
P 53/1428	G	70%	1
P 53/1429	G	70%	1
P 53/1430	G	70%	1
P 53/1533	A	70%	1
P 53/1534	A	70%	1
P 53/1535	A	70%	1
P 53/1536	A	70%	1
P 53/1537	A	70%	1
P 53/1538	A	70%	1

Notes
G = Granted Tenement
A = Tenement Application

1: Jundee Joint Venture Tenement: Mark Gareth Creasy 30%; Navigator (Bronzewing) Pty Ltd 70%
2: Bronzewing South Joint Venture Tenement: Held by Audax Minerals Pty Ltd and/or Hot Holdings Pty Ltd with Navigator (Bronzewing) Pty Ltd earning up to 70%

Tenement	Status	Equity	Note
East Kimberley Projects			
Cummins Range			
E 80/2232	G	75%	3
Eastman			
E 80/2936	G	30%	4
Laura River			
E 80/2523	G	30%	5
E 80/2552	G	30%	5

Notes
G = Granted Tenement
A = Tenement Application

3: Cummins Range Joint Venture: Kimberley Rare Earths Limited 25% (earning up to 80%); Navigator Resources Limited 75%
4: Eastman Joint Venture: Magma Metals Limited 70%; Navigator Resources Limited 30%
5: Laura River Joint Venture: Magma Metals Limited 70%; Navigator Resources Limited 30%

Tenement	Status	Equity	Note
Leonora Gold Project			
Cardinia			
L 37/106	G	100%	
L 37/127	G	100%	
L 37/128	G	100%	
L 37/195	G	100%	
L 37/65	G	100%	
M 37/227	G	100%	
M 37/277	G	100%	
M 37/299	G	100%	
M 37/300	G	100%	
M 37/316	G	100%	
M 37/317	G	100%	
M 37/422	G	100%	
M 37/428	G	100%	
M 37/487	G	100%	
M 37/594	G	100%	
M 37/646	G	80%	6
M 37/720	G	100%	
M 37/86	G	100%	
M 37/88	G	100%	
P 37/7241	G	100%	
P 37/7242	G	100%	
P 37/7243	G	100%	
P 37/7244	G	100%	
P 37/7245	G	100%	
P 37/7246	G	100%	
P 37/7247	G	100%	
P 37/7248	G	100%	
P 37/7249	G	100%	
P 37/7250	G	100%	
P 37/7251	G	100%	
P 37/7252	G	100%	
P 37/7253	G	100%	
P 37/7254	G	100%	
P 37/7255	G	100%	
P 37/7256	G	100%	
P 37/7257	G	100%	
P 37/7258	G	100%	
P 37/7259	G	100%	
P 37/7260	G	100%	
P 37/7261	G	100%	
P 37/7262	G	100%	
P 37/7263	G	100%	
P 37/7264	G	100%	
P 37/7265	G	100%	
P 37/7266	G	100%	
P 37/7267	G	100%	
P 37/7268	G	100%	
P 37/7269	G	100%	
P 37/7270	G	100%	
P 37/7271	G	100%	
P 37/7272	G	100%	
P 37/7273	G	100%	
P 37/7274	G	80%	6
P 37/7275	G	80%	6
P 37/7276	G	80%	6
P 37/7277	G	100%	
P 37/7697	G	100%	
P 37/7698	G	100%	
P 37/7699	G	100%	

Tenement	Status	Equity	Note
P 37/7700	G	100%	
P 37/7701	G	100%	
P 37/7702	G	100%	
P 37/7703	G	100%	
P 37/7704	G	100%	
P 37/7705	G	100%	
P 37/7706	G	100%	
P 37/7707	G	100%	
P 37/7708	G	100%	
P 37/7711	G	100%	
P 37/7716	G	100%	
P 37/7736	G	100%	
P 37/7737	G	100%	
P 37/7738	G	100%	
P 37/7805	G	100%	
P 37/7891	G	100%	
P 37/7892	G	100%	
P 37/7893	G	100%	
P 37/7941	G	100%	
P 37/7953	G	100%	
P 37/7954	G	100%	
P 37/7990	A	100%	
P 37/8007	A	100%	
P 37/8043	A	100%	
P 37/8044	A	100%	
P 37/8045	A	100%	
P 37/8057	A	100%	
P 39/5172	A	100%	
Gambier Lass			
M 37/223	G	100%	
Mertondale			
M 37/1284	G	100%	
M 37/231	G	100%	
M 37/232	G	100%	
M 37/233	G	100%	
M 37/81	G	100%	
M 37/82	G	100%	
P 37/6847	G	100%	
P 37/6923	G	100%	
P 37/6924	G	100%	
P 37/6925	G	100%	
P 37/6926	G	100%	
P 37/6927	G	100%	
P 37/6928	G	100%	
P 37/6929	G	100%	
P 37/6930	G	100%	
P 37/7655	G	100%	
P 37/7656	G	100%	
P 37/7657	G	100%	
P 37/7658	G	100%	
P 37/7659	G	100%	
P 37/7660	G	100%	
P 37/7661	G	100%	
P 37/7662	G	100%	
P 37/7663	G	100%	
P 37/7664	G	100%	
P 37/7665	G	100%	
P 37/7666	G	100%	
P 37/7667	G	100%	
P 37/7668	G	100%	
P 37/7669	G	100%	

Tenement	Status	Equity	Note
P 37/7670	G	100%	
P 37/7671	G	100%	
P 37/7672	G	100%	
P 37/7673	G	100%	
P 37/7674	G	100%	
P 37/7675	G	100%	
P 37/7712	G	100%	
P 37/7713	G	100%	
P 37/7714	G	100%	
P 37/7715	G	100%	
P 37/7752	G	100%	
P 37/7753	G	100%	
P 37/7754	G	100%	
P 37/7755	G	100%	
P 37/7756	G	100%	
P 37/7757	G	100%	
P 37/7758	G	100%	
P 37/7759	G	100%	
P 37/7760	G	100%	
P 37/7761	G	100%	
P 37/7776	G	100%	
P 37/7777	G	100%	
P 37/7779	G	100%	
P 37/7780	G	100%	
P 37/7969	G	100%	
P 37/7970	G	100%	
P 37/7971	G	100%	
P 37/7972	G	100%	
P 37/7973	G	100%	
P 37/7974	G	100%	
P 37/7975	G	100%	
P 37/7976	G	100%	
P 37/7977	G	100%	
P 37/7978	G	100%	
P 37/7979	G	100%	
P 37/7980	G	100%	
P 37/7981	G	100%	
P 37/7982	G	100%	
P 37/7983	G	100%	
P 37/7984	G	100%	
P 37/7985	G	100%	
P 37/7986	G	100%	
P 37/7987	G	100%	
P 37/7988	G	100%	
Raeside			
E 37/866	G	100%	
E 37/868	G	100%	
E 37/1103	A	100%	
L 37/125	G	100%	
L 37/196	G	100%	
L 37/77	G	100%	
M 37/256	G	100%	
M 37/369	G	100%	
M 37/377	G	100%	
M 37/379	G	100%	
P 37/7278	G	100%	

Notes
G = Granted Tenement
A = Tenement Application

6: Navigator Mining Pty Ltd 80%; Jindalee Resources Limited 11%; Vladimir Nikolaenko 9%

NAVIGATOR RESOURCES LIMITED

2011 FINANCIAL REPORT

Financial Report
for the financial year ended 30 June 2011

Corporate Governance Statement

Navigator Resources Ltd ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations 2nd Edition 2007 ("Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices.

Further information about the Company's corporate governance practices including the relevant information on the Company's charters, code of conduct and other policies and procedures is set out on the Company's website at www.navigatorresources.com.au.

Principle 1: Lay Solid Foundations for Management and Oversight

Recommendation 1.1: Establish and Disclose the Functions Reserved to the Board and those Delegated to Senior Executives

The Board has established functions that are reserved for the Board, as separate from those functions discharged by the Managing Director and are summarised in the Company's Board Charter which is available on the Company's website.

The Board retains responsibility for the following key areas:

(a) Providing leadership for and supervision of the Company's senior management. The Board provides the strategic direction for the Company and regularly measures the progress of senior management towards that strategic direction.

(b) Overseeing the Company, including control and accountability systems and procedures.

(c) Appointing the Managing Director for a period and on terms and conditions as the Directors determine and, where appropriate, removing the Managing Director.

(d) Ratifying the appointment and, where appropriate, the removal of senior executives.

(e) Approving the Company's policies on risk oversight and management, internal compliance and control, Code of Conduct and legal compliance.

(f) Satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial and operational risks and reviewed the effectiveness of those systems.

(g) Assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and requesting assurances regarding the management of material business risk, as appropriate.

(h) Monitoring, reviewing and challenging senior management's performance and implementation of strategy.

(i) Ensuring appropriate resources are available to senior management.

(j) Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures.

(k) Monitoring the financial performance of the Company.

(l) Ensuring the integrity of the Company's financial and other reporting (with the assistance of the Audit Committee) through approval and monitoring.

(m) Providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company.

(n) Appointing the external auditors (based on recommendations of the Audit Committee), provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

(o) Engaging with the Company's external auditors and Audit Committee.

(p) Monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

(q) Making regular assessment of whether each Non-Executive Director is independent in accordance with the Company's "Policy on Assessing the Independence of Directors".

The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and implementing the policies and strategy set out by the Board. The Managing Director must also report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other material matter.

The functions and responsibilities of the Board compared with those delegated to management are reflective of the Recommendations. The Managing Director is responsible for appointing and removing senior executives, with the approval of the Board, and is also responsible for evaluating the performance of senior executives.

Recommendation 1.2: Disclose the Process for Evaluating the Performance of Senior Executives

The Managing Director and senior executives were the subject of formal evaluations against both individual performance and overall business measures. These evaluations were undertaken progressively and periodically.

The Remuneration Committee is charged with the periodic review of the job description and performance of the Managing Director according to agreed performance parameters. The Committee also reviews the performance and remuneration of senior staff following recommendations from the Managing Director.

Recommendation 1.3: Provide the Information indicated in the Guide to Reporting on Principle 1

The Company is not aware of any departure from Recommendations 1.1, 1.2 or 1.3. Performance evaluations for senior executives have taken place in the reporting period in accordance with the process disclosed.

Principle 2: Structure the Board to Add Value

Recommendation 2.1: A Majority of the Board should be Independent Directors

The Board does have a majority of Independent Directors.

The Board of Navigator believes that the current structure is appropriate for the Company having regard to its size, its current level of operations and its strategy of minimising operating costs. As the Company continues to grow and/or circumstances change, the Board may make further appointments of Independent Directors if and when appropriate.

Recommendation 2.2: The Chair should be an Independent Director

Allan Trench, the Chairman of the Company, is an Independent Director.

Recommendation 2.3: The Roles of Chair and Chief Executive Officer should not be Exercised by the Same Individual

The role of the Chairman is filled by Dr Allan Trench (an Independent Non-Executive Director). The role of the Managing Director and CEO is filled by Mr David Hatch.

Recommendation 2.4: The Board should Establish a Nomination Committee

Nomination Committee responsibilities are carried out by the full Board. As the Company does not have a separate Nomination Committee, no specific meetings were held during the Reporting Period. However, discussion on the positions and performance of Directors were held during the year as part of formal Board meetings.

- Notification of Departure: The full Board performs the function of a Nomination Committee.
- Explanation of Departure: The role of the Nomination Committee is carried out by the full Board. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. To assist the Board to carry out nomination related matters, the Board has formally adopted a Nomination Committee Charter.

Recommendation 2.5: Disclose the Process for Evaluating the Performance of the Board, its Committees and Individual Directors

The Board is charged with Board and Board committee membership, succession planning and performance evaluation, as well as Board member induction, education and development.

The Company has adopted policies and procedures concerning the evaluation and development of its Directors, executives and Board committees. Procedures include an internal Board performance assessment, an induction protocol and ongoing discussions with regard to the performance of the Board and its Directors.

Recommendation 2.6: Provide the Information Indicated in Guide to Reporting on Principle 2

Contained in the Directors' Report section of this Annual Report are details of the skills, experience and expertise of each Director in office at the date of this Annual Report.

Confirmation Whether Performance Evaluation of the Board and its Members have Taken Place and How Conducted
During the Reporting Period an evaluation of the Board and its members was carried out. The evaluation process comprised the Chairman facilitating open discussions of the Board's performance over the financial year highlighting strengths and weaknesses.

Identification of Independent Directors
In considering the independence of Directors, the Board refers to the criteria for independence as set out in Box 2.1 of the ASX Principles and Recommendations ("Independence Criteria"). To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed in full on the Company's website.

Applying the Independence Criteria, the Independent Directors of the Company at the date of this Report are Dr Allan Trench, Mr Matt Healy, Mr Ian Macpherson and Mr John Shipp.

Statement Concerning Availability of Independent Professional Advice
If a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director, then, provided the Director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Principle 3: Promote Ethical and Responsible Decision Making

Recommendation 3.1: Establish a Code of Conduct and Disclose the Code, or a Summary of the Code as to:
- *The practices necessary to maintain confidence in the Company's integrity;*
- *The practices necessary to take into account legal obligations and reasonable expectations of stakeholders;*
- *The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Company has established a formal code of conduct to guide the Directors, the Managing Director and the senior management with respect to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account the legal obligations and reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Code of Conduct is disclosed on the Company's website.

Recommendation 3.2: Establish and Disclose the Policy Concerning Trading in Company Securities by Directors, Officers and Employees

The Company's policy concerning trading in Company securities by Directors, Officers and employees is set out on the Company's website.

Recommendation 3.3: Provide the Information Indicated in Guide to Reporting on Principle 3

The Company is not aware of any departures from Recommendations 3.1, 3.2 or 3.3.

Principle 4: Safeguard Integrity in Financial Reporting

Recommendation 4.1: The Board Should Establish an Audit Committee

The Board has established a separate Audit Committee.

Recommendation 4.2: The audit committee should be structured so that it consists only of non-executive directors, consists of a majority of independent directors, is chaired by an independent chair who is not chair of the board, and has at least three members.

The Audit Committee comprises only Non-Executive Directors with a majority being Independent Directors. Mr Ian Macpherson, the Chairman of the Audit Committee, has held a number of Audit Committee positions, is a qualified Chartered Accountant and is deemed to have the relevant knowledge and experience to guide the Committee. Mr Macpherson is not the Chairman of the Company. The Audit Committee is comprised of three (3) members.

The Audit Committee held two (2) meeting during the Reporting Period. The following table identifies those Directors who are members of the Audit Committee and shows their attendance at Committee meetings:

Name	No. of meetings attended
Ian Macpherson (Independent Chairman)	2
Allan Trench (Independent Director)	2
Matt Healy (Independent Director since 17 August 2011)	2

Details of each of the Director's qualifications are set out in the Directors' Report. All members of the Audit Committee consider themselves to be financially literate and have industry experience.

Recommendation 4.3: The audit committee should have a formal charter.

The Audit Committee has a formal charter which is available on the Company's website. The Company's process for the selection, appointment and rotation of the Company's external auditors is also available on the Company's website.

Recommendation 4.4: Provide the information indicated in Guide to reporting on Principle 4

The Company is not aware of any departure from Recommendations 4.1, 4.2 or 4.3. The Company's "Policy on ASX Listing Rule Compliance" is publicly available on the Company's website.

Principle 5: Make Timely and Balanced Disclosure

Recommendation 5.1: Establish Written Policies Designed to Ensure Compliance with ASX Listing Rule Disclosure Requirements and to Ensure Accountability at a Senior Executive Level for that Compliance and Disclose those Policies or a Summary of those policies

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance.

Recommendation 5.2: Provide the information indicated in Guide to reporting on Principle 5

The Company is not aware of any departure from Recommendations 5.1 or 5.2. The Company's Policy on ASX Listing Rule Compliance is publicly available on the Company's website.

Principle 6: Respect the Rights of Shareholders

Recommendation 6.1: Design and Disclose a Communications Policy for Promoting Effective Communication with Shareholders and Encouraging their Participation at General Meetings

The Company has adopted policies formally setting out the Company's communications strategy with its stakeholders including the effective use of electronic communications. The Board encourages the attendance of shareholders at shareholders' meetings and sets the time and place of each shareholders' meeting to allow maximum attendance by shareholders.

The Managing Director has implemented a policy of undertaking presentations to shareholders in most capital cities of Australia approximately every six (6) months. Shareholder presentations were held in Perth, Adelaide, Melbourne, Sydney and Brisbane in July 2010 and February 2011. A letter of invitation was posted to all shareholders of the Company advising them of the dates and places where these shareholder events were to be held.

Recommendation 6.2: Provide the Information Indicated in Guide to Reporting on Principle 6

Details of how the Company will communicate with its shareholders are set out under the heading "Shareholder Communication Policy" which is publicly available on the Company's website. The Company is not aware of any departure from Recommendations 6.1 or 6.2.

Principle 7: Recognise and Manage Risk

Recommendation 7.1: Companies Should Establish Policies for the Oversight and Management of Material Business Risks and Disclose a Summary of those Policies

The Board has adopted a formal policy on risk oversight and management. A summary of the Company's policy on these matters is set out under the heading "Summary of Risk Management Policy" which is publicly available on the Company's website.

Recommendation 7.2: The Board to Require Management to Design and Implement the Risk Management and Internal Control System to Manage the Company's Material Business Risks, and Report to it on Whether those Risks are Being Managed Effectively. The Board is to Disclose that Management has Reported to it as to the Effectiveness of the Company's Management of its Material Business Risks.

The Company has in place a system of risk management that identifies and categorises and manages material business risks faced by the Company. A risk register is updated and tabled at appropriate Board meetings throughout the year. Key risks addressed include:

- occupational health and safety;
- protection of assets;
- market risk;
- human capital risk;
- commodity price risk;
- environmental risk;
- production and operational risk;
- liquidity risk; and
- compliance risk.

The Board recognises that as the Company progressed from an exploration focus to a production focus, the current systems and registers needed to be updated and amended to take into account the changing nature of the risks being confronted by the entity. The Board has requested that management continue to identify the entity's risks and the appropriate procedures and controls to manage those risks and set them in place in compliance with this Recommendation. It is planned to have completed a fully revised and updated set of procedures for managing ongoing and future material business risks implemented during the 2011/12 financial year.

Recommendation 7.3: Board to Disclose Whether it has Received Assurance from the Managing Director and the Chief Financial Officer that the Declaration Provided in Accordance with s.295A of the Corporations Act 2001 is Founded on a Sound System of Risk Management and Internal Control and that the System is Operating Effectively in all Material Respects in Relation to Financial Reporting Risks

The Company's Managing Director and CFO have provided the Board with assurances in compliance with this Recommendation that the declaration provided in accordance with s.295A of the Corporations Act 2001 was founded on a sound system of risk management and internal control and that the system was operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4: Provide the Information Indicated in Guide to Reporting on Principle 7

The Company is not aware of any departure from Recommendations 7.1, 7.2, 7.3 or 7.4.

A summary of the Company's policies on oversight and management of material business risks is available under the heading "Risk Management Policy" on the Company's website in the Corporate Governance section.

Principle 8: Remunerate Fairly and Responsibly

Recommendation 8.1: The Board should Establish a Remuneration Committee

The Board has established a Remuneration Committee comprised predominantly of Independent Directors. Details of remuneration, including the Company's policy on remuneration, are contained in the Remuneration Report which forms part of the Directors' Report.

Recommendation 8.2: Remuneration Committee should be structured so that it:

- *consists of a majority of independent directors;*
- *is chaired by an independent chair;*
- *has at least three members.*

The following table identifies those Directors who are members of the Remuneration Committee and shows their attendance at the five (5) Committee meetings where remuneration issues were considered:

Name	No. of meetings attended
Allan Trench (Independent Chairman)	5
Ian Macpherson (Independent Director)	5
John Shipp (Independent Director)	4
Gordon Galt (Independent Director)*	2
Matt Healy (Independent Director since 17 August 2011)	5

* *Only two (2) meetings of the Remuneration Committee were held whilst a Director of the Company*

Recommendation 8.3: Clearly Distinguish the Structure of Non-Executive Directors' Remuneration from that of Executive Directors and Senior Executives

The structure of Non-Executive Director remuneration is clearly distinguishable from that of Executive Directors and other senior executives. The level of remuneration packages and policies applicable to Directors are detailed in the Remuneration Report which forms part of the Directors' Report to this Annual Report.

Recommendation 8.4: Provide the Information Indicated in Guide to Reporting on Principle 8

Non-Executive Director Retirement Benefits
Non-Executive Directors are entitled to statutory superannuation. There are no other schemes for retirement benefits for Non-Executive Directors.

Limiting Risk
Directors are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under any equity based remuneration scheme.

Information Publicly Available
The Company's website contains a section formally setting out the Remuneration Committee Charter which is used by the Board when considering matters relevant to a Remuneration Committee.

Directors' Report

The Directors of Navigator Resources Ltd submit herewith the annual Financial Report of the Consolidated Entity for the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Information About Directors

The names and particulars of the Directors of the Company during or since the end of the financial year and up to the date of this report are:

Dr Allan Trench: BSc (Hons Geology), PhD (Geophysics), MSc (Mineral Economics), MBA (Oxon), MAusIMM, GAICD
Non-Executive Chairman (appointed 14 November 2005)

Dr Allan Trench is a geologist/geophysicist and business management consultant with over 20 years experience within the Australian resources sector across a number of commodity groups including gold, nickel, oil and gas and LNG.

Dr Trench commenced his career as an academic at Oxford University before moving to Australia on a Royal Society Research Fellowship. After a period at the University of Western Australia, he joined WMC at their Kambalda nickel and gold operations applying geophysical methods to both exploration and underground mining opportunities. Dr Trench spent five (5) years with WMC including as Exploration Manager in the Leinster-Mt Keith region. He then managed a number of exploration companies associated with Joseph Gutnick before joining McKinsey & Company as a management consultant. In his role at McKinsey, he advised a number of large international resources companies on strategy, organisation and operations issues.

Dr Trench has direct hands-on experience in managing gold assets, including spending 18 months at Australia's largest gold mine, the Golden Mile of Kalgoorlie.

During the past three (3) years Dr Trench has held directorships in the following other listed companies:

Company	Appointed	Resigned
Pioneer Resources Ltd (formerly Pioneer Nickel Ltd)	8 September 2003	Current
Venturex Resources Ltd (formerly Jutt Holdings Ltd)	12 November 2008	Current
Hot Chili Ltd	19 July 2010	Current
Kimberley Rare Earths Ltd	2 December 2010	Current

David Hatch: Associateship in Mining Engineering, Diploma of Geoscience (Mineral Economics), MAusIMM, MAICD
Managing Director (appointed 25 May 2009)

Mr David Hatch has an accomplished track record in the management, optimisation and development of mining assets. His career has included tenure as Managing Director, Kingsrose Mining Ltd; Managing Director, Westonia Mines Ltd (now Catalpa Resources Ltd); Managing Director, Abosso Minerals Ltd; managing the Damang gold mine in Ghana; and as General Manager of the Mt Muro gold-silver mine in Kalimantan. He has the technical and management experience to manage the Company's operations as a gold producer.

During the past three (3) years Mr Hatch has held directorships in the following other listed companies:

Company	Appointed	Resigned
Kingsrose Mining Ltd	22 October 2007	26 February 2009

Matt Healy: BSc (Engineering), EMBA (AGSM)
Non-Executive Director (appointed 9 April 2009)

Mr Matt 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.

During the past three (3) years Mr Healy has held directorships in the following other listed companies:

Company	Appointed	Resigned
Elk Petroleum Ltd	21 October 2010	Current

Ian Macpherson: BComm, CA
Non-Executive Director (appointed 3 July 2003); Company Secretary (appointed 3 July 2003, resigned 1 February 2010)

Mr Ian Macpherson graduated from the University of Western Australia with a Bachelor of Commerce in 1977. He commenced his career in commerce in 1978 prior to entering the Chartered Accounting profession. Mr Macpherson was admitted as a partner of the firm that became known as KMG Hungerfords in 1986, having built up a specialist practice in the provision of corporate and financial advice to the mining and mineral exploration industry. In 1987 the firm merged with Arthur Andersen & Co.

In 1990 Mr Macpherson left Arthur Andersen & Co to establish Ord Partners, Chartered Accountants. Mr Macpherson has since specialised in the area of corporate advice with a particular emphasis on capital structuring, equity and debt raising, corporate affairs and Stock Exchange compliance procedures for public companies, both mining and industrial. He has acted in the role of director and company secretary for a number of his clients and has been involved in numerous asset acquisition and disposal engagements involving the preparation of detailed information memoranda, pre-acquisition reviews and independent reports.

Mr Macpherson is a Member of the Institute of Chartered Accountants in Australia and past member, Executive Council of the Association of Mining Exploration Companies (WA) Inc.

During the past three (3) years Mr Macpherson has held directorships in the following other listed companies:

Company	Appointed	Resigned
Nimrodel Resources Ltd	11 July 2007	2 August 2011
Avita Medical Ltd (formerly Clinical Cell Culture Ltd)	5 March 2008	Current
Sihayo Gold Ltd (formerly Oropa Ltd)	24 April 2009	3 June 2010
Rubicon Resources Ltd	18 October 2010	Current
Kimberley Rare Earths Ltd	2 December 2010	Current

John Shipp: ACSM (Mining), FAusIMM, MAICD
Non-Executive Director (appointed 7 August 2006)

Mr John Shipp has nearly 40 years of international experience in Australia, Africa, Fiji and Europe involving open cut and underground mining for gold and base metals.

Prior to joining the Navigator Board, Mr Shipp was President of Barrick Gold Corporation's Australia Africa Business Unit and was involved in the corporate acquisition of Placer Dome to form what is now the largest gold mining company in the world. Before this he was General Manager of Australia's biggest gold mine, KCGM, in Kalgoorlie. This followed a period as General Manager of the Boddington joint venture, then Australia's second largest gold mine.

During his career Mr Shipp has worked in a variety of different operational environments and has experience in both underground and open pit mining at small and large scale. In addition he has been involved in plant design, construction and commissioning. In recent years his direction has been towards business development and the determination of strategic direction at corporate level.

During the past three (3) years Mr Shipp has held directorships in the following other listed companies:

Company	Appointed	Resigned
Rubicon Resources Ltd	17 July 2006	1 February 2010

Gordon Galt: GEng (Hons Mining), BCom, Grad Diploma Finance (FINSIA), MAICD, MAusIMM
Non-Executive Director (appointed 18 August 2008, resigned 31 January 2011)

Mr Gordon Galt is a senior mineral resources executive and an experienced director with international mineral industry experience. During his career Mr Galt has worked in senior management, technical and operational roles across a wide range of commodities, primarily in gold, coal, magnesium and copper/lead/zinc. Mr Galt is by training a mining engineer with post-graduate qualifications in finance. Both degrees are from the University of Queensland.

During the past three (3) years Mr Galt has held directorships in the following other listed companies:

Company	Appointed	Resigned
Discovery Metals Ltd	9 May 2007	Current
Aquila Resources Ltd	22 August 2007	Current
NuCoal Resources NL	5 February 2010	Current
US Masters Holdings Ltd	1 July 2010	Current

The above named directors held office during and since the end of the financial year except for:

- Gordon Galt – resigned 31 January 2011

Company Secretary

Gerry Kaczmarek: BEc (Accounting), CPA, MAICD
(appointed 1 February 2010)

Mr Gerry Kaczmarek graduated from the Australian National University (ANU) with a Bachelor of Economics and Accounting in 1980. He is an accountant and an economist with almost 30 years experience in the resources and minerals processing industry covering projects in Australia and overseas. He was Company Secretary and Chief Financial Officer of Troy Resources NL for ten (10) years and prior to that, spent seven (7) years each at explorer and miner Burmine Ltd, prior to its merger with Sons of Gwalia. He commenced his career with the base metals division of CRA, now Rio Tinto.

During the past three (3) years Mr Kaczmarek has held directorships in the following other listed companies:

Company	Appointed	Resigned
Kimberley Rare Earths Ltd	2 December 2010	Current

Directors' Shareholdings

The following table sets out each Director's relevant interest in shares and options in shares or debentures of the Company or a related body corporate as at the date of this report.

Director	Fully paid ordinary shares Number	Share options Number
Allan Trench	3,542,610	1,046,153
David Hatch	7,998,750	5,161,625
Matt Healy	200,000	1,000,000
Ian Macpherson	10,000,000	4,438,390
John Shipp	5,060,583	2,218,399

No ordinary shares issued by the Company during or since the end of the financial year were as a result of the exercise of options.

Remuneration of Directors and Senior Management

Information about the remuneration of Directors and senior management is set out in the Remuneration Report on page 31 of this Directors' Report.

Share Options Granted to Directors and Executives

During and since the end of the financial year no share options have been granted to Directors of the Company as part of their remuneration (2010: aggregate 2,500,000).

Principal Activities

The Group's principal activities during the course of the financial year were the production of gold and exploration for precious and base metals in Western Australia.

Review of Operations

A detailed review of operations during the financial year is set out in the section entitled "Review of Operations & Exploration" in this Annual Report.

Operating Results for the Year

The consolidated profit/(loss) of the Group for the financial period after income tax expense was $3,044,000 (2010: Loss $21,157,000).

Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the Consolidated Entity other than as referenced to in the financial statements or notes thereto.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Subsequent Events

Since the end of the financial year, a number of events have occurred for the Company.

(a) On 8 July 2011 the Company advised amended terms to the previously announced renounceable, partially underwritten rights issue. The new terms were for a 7 for 2 issue at 2 cents, with a 1 for 2 free attaching option, exercisable at 4 cents and expiring on 31 July 2014, to raise up to $32.6 million. The prospectus was lodged on 8 July 2011, rights trading commenced on 13 July 2011 and the record date to determine entitlements was 25 July 2011. The rights issue closed on 9 August 2011, and was successful in raising the maximum amount. As a result, 1,630,262,087 new shares and 815,131,124 new listed options (ASX:NAVOB) were allotted on 17 August 2011. The fee paid to the underwriter was $2.06 million.

(b) On 27 June 2011 the Company announced that it had reached agreement with its financier, RMB Resources Ltd, for an extension of term (to 2 August 2011) for the existing debt facility which had been due for repayment in full on 30 June 2011. Following revision of the rights issue terms (as outlined above), a further extension to 18 August 2011 was received. Subsequent to the completion of the rights issue, the entire outstanding balance of $11.1 million was repaid, leaving the Company debt free as of 18 August 2011. A fee of $120 thousand was payable for this extension as well as the issue of 10,000,000 unlisted options to RMB Australia Holdings Ltd.

(c) Within the underwriting agreement between the Company and Patersons Securities Ltd for the rights issue, a total of 500 million options were issuable to Patersons for distribution to sub-underwriters as part consideration for their participation in the rights issue. A total of 20 million options were issued on 17 August 2011 under the Company's 15% placement capacity, with the balance submitted for the approval of shareholders at an Extraordinary General Meeting which was held on 26 August 2011. The resolution to issue the 480 million options was defeated by shareholders and the Company subsequently provided a cash compensation payment to Patersons in lieu of the options of $2.88 million (based on an options value of $0.006 each).

Other than above, there has not been any matter or circumstance occurring subsequent to the financial year end that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Future Developments

Navigator Resources Ltd will continue to operate the Bronzewing Gold Project whilst exploring for additional economic gold deposits at both of its primary projects. As noted in the "Review of Operations", the Company intends to continue to assess development options for the Leonora Gold Project during the 2011/12 year.

Environmental Regulations

The Company is aware of its environmental obligations with regard to its exploration activities and acts to ensure that it complies with all regulations when carrying out exploration work.

Dividends

No dividends have been paid or declared during or since the end of the financial year. No recommendation for the payment of a dividend has been made.

Share Options

Shares Under Option or Issued on Exercise of Options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Type of option	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Navigator Resources Ltd	Unlisted	1,000,000	Ordinary	29.0 cents each	30 November 2011
Navigator Resources Ltd	Listed *(i)*	121,217,450	Ordinary	24.0 cents each	30 November 2011
Navigator Resources Ltd	Unlisted	11,759,024	Ordinary	24.0 cents each	30 November 2011
Navigator Resources Ltd	Unlisted	4,028,624	Ordinary	24.0 cents each	30 November 2011
Navigator Resources Ltd	Unlisted	250,000	Ordinary	21.38 cents each	5 December 2011
Navigator Resources Ltd	Unlisted	500,000	Ordinary	21.38 cents each	28 April 2012
Navigator Resources Ltd	Unlisted	150,000	Ordinary	21.38 cents each	19 May 2012
Navigator Resources Ltd	Unlisted	500,000	Ordinary	21.38 cents each	21 July 2012
Navigator Resources Ltd	Unlisted	250,000	Ordinary	15.0 cents each	5 December 2012
Navigator Resources Ltd	Unlisted	1,780,882	Ordinary	18.5 cents each	27 January 2013
Navigator Resources Ltd	Unlisted	500,000	Ordinary	21.1 cents each	28 April 2013
Navigator Resources Ltd	Unlisted	150,000	Ordinary	19.5 cents each	19 May 2013
Navigator Resources Ltd	Unlisted	500,000	Ordinary	24.0 cents each	25 May 2013
Navigator Resources Ltd	Unlisted	500,000	Ordinary	18.8 cents each	21 July 2013
Navigator Resources Ltd	Unlisted	750,000	Ordinary	28.5 cents each	24 February 2014
Navigator Resources Ltd	Unlisted	109,753	Ordinary	0.1 cents each	24 February 2014
Navigator Resources Ltd	Unlisted	182,921	Ordinary	0.1 cents each	24 February 2014
Navigator Resources Ltd	Unlisted	500,000	Ordinary	17.07 cents each	25 May 2014
Navigator Resources Ltd	Unlisted	500,000	Ordinary	28.5 cents each	2 June 2014
Navigator Resources Ltd	Listed *(ii)*	835,131,124	Ordinary	4.0 cents each	31 July 2014
Navigator Resources Ltd	Unlisted	7,500,000	Ordinary	18.5 cents each	30 September 2014
Navigator Resources Ltd	Unlisted	4,500,000	Ordinary	18.5 cents each	30 October 2014
Navigator Resources Ltd	Unlisted	250,000	Ordinary	28.5 cents each	8 March 2015
Navigator Resources Ltd	Unlisted	8,024,464	Ordinary	11.5 cents each	7 May 2015
Navigator Resources Ltd	Unlisted	500,000	Ordinary	15.07 cents each	25 May 2015
Navigator Resources Ltd	Unlisted	6,018,348	Ordinary	11.5 cents each	28 May 2015
Navigator Resources Ltd	Unlisted	10,000,000	Ordinary	2.1 cents each	19 August 2015
Navigator Resources Ltd	Unlisted	19,962,963	Ordinary	11.5 cents each	1 December 2015

(i) Listed options trading as ASX: NAVO
(ii) Listed options trading as ASX: NAVOB

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

The exercise price of options issued prior to 16 May 2011 were adjusted downwards by 1 cent per option to take into account the 1 cent per share return of capital undertaken by the Company effective 16 May 2011 ("Record Date") via the in-specie distribution of shares in Kimberley Rare Earths Ltd to eligible Navigator shareholders at the Record Date.

Shares Issued on the Exercise of Options

There were 1,308,079 shares issued due to exercise of options during the financial year.

Share Options that Expired/Lapsed

Details of share options that expired or lapsed during or since the end of the financial year are:

Issuing entity	Type of option	Number of options expired/lapsed	Class of shares	Exercise price of option	Expiry date of options
Navigator Resources Ltd	Unlisted	2,675,000	Ordinary	29.0 cents each	1 June 2011
Navigator Resources Ltd	Unlisted	1,000,000	Ordinary	30.0 cents each	30 June 2011
Navigator Resources Ltd	Unlisted	250,000	Ordinary	22.9 cents each	9 October 2012
Navigator Resources Ltd	Unlisted	250,000	Ordinary	21.3 cents each	9 October 2013
Navigator Resources Ltd	Unlisted	500,000	Ordinary	29.5 cents each	24 February 2014
Navigator Resources Ltd	Unlisted	250,000	Ordinary	28.5 cents each	24 February 2014
Navigator Resources Ltd	Unlisted	250,000	Ordinary	28.5 cents each	16 November 2014
Navigator Resources Ltd	Unlisted	500,000	Ordinary	29.5 cents each	1 February 2015

Indemnification of Directors and Officers

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- except as may be prohibited by the Corporations Act 2001 every Director and Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him or her in his or her capacity as Director or Officer of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

Since the beginning of the financial year the Company has paid insurance premiums of $35,570 in respect of Directors and Officers liability and corporate reimbursement for Directors and Officers of the Company. The insurance premiums relate to:

- any loss for which the Directors and Officers may not be legally indemnified by the Company arising out of any claim, by reason of any wrongful act committed by them in their capacity as a Director or Officer of the Company or any related corporation, first made against them jointly or severally during the year of insurance; and indemnifying the Company against any payment which it has made and was legally permitted to make arising out of any claim, by reason of any wrongful act, committed by any Director or Officer in their capacity as a Director or Officer of the Company or any related corporation, first made against the Director or Officer during the period of insurance.

The insurance policy outlined above does not allocate the premium paid to each individual Officer of the Company.

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (whilst they were a Director or committee member). During the financial year, thirty (30) Board meetings, two (2) Audit Committee meeting and five (5) Remuneration Committee meetings were held.

	Board of Directors		Remuneration Committee		Audit Committee	
Directors	Held	Attended	Held	Attended	Held	Attended
Allan Trench	30	27	5	5	2	2
David Hatch	30	30	N/A	N/A	N/A	N/A
Gordon Galt *	14	8	2	2	N/A	N/A
Matt Healy	30	24	5	5	2	2
Ian Macpherson	30	30	5	5	2	2
John Shipp	30	26	5	4	N/A	N/A

** Mr Galt resigned 31 January 2011*

Proceedings on Behalf of the Company

No persons have applied for leave pursuant to s.237 of the Corporations Act 2001 to bring, or intervene in, proceedings on behalf of Navigator Resources Ltd.

Non-audit Services

There were no non-audit services performed during the year by the auditors for the Company (or by another person or firm on the auditor's behalf).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 36 of the Annual Report.

Remuneration Report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Navigator Resources Ltd's key management personnel for the financial year ended 30 June 2011. Disclosures required under AASB 124 Related Party Disclosures have been transferred from the Financial Report and have been audited. The additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 have not been audited.

The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel details;
- remuneration policy and relationship between the remuneration policy and Company performance;
- remuneration of key management personnel; and
- key terms of employment contracts.

<u>Key Management Personnel Details</u>

The key management personnel of Navigator Resources Ltd during the year or since the end of the year were:

Allan Trench	Non-Executive Chairman
David Hatch	Managing Director
Gordon Galt	Non-Executive Director (resigned 31 January 2011)
Matt Healy	Non-Executive Director
Ian Macpherson	Non-Executive Director
John Shipp	Non-Executive Director
Trevor Cook	Chief Operating Officer (resigned 11 April 2011)
Gerry Kaczmarek	Chief Financial Officer & Company Secretary
Bernie Kirkpatrick	Exploration Manager
Michelle Simson	Manager – Corporate Affairs
Ian Bignell	General Manager – Bronzewing Operations (resigned 11 April 2011)
Tim Blyth	General Manager – Bronzewing Operations (appointed 22 June 2011)

<u>Remuneration Policy and Relationship between the Remuneration Policy and Company Performance</u>

The Board's policy for determining emoluments is based on the principle of remunerating Directors and senior executives on their ability to add value to the Company (taking into account the Company's strategic plan and operations) whilst also considering market emolument packages for similar positions within the industry and in consultation with external consultants. The Board appreciates the inter-relationship between this policy and Company performance. It acknowledges that it is in the best interests of shareholders to provide challenging but achievable incentives to reward senior executives for reaching the Company's stated goals. The Board discusses these issues internally and with candidates prior to engaging additional Directors or senior executives.

Key Management Personnel (excluding Non-Executive Directors)

The Remuneration Committee is responsible for determining the remuneration policies for the Company, including those affecting Executive Directors and other key management personnel. The Committee may seek appropriate external advice to assist in its decision making. Remuneration policies and practices are directed primarily at attracting, motivating and retaining key management personnel.

The remuneration policy for Executive Directors and other key management personnel has the following key elements:

- primary benefits (being salary, fees, bonuses and non-monetary benefits);
- post-employment benefits (being superannuation);
- equity (being share options granted); and
- other benefits.

Non-Executive Directors

The Company's Non-Executive Directors receive only fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The fees paid to the Company's Non-Executive Directors reflect the demands on, and responsibilities of, these Directors. They do not receive any retirement benefits (other than compulsory superannuation). The Board decides annually the level of fees to be paid to Non-Executive Directors with reference to market standards.

Non-Executive Directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such options vest across the life of the option and are primarily designed to provide an incentive to Non-Executive Directors to remain with the Company.

A Non-Executive Directors' remuneration pool limit of $300,000 per annum was approved by shareholders at a general meeting held on 30 July 2009 and is currently utilised to a level of $239,800 per annum (after superannuation). The base fee (before superannuation contribution) currently paid to the Board Members are $70,000 per annum for the Non-Executive Chairman and $50,000 per annum for the Non-Executive Directors. Additional fees may be payable, where considered appropriate, in light of the recent increase in the level of corporate activity.

Remuneration of Key Management Personnel

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Termination benefits	Share-based payment		% of compensation consists of options
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation			Options	Total	
2011	$	$	$	$	$	$	$	$	$	%
Directors										
Allan Trench	76,300	-	-	-	-	-	-	-	76,300	-
David Hatch	390,833	50,000	-	9,533	39,675	-	-	58,012	548,053	10.5
Gordon Galt (ii)	31,791	-	-	-	-	-	-	-	31,791	-
Matt Healy	50,000	-	-	-	4,500	-	-	-	54,500	-
Ian Macpherson (i)	50,000	-	-	-	4,500	-	-	-	54,500	-
John Shipp	25,000	-	-	25,000	4,500	-	-	-	54,500	-
Executive										
Trevor Cook (iii)	212,418	-	-	65,377	35,925	-	129,327	-	443,047	-
Gerry Kaczmarek	329,166	-	-	-	29,625	-	-	108,500	467,291	23.2
Bernie Kirkpatrick	164,408	-	-	32,675	17,737	-	-	-	214,820	-
Michelle Simson	140,000	20,000	-	-	14,400	-	-	20,923	195,323	10.7
Ian Bignell (iii)	223,639	5,200	-	-	24,595	-	52,366	-	305,800	-
Tim Blyth (iv)	-	-	-	-	-	-	-	-	-	-
	1,693,555	75,200	-	132,585	175,457	-	181,693	187,435	2,445,925	

(i) Director fees were partly offset against fees payable to Ord Nexia Pty Ltd, a company associated with Ian Macpherson for corporate advice provided to the Group. Refer note 27.
(ii) Resigned 31 January 2011
(iii) Resigned 11 April 2011
(iv) Appointed 22 June 2011

2010	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Termination benefits	Share-based payment		% of compensation consists of options
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation			Options	Total	
	$	$	$	$	$	$	$	$	$	%
Directors										
Allan Trench	55,863	-	-	-	-	-	-	-	55,863	-
David Hatch	329,167	25,000	-	20,715	33,739	-	-	121,514	530,135	22.9
Gordon Galt	42,238	-	-	-	-	-	-	-	42,238	-
Matt Healy	38,750	-	-	-	3,488	-	-	90,200	132,438	68.1
Ian Macpherson [(i)]	38,750	-	-	-	-	-	-	-	38,750	-
Tom Sanders [(ii)]	-	-	-	-	-	-	-	-	-	-
John Shipp	29,125	-	-	9,625	3,488	-	-	-	42,238	-
Executive										
Trevor Cook	304,769	50,000	-	30,524	34,676	-	-	21,790	441,759	4.9
Gerry Kaczmarek	300,000	20,000	-	-	28,800	-	-	-	348,800	-
Bernie Kirkpatrick	125,835	-	-	36,000	14,565	-	-	27,396	203,796	13.4
Ian Bignell [(iii)]	114,583	-	-	-	10,313	-	-	-	124,896	-
	1,379,080	95,000	-	96,864	129,069	-	-	260,900	1,960,913	-

(i) *Director fees are offset against fees payable to Ord Nexia Pty Ltd, a company associated with Ian Macpherson for company secretarial and corporate advice provided to the Group. Refer note 27.*
(ii) *Resigned 10 November 2009*
(iii) *Appointed 1 February 2010*

No Director or executive appointed during the year received a payment as part of his or her consideration for agreeing to hold the position.

Option Plans in Existence During the Financial Year

During the financial year the following share-based payment arrangements for key management personnel were in existence:

Options series	Grant date	Expiry date	Fair value per option at grant date $	Vesting date
6934	24 February 2011	24 February 2014	0.1333	Various
6940	13 October 2008	28 April 2012	0.0723	28 April 2009
6941	13 October 2008	28 April 2013	0.0852	28 April 2010
6944	20 October 2008	21 July 2012	0.0811	21 July 2009
6945	20 October 2008	21 July 2013	0.0817	21 July 2010
6950	13 October 2008	5 December 2011	0.0679	5 December 2008
6951	13 October 2008	5 December 2012	0.0835	5 December 2009
6956	24 February 2011	24 February 2014	0.1064	24 February 2011
6857	24 February 2011	2 June 2014	0.1106	2 June 2011
6959	30 July 2009	30 November 2011	0.0902	30 January 2010
6960	30 July 2009	25 May 2013	0.1302	25 May 2010
6961	30 July 2009	25 May 2014	0.1348	25 May 2011
6962	30 July 2009	25 May 2015	0.1378	25 May 2012

Share-based Compensation to Key Management Personnel During the Current Financial Year

The following grants of share-based payment compensation to key management personnel occurred during the current financial year:

Name	Options series	No. granted	No. vested and exercisable	% of grant vested	% of grant forfeited
Gerry Kaczmarek	6956	500,000	500,000	100%	-
Gerry Kaczmarek	6957	500,000	500,000	100%	-
Michelle Simson	6934	365,842	73,168	20%	-

The assessed fair value at grant date of options granted to the individuals in the above table is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables in this Remuneration Report. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and the expected price volatility of the underlying share and the risk free rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2011 are as follows:

Input	Option Series: 6934
Exercise Price	1.0 cents
Grant date	24 February 2011
Expiry date	24 February 2014
Share price at grant date	19.5 cents
Expected volatility	150%
Discount for lack of marketability	30%
Risk free rate	5.45%

Input	Option Series: 6956
Exercise Price	29.5 cents
Grant date	24 February 2011
Expiry date	24 February 2014
Share price at grant date	19.5 cents
Expected volatility	150%
Discount for lack of marketability	30%
Risk free rate	5.45%

Input	Option Series: 6957
Exercise Price	29.5 cents
Grant date	24 February 2011
Expiry date	2 June 2014
Share price at grant date	19.5 cents
Expected volatility	150%
Discount for lack of marketability	30%
Risk free rate	5.45%

During the year, key management personnel exercised 73,168 options that were granted to them as part of their compensation. Each option converted into one (1) ordinary share of Navigator Resources Ltd.

Value of Options Issued to Directors and Executives

The following table summarises the value of options granted, exercised or lapsed to the identified Directors and executives during the financial year:

Name	Value of options granted at the grant date *(i)* $	Value of options exercised at the exercise date *(ii)* $	Value of options lapsed at the date of lapse $	Total $
Gordon Galt	70,700	-	70,700	0
Gerry Kaczmarek	108,500	-	-	108,500
Michelle Simson	48,657	-	-	48,657

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.

(ii) Options granted in previous financial years which were exercised during the current financial year.

<u>Key Terms of Employment Contracts</u>

Remuneration and other terms of employment for **David Hatch**, appointed Managing Director from 25 May 2009, are formalised in a contract of employment. Major provisions of this agreement are set out below:

- Base fee reviewed annually, currently $420,000 per annum (exclusive of superannuation entitlements).
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equals three (3) months salary.
- Notice period of three (3) months.

Remuneration and other terms of employment for the Chief Operating Officer (1 July 2010 – 11 April 2011), **Trevor Cook**, were formalised in a contract of employment. Major provisions of this agreement are set out below:

- Base fee reviewed annually, $375,000 per annum (exclusive of superannuation entitlements).
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equals three (3) months salary.
- Notice period of three (3) months.

Remuneration and other terms of employment for the Chief Financial Officer & Company Secretary, **Gerry Kaczmarek**, are formalised in a contract of employment. Major provisions of this agreement are set out below:

- Base fee reviewed annually, currently $350,000 per annum (exclusive of superannuation entitlements).
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equals three (3) months salary.
- Notice period of three (3) months.

Remuneration and other terms of employment for the Exploration Manager, **Bernie Kirkpatrick**, are formalised in a contract of employment. Major provisions of this agreement are set out below:

- Base fee reviewed annually, currently $220,000 per annum (exclusive of superannuation entitlements).
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equals three (3) months salary.
- Notice period of three (3) months.

Remuneration and other terms of employment for the Manager – Corporate Affairs, **Michelle Simson**, are formalised in a contract of employment. Major provisions of this agreement are set out below:

- Base fee reviewed annually, currently $140,000 per annum (exclusive of superannuation entitlements).
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equals four (4) weeks salary.
- Notice period of four (4) weeks.

Remuneration and other terms of employment for the General Manager – Bronzewing Operations (1 July 2010 – 11 April 2011), **Ian Bignell**, were formalised in a contract of employment. Major provisions of this agreement are set out below:

- Base fee reviewed annually, $275,000 per annum (exclusive of superannuation entitlements).
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equals three (3) months salary.
- Notice period of three (3) months.

Remuneration and other terms of employment for the General Manager – Bronzewing Operations, **Tim Blyth**, are formalised in a contract of employment. Major provisions of this agreement are set out below:

- Base fee reviewed annually, currently $350,000 per annum (exclusive of superannuation entitlements).
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equals one (1) months salary.
- Notice period of one (1) month.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

D. J. Hatch.

David Hatch
Managing Director
Perth, 29 September 2011

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Navigator Resources Limited for the year ended 30 June 2011, 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Navigator Resources Limited.

Perth, Western Australia
29 September 2011

L DI GIALLONARDO
Partner, HLB Mann Judd

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HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of NAVIGATOR RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Navigator Resources Limited ("the company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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HLB Mann Judd

Accountants | Business and Financial Advisers

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Navigator Resources Limited for the financial year ended 30 June 2011 included on Navigator Resources Limited's website. The company's directors are responsible for the integrity of the Navigator Resources Limited website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Navigator Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Navigator Resources Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

Giallonardo

Perth, Western Australia
29 September 2011

L DI GIALLONARDO
Partner

Directors' Declaration

1. In the opinion of the Directors of Navigator Resources Ltd:

   (a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
      (i) Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the year ended; and
      (ii) Complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   (c) The financial statements and notes thereto are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

This declaration is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors

David Hatch
<u>Managing Director</u>

Dated this 29th day of September 2011

Statement of Comprehensive Income
for the financial year ended 30 June 2011

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
Income			
Operating sales revenue	4a	106,136	15,829
Cost of sales	4b	(97,859)	(26,127)
Gross profit / (loss)		**8,277**	**(10,298)**
Exploration expenses		-	(7)
Corporate administration expenses	4c	(5,110)	(5,587)
Operating profit / (loss)		**3,167**	**(15,892)**
Other revenue	4d	7,512	627
Other expenses	4e	(2,740)	(294)
Finance costs	4f	(4,895)	(5,810)
Profit /(loss) before income tax		**3,044**	**(21,369)**
Income tax benefit	5	-	212
Net profit /(loss) for the year		**3,044**	**(21,157)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**3,044**	**(21,157)**
Earnings/(loss) per share (EPS) (cents per share)			
Basic (cents per share)	17	0.68	(10.93)

Notes to the financial statements are included on pages 44 to 76.

Statement of Financial Position
as at 30 June 2011

	Note	Consolidated 2011 $'000	2010 $'000
Current assets			
Cash and cash equivalents	24(a)	2,467	3,777
Trade and other receivables	6	1,943	3,752
Deferred mining expenditure	3(b)	2,923	5,300
Inventories	7	5,982	7,940
Total current assets		**13,315**	**20,769**
Non-current assets			
Property, plant and equipment	8	13,326	12,806
Mining and development properties	9	16,535	3,929
Exploration and evaluation expenditure	10	24,690	21,733
Other financial assets	11	8,700	6,822
Total non-current assets		**63,251**	**45,290**
Total assets		**76,566**	**66,059**
Current liabilities			
Trade and other payables	12	7,494	8,586
Borrowings	13	11,732	15,188
Provisions	14	647	472
Total current liabilities		**19,873**	**24,246**
Non-current liabilities			
Borrowings	13	520	-
Provisions	14	5,624	5,148
Total non-current liabilities		**6,144**	**5,148**
Total liabilities		**26,017**	**29,394**
Net assets		**50,549**	**36,665**
Equity			
Issued capital	15	67,337	59,650
Reserves	16	8,199	5,134
Accumulated losses		(24,987)	(28,119)
Total equity		**50,549**	**36,665**

Notes to the financial statements are included on pages 44 to 76.

Statement of Changes in Equity
for the financial year ended 30 June 2011

	Consolidated			
	Fully paid ordinary shares (issued capital) $'000	**Option reserve $'000**	**Accumulated losses $'000**	**Total $'000**
Balance at 1 July 2009	29,961	254	(7,002)	23,213
Loss for the period	-	-	(21,157)	(21,157)
Total comprehensive loss	**-**	**-**	**(21,157)**	**(21,157)**
Recognition of share-based payments	-	5,663	-	5,663
Transfer from equity-settled option reserve (options lapsed in current period)	-	(40)	40	-
Transfer from equity-settled option reserve (options exercised in prior period)	743	(743)	-	-
Issue of shares	31,312	-	-	31,312
Share issue costs	(2,366)	-	-	(2,366)
Balance at 30 June 2010	**59,650**	**5,134**	**(28,119)**	**36,665**
Balance at 1 July 2010	59,650	5,134	(28,119)	36,665
Profit for the period	-	-	3,044	3,044
Total comprehensive income	**-**	**-**	**3,044**	**3,044**
Recognition of share-based payments	-	3,257	-	3,257
Transfer from equity-settled option reserve (options lapsed in current period)	-	(88)	88	-
Transfer from equity-settled option reserve (options exercised)	104	(104)	-	-
In-specie distribution	(4,658)			(4,658)
Issue of shares	12,791			12,791
Share issue costs	(550)			(550)
Balance at 30 June 2011	**67,337**	**8,199**	**(24,987)**	**50,549**

Notes to the financial statements are included on pages 44 to 76.

Statement of Cash Flows
for the financial year ended 30 June 2011

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
Cash flows from operating activities			
Receipts from customers		116,334	20,148
Payments to suppliers and employees		(103,121)	(41,678)
Interest received		815	474
Interest and other costs of finance paid		(2,211)	(1,625)
Net cash provided by/(used) in operating activities	24(b)	**11,817**	**(22,681)**
Cash flows from investing activities			
Payments for property, plant and equipment		(3,421)	(10,541)
Payments for mining property		(15,486)	(2,774)
Payments for environmental deposits		(41)	(6,002)
Proceeds from sale of property, plant and equipment		4	1,100
Payment for exploration, evaluation and development		(3,481)	(2,878)
Net cash used in investing activities		**(22,425)**	**(21,095)**
Cash flows from financing activities			
Proceeds from issues of equity securities		12,791	31,171
Payment for share issue costs		(650)	(1,973)
Proceeds from borrowings		2,238	16,000
Repayment of borrowings		(5,081)	(812)
Net cash provided by financing activities		**9,298**	**44,386**
Net increase/(decrease) in cash and cash equivalents		**(1,310)**	**610**
Cash and cash equivalents at the beginning of the financial year		**3,777**	**3,167**
Cash and cash equivalents at the end of the financial year	24(a)	**2,467**	**3,777**

Notes to the financial statements are included on pages 44 to 76.

Notes to the Financial Statements
for the financial year ended 30 June 2011

1. General Information

Navigator Resources Ltd (the Company) is a public company listed on the Australian Securities Exchange (trading under the symbol "NAV"), incorporated in Australia and operating in Australia.

Navigator Resources Ltd's registered office and its principal place of business are as follows:

Registered office	Principal place of business
Ground Floor, 45 Richardson Street	Ground Floor, 45 Richardson Street
West Perth WA Australia 6005	West Perth WA Australia 6005

The entity's principal activities are the production, exploration and evaluation of mineral resources in Australia.

2. Significant Accounting Policies

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and Accounting Standards and Interpretations and complies with other requirements of the law. The financial report covers the consolidated financial statements of the Group.

The financial report complies with Accounting Standards which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the Directors on 29 September 2011.

Going Concern

Notwithstanding the deficiency in working capital of $6,558 thousand at balance date, the financial report has been prepared assuming the Consolidated Entity is a going concern, based on the following:

- The Company has prepared a detailed three (3) year Life of Mine plan that covers the first three (3) year life of the current Ore Reserves at the Bronzewing Gold Project as at 30 June 2011. The Directors of the Group believe that this plan and its associated financial models and cash flow projections give the basis for the assumption that the Consolidated Entity is, and will continue to be, a going concern. In the unlikely event of a material adverse variation to the cash flow models, the Group has access to additional capital sources via the capital market and/or the orderly disposal or sale of non-core assets.

- As disclosed in note 29, the Company has issued 1,630,282,087 new shares and 815,131,124 new listed options (ASX:NAVOB) subsequent to balance date raising $32.6 million. The fee paid to the underwriter was $2.06 million.

- Furthermore, subsequent to the completion of the above rights issue, the entire outstanding balance of $11.1 million owing to RMB Resources Ltd was repaid, leaving the Company debt free as of 18 August 2011.

Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. 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.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

2. Significant Accounting Policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

Refer to note 3 for a discussion of critical judgements and assumptions in applying the entity's accounting policies and key sources of estimation uncertainty.

Adoption of New and Revised Accounting Standards

During the year to 30 June 2011, the Group has reviewed all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual accounting period. It has been determined by the Group that there is no impact, material or otherwise, of the new or revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2011. 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.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Report:

(a) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Navigator Resources Ltd as at 30 June 2011 and the results of all subsidiaries for the year then ended. Navigator Resources Ltd and its subsidiaries are referred to in this financial report as the Group or the Consolidated Entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control in transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the Statement of Comprehensive Income and within equity in the consolidated Statement of Financial Position. Losses are attributable to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to the owners of Navigator Resources Ltd.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2. Significant Accounting Policies (continued)

(b) Operating Cycle
The operating cycle of the entity coincides with the annual reporting cycle.

(c) Presentation Currency
The entity operates entirely within Australia and the presentation currency is Australian dollars.

(d) Revenue Recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods
Revenue from the sale of mineral production is recognised when the significant risks and rewards of ownership of the mineral production have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the mineral production to the customer and the price has been set.

Dividend and Interest Revenue
Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(e) Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand, cash at bank and investments in money market instruments, net of outstanding bank overdrafts.

(f) Receivables
Trade and other receivables are recorded at amounts due less any allowance for doubtful debts.

(g) Inventories
Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials – purchase cost on an average price basis; and
- Finished goods and work-in-progress (including gold in circuit, ore stockpiles and bullion at refinery) – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Financial Assets
Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after the initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date, ie. the date that the Group commits to purchase the asset. Regular way purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial Assets at Fair Value Through Profit or Loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading in they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Held-to-Maturity Investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount.

2. Significant Accounting Policies (continued)

(h) Financial Assets (continued)

Held-to-Maturity Investments (continued)

This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-Sale Investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three (3) preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(i) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is provided on all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2. Significant Accounting Policies (continued)

(j) Income Tax (continued)

Deferred Tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them is realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax Consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Navigator Resources Ltd is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group as and when they arise.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(l) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Share-based Payments

Equity-settled share-based payments are measured at the fair value of the equity instrument at the grant date. The fair value at grant date is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(n) Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

2. Significant Accounting Policies (continued)

(n) Employee Benefits (continued)

Liabilities recognised in respect of employee benefits expected to be settled within twelve (12) months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within twelve (12) months are measured at the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

(o) Interest-bearing Loans and Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

(p) Borrowing Costs

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed and are included in the profit or loss as part of borrowing costs.

(q) Property, Plant and Equipment

Land and buildings held for administrative purposes are carried in the Statement of Financial Position at fair value, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Land is not depreciated. The following estimated useful lives are used in the calculation of depreciation:

Class of fixed asset	*Depreciation rate (%)*
Office furniture and equipment	7.5 – 40.0
Exploration equipment	4.8 – 20.0
Buildings	4.0
Gold mining and processing plant	20.0
Mining infrastructure	20.0

(r) Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

2. Significant Accounting Policies (continued)

(r) Impairment of Assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time, value for money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(s) Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred may be accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit or loss in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

(t) Development Expenditure

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Exploration and evaluation expenditure is reclassified to development expenditure once the technical feasibility and commercial viability of extracting the related mineral resource is demonstrable. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine on a units-of-production basis.

Changes in factors such as estimates of proven and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

(u) Deferred Mining Expenditure

In mining operations, it is necessary to remove overburden and other barren waste materials to access ore from which minerals can economically be extracted. The process of mining overburden and waste materials is referred to as stripping. Stripping costs incurred before production commences are included within capitalised mine development expenditure and subsequently amortised over the life of the operation. The Group defers stripping costs subsequently incurred during the production stage of operations.

Stripping ratios are a function of the quantity of ore mined compared with the quantity of overburden, or waste, required to be moved to mine the ore. Deferral of the post production costs to the consolidated Statement of Financial Position is made, where appropriate, when actual stripping ratios vary from average life of mine ratios. Deferral of costs to the consolidated Statement of Financial Position is not made when the waste to ore ratio is expected to be consistent throughout the life of the mine.

Costs which have previously been deferred to the consolidated Statement of Financial Position are recognised in the consolidated Statement of Comprehensive Income on a unit of production basis utilising average stripping ratios. Changes in estimates of average stripping ratios are accounted for prospectively from the date of the change.

2. Significant Accounting Policies (continued)

(u) Deferred Mining Expenditure (continued)

As it is not possible to separately identify cash inflows relating to deferred overburden removal costs, such assets are grouped with other assets or a cash generating unit for the purposes of undertaking impairment assessments, where necessary, based on future cash flows for the operation as a whole.

(v) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(w) Provision for Restoration and Rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

(x) Joint Ventures

Jointly Controlled Assets and Operations

Interests in jointly controlled assets and operations are reported in the financial statements by including the entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories.

Jointly Controlled Entities

Interests in jointly controlled entities are accounted for under the equity method in the financial statements.

(y) Leases and Hire Purchase

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Hire purchase contracts are accounted for in the same way as finance leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs – refer note 2(p).

Finance lease assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. Significant Accounting Policies (continued)

(z) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(aa) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Navigator Resources Ltd.

(ab) Earnings per Share

Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(ac) Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off where indicated as such in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

3. Critical Accounting Judgements and Key Accounting Estimates and Assumptions

Judgements made by management in the application of the Group's accounting policies that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant note to the financial statements.

The following are the key judgements and assumptions concerning the future, and other key sources of estimation of uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Determination of Mineral Resources and Reserves

The determination of mineral reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, deferred waste expenditure and provisions for rehabilitation. The information in this report as it relates to ore reserves, mineral resources or mineralisation is reported in accordance with the AusIMM "Australian Code for reporting of Identified Mineral Resources and Ore Reserves". The information has been prepared by or under the supervision of competent persons as identified by this Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

(b) Life of Mine Stripping Ratios in Respect of Deferred Mining Expenditure

The Group has adopted a policy of deferring production stage stripping costs and amortising them in accordance with the life of mine strip ratio. Significant judgements are required in determining this ratio for each mine. Factors that are considered include:

- any proposed changes in the design of the mine;
- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- future production levels;
- future commodity prices; and
- future cash costs of production and capital expenditure.

3. Critical Accounting Judgements and Key Accounting Estimates and Assumptions (continued)

(b) Life of Mine Stripping Ratios in Respect of Deferred Mining Expenditure (continued)

Where the deferred mining expenditure is estimated to be expensed within the next twelve (12) months, the amount is categorised as a current asset in the Statement of Financial Position. The portion of the deferred mining expenditure that will not be expensed within twelve (12) months is categorised as a non-current asset in the Statement of Financial Position.

(c) Provision for Rehabilitation Costs

Rehabilitation costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future levels of inflation.

The ultimate cost of rehabilitation is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new rehabilitation techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in ore reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact on future financial results.

(d) Determining the Beginning of Production

Considerations are made in the determination of the point at which development and commissioning ceases and production commences for a mine project. This point determines the cut-off between pre-production and production accounting.

(e) Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

This impairment review resulted in no amount being recognised as an impairment of exploration and evaluation assets during the current financial year (2010: $294 thousand).

(f) Share-based Payments

The Group measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in note 26.

One of the inputs into the option valuation model is volatility of the underlying share price which is estimated based on the one (1) year history of the share price.

(g) Doubtful Debt/Recovery of Provision

The Directors believe that the recovery of the intercompany loans between the Group companies is dependent on the successful development and commercial exploitation of their projects, or alternatively, the sale, of exploration assets held by the controlled entities.

4. Revenue and Expenses

Profit/(loss) before income tax includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Group:

		Consolidated	
		2011 $'000	2010 $'000
(a)	**Operating sales revenue**		
	Gold	105,476	15,805
	Silver	660	24
		106,136	**15,829**
(b)	**Cost of sales**		
	Mine production and development costs	59,576	20,214
	Royalties	4,684	505
	Processing costs	42,197	16,316
	Depreciation and amortisation	4,602	775
	Inventory movements	(13,200)	(11,683)
		97,859	**26,127**
(c)	**Corporate administration expenses**		
	Corporate costs	4,909	3,519
	Depreciation	394	99
	Equity settled share-based payments	(193)	1,969
		5,110	**5,587**
(d)	**Other revenue**		
	Interest received from other persons	815	474
	Net gain on disposal of property, plant and equipment	6,641	95
	Other revenue	56	58
		7,512	**627**
(e)	**Other expenses**		
	Impairment of exploration tenements	-	294
	Write down of deferred mining	1,290	-
	Impairment of production tenements	785	-
	Impairment of available for sale asset	665	-
		2,740	**294**
(f)	**Finance costs**		
	Interest costs – interest on loans	1,445	804
	Finance costs – facility fees and associated costs	3,450	5,006
		4,895	**5,810**
(g)	**Depreciation and amortisation**		
	Property, plant and equipment included in:		
	◆ Cost of sales depreciation and amortisation	4,602	775
	◆ Corporate depreciation	394	99
		4,996	**874**
(h)	**Employee benefits expense** *		
	Equity settled share-based payments	264	285
		264	**285**

** Employee settled share-based payments are included under 4(c) above as "Corporate administration expenses".*

5. Income Taxes

Income tax recognised in profit or loss:

	Consolidated	
	2011 $'000	2010 $'000
The major components of tax expense are:		
Current tax expense/(income)	-	-
Underprovision/(overprovision) of prior year tax	-	-

Deferred tax assets:

	Consolidated	
	2011 $'000	2010 $'000
Origination and reversal of temporary differences	-	-
Underprovision/(overprovision) of prior year tax	-	-
Recognition of previously unrecognised tax losses	-	-
Change in unrecognised deductible temporary differences	-	-
Total tax expense/(income)	**-**	-

The prima facie income tax expense/(income) on pre-tax accounting profit/(loss) from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated	
	2011 $'000	2010 $'000
Profit/(loss) from operations before income tax	3,044	(21,369)
Income tax expense calculated at 30% (30 June 2010: 30%)	913	(6,411)
Tax implication of Kimberley Rare Earths Ltd	(519)	-
Tax effects of amounts which are not deductible in calculating taxable income	722	2,521
Effect of tax concessions (research and development)	-	(212)
Effect of unused tax losses not recognised as deferred tax assets	(1,116)	3,890
Income tax benefit	**-**	**(212)**

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

The consolidated Group has tax losses arising in Australia of $34,783,500 (30 June 2010: $35,727,053) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

In previous years the consolidated Group transferred losses of $843,970 for which an available fraction has not been determined and therefore not been accounted for in the unrecognised net deferred tax asset disclosures, or in the above tax losses stated.

5. Income Taxes (continued)

Unrecognised deferred tax assets:

	Consolidated	
	2011 $'000	2010 $'000
The following deferred tax assets have not been brought to account as assets:		
Tax losses – revenue	10,435	10,926
Tax losses – capital	-	-
Exploration, evaluation and development	(8,491)	(7,706)
Equity	142	-
Temporary differences	3,138	1,796
	5,224	**5,016**

Relevance of Tax Consolidation to the Consolidated Entity

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Navigator Resources Ltd. The members of the tax-consolidated group are identified at note 22.

6. Trade and Other Receivables

	Consolidated	
	2011 $'000	2010 $'000
Current		
Trade receivables	809	51
Goods and services tax recoverable	814	2,047
Other debtors	(8)	1,202
Research and development tax concession receivable	-	212
Prepayment and accrued income	328	240
	1,943	**3,752**

7. Inventories

	Consolidated	
	2011 $'000	2010 $'000
Current		
Bullion on hand – at cost	1,254	1,115
Gold in circuit – at cost	1,380	2,252
Ore stockpiles – at cost	61	2,343
Stores and raw materials – at cost	3,287	2,230
	5,982	**7,940**

8. Property, Plant and Equipment

	Consolidated		
	Land and buildings at fair value	**Plant and equipment at cost**	**Total**
	$'000	**$'000**	**$'000**
Gross carrying amount			
Balance at 1 July 2009	124	431	555
Additions	-	10,541	10,541
Provision for rehabilitation	-	3,463	3,463
Other (write-offs)	-	(1,036)	(1,036)
Balance at 30 June 2010	124	13,399	13,523
Additions	-	3,421	3,421
Provision for rehabilitation	-	-	-
Disposals	-	(10)	(10)
Balance at 30 June 2011	**124**	**16,810**	**16,934**

	Consolidated		
	Land and buildings at fair value	**Plant and equipment at cost**	**Total**
	$'000	**$'000**	**$'000**
Accumulated depreciation and impairment			
Balance at 1 July 2009	2	183	185
Depreciation expense	2	559	561
Disposals	-	(29)	(29)
Other (write-offs]	-	-	-
Balance at 30 June 2010	4	713	717
Depreciation expense	2	2,899	2,901
Disposals	-	(10)	(10)
Other (write-offs]	-	-	-
Balance at 30 June 2011	**6**	**3,602**	**3,608**
Net book value			
As at 30 June 2010	120	12,686	12,806
As at 30 June 2011	**118**	**13,208**	**13,326**

The following depreciation rates are used in the calculation of depreciation:

- Office furniture and equipment 7.5% – 40.0%
- Exploration equipment 4.8% – 20.0%
- Buildings 4.0%
- Gold mining and processing equipment 20.0%
- Mining infrastructure 20.0%

Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets, during the year:

	Consolidated	
	2011	**2010**
	$'000	**$'000**
Land and buildings	2	2
Plant and equipment	2,899	559
	2,901	**561**

9. Mining and Development Properties

Mining and mineral assets in the mining and development phase:

	Consolidated	
	2011 $'000	2010 $'000
Balance at the beginning of financial year	3,929	-
Acquisitions during the year	-	2,759
Expenditure incurred during the year	15,486	15
Provision for rehabilitation	-	1,468
Amortised during the year	(2,095)	(313)
Impairment write down *(i)*	(785)	-
Balance at end of financial year	**16,535**	**3,929**

(i) Impairment relates to closure of Central Pit.

10. Exploration and Evaluation Expenditure

Exploration and mineral assets in the exploration and evaluation phase:

	Consolidated	
	2011 $'000	2010 $'000
Balance at the beginning of financial year	21,733	19,149
Capitalised during the year	3,481	2,878
Disposal of exploration tenements	(524)	-
Impairment of exploration expenditure	-	(294)
Balance at end of financial year	**24,690**	**21,733**

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale, of the respective areas of interest.

11. Other Financial Assets

	Consolidated	
	2011 $'000	2010 $'000
Non-current		
Security deposits for environmental bonds	6,863	6,822
Available for sale asset at fair value	1,837	-
	8,700	**6,822**

12. Trade and Other Payables

	Consolidated	
	2011 $'000	2010 $'000
Trade payables *(i)*	6,641	7,571
Employee entitlements	853	1,006
Other	-	9
	7,494	**8,586**

(i) The credit period on purchases of goods and services ranges from seven (7) days from invoice to thirty (30) days from EOM after invoice. No interest is charged on the trade payables before the due date of payment of the invoice. Thereafter, interest may be charged at various penalty rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. Borrowings

Borrowings comprise a cash loan from RMB Resources Ltd which had an initial repayment date of 30 September 2010. In September 2010, the Company exercised its right to rollover the loan for an additional nine (9) month period to 30 June 2011 upon payment of an additional fee and the issue of options to the bank. The Company was granted an extension on the repayment date to 18 August 2011 to complete a rights issue to shareholders for an additional $120 thousand fee and the issue of 10,000,000 unlisted options to the bank. Following the successful completion of the rights issue, the bank debt was repaid in full on 18 August 2011.

The borrowings were secured by a fixed charge over the assets comprising the Bronzewing Gold Project as well as the Company's 75% interest in the Cummins Range Rare Earths Project and mineral tenements at the Leonora Gold Project that contain mineral resources. In addition, a floating charge was in place over the Group's other assets.

	Consolidated	
	2011	**2010**
Current	**$'000**	**$'000**
Bank Loan	11,105	15,188
Hire Purchase Liabilities	627	-
	11,732	**15,188**
Non-Current		
Hire Purchase Liabilities	520	-
	520	**-**

14. Provisions

	Consolidated	
	2011	**2010**
	$'000	**$'000**
Current		
Provision for rehabilitation	-	-
Other provisions	647	472
	647	**472**
Non-Current		
Employee entitlements	346	118
Provision for rehabilitation	5,278	5,030
	5,624	**5,148**

15. Issued Capital

	Consolidated		Consolidated	
	2011 No. of shares	2011 $'000	2010 No. of shares	2010 $'000
465,790,327 fully paid ordinary shares (2010: 405,040,836)	-	67,337	-	59,650
121,223,876 listed options (2010: 121,458,787)	-	-	-	-
		67,337		**59,650**
Fully paid ordinary shares				
Balance at beginning of financial year	405,040,836	59,650	149,971,872	29,961
Shares issued at 17 cents each pursuant to a Share Purchase Plan	9,441,412	1,605	-	-
Exercised of unlisted options at 12.6 cents	1,000,000	126	-	-
Shares issued at 22 cents each pursuant to placements	50,000,000	11,000	-	-
Exercise of listed options at 25 cents	234,911	59	-	-
Exercise of employee rights at 1 cents	73,168	1	-	-
In-Specie Distribution*	-	(4,658)	-	-
Shares issued at 20 cents each pursuant to an agreement for services rendered	-	-	710,000	142
Shares issued at 11 cents each pursuant to a Renounceable Rights Issue	-	-	196,299,518	21,593
Shares issued at 17 cents each pursuant to placements	-	-	51,559,446	8,765
Options exercised during the year	-	-	6,500,000	812
Transfer from equity-settled option reserve (options exercised)	-	104	-	743
Share issue costs	-	(550)	-	(2,366)
Balance at end of financial year	**465,790,327**	**67,337**	**405,040,836**	**59,650**
Listed options				
Balance at beginning of financial year	121,458,787	-	-	-
Listed options exercised during the year	(234,911)	-	-	-
Listed options (with an exercise price of 25 cents and expiring 30 November 2011) issued pursuant to a placement (initially issued as unlisted options)	-	-	22,808,823	-
Listed options (with an exercise price of 25 cents and expiring 30 November 2011) issued pursuant to a Renounceable Rights Issue	-	-	98,149,964	-
Listed options (with an exercise price of 25 cents and expiring 30 November 2011) issued pursuant to an agreement for services rendered	-	-	500,000	-
Option issue costs	-	-	-	-
Balance at end of financial year	**121,223,876**	**-**	**121,458,787**	**-**

** In late 2010 the Company announced its intention to undertake a return of capital to shareholders under certain conditions via an in-specie distribution of ordinary shares held by the Company in Kimberley Rare Earths Ltd (ASX:KRE). Shareholders approved the distribution at an EGM held on 6 May 2011. Shareholders received one (1) KRE ordinary share for every twenty (20) Navigator ordinary shares held on 16 May 2011 ("Record Date"). The return of capital equated to 1 cent per Navigator ordinary share. A total of 23,289,610 KRE ordinary shares were distributed to eligible Navigator shareholders on 20 June 2011.*

The Company has considered Australian Accounting Standards Board interpretation 17 "Distributions of Non-cash Assets to Owners" in relation to the treatment of the in-specie distribution.

Interpretation 17 refers to distributions of non-cash assets to owners and implies that such distributions could be construed as dividends. Given that the in-specie distribution was effected in accordance with the share capital reduction provisions of the Corporations Act, the Company has chosen to treat the in-specie distribution as a reduction of share capital.

Fully paid ordinary shares carry one (1) vote per share and carry the right to dividends. Listed options issued by the Company carry no rights to dividends and no voting rights.

15. Issued Capital (continued)

Unlisted Share Options on Issue

Unlisted share options issued by the Company carry no rights to dividends and no voting rights.

As at 30 June 2011, the Company had 71,166,979 unlisted share options on issue (2010: 49,057,718) exercisable on a 1:1 basis for 71,166,979 shares (2010: 49,057,718) at various exercise prices. The options expire between 30 November 2011 and 1 December 2015. Further details of options granted are contained in note 26 to the financial statements.

16. Reserves

	Consolidated	
	2011	**2010**
	$'000	**$'000**
Option premium reserve	8,199	5,134
	8,199	**5,134**

The Option Reserve arises on the grant of share options to executives, employees, consultants, advisors, brokers or financiers. Further information about share-based payments is available in note 26 to the financial statements. Details of movements in this reserve are set out in the Statement of Changes in Equity.

17. Earnings/(Loss) per Share

	Consolidated	
	2011	**2010**
	Cents per share	**Cents per share**
Basic earnings/(loss) per share	**0.68**	**(10.93)**

Basic Loss per Share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2011	**2010**
	$'000	**$'000**
Net profit/(loss)	**3,044**	**(21,157)**
	2011	**2010**
	No.	**No.**
Weighted average number of ordinary shares for the purposes of basic loss per share	**445,528,090**	**193,567,799**

Diluted Earnings /(Loss) per Share

Diluted earnings/(loss) per share has not been calculated as the result is anti-dilutive in nature.

18. Segment Reporting

The Group has two (2) reportable segments, as described below, which are the Group's strategic business units. The business units are managed separately as they require different processes and skills. The Chief Operating Officer and the Managing Director manage the production operations and the Exploration Manager manages exploration. These managers review internal management reports on a monthly basis and report to the Managing Director who ultimately reports to the Board of Directors. The business units operate in one (1) geographical area, being Western Australia, and in one (1) industry section, being mineral exploitation and exploration.

The Group's reportable segments and activities are:

- Production – which includes mining, extraction and processing of gold;
- Exploration – which includes exploration for mineral resources; and
- Corporate.

18. Segment Reporting (continued)

The Group has no reliance on any one customer as gold produced can be sold through various banks and agents at spot prices.

Segment Financial Information

30 June 2011	Corporate	Exploration	Production	Unallocated	Total
Segment revenue	14	6,639	106,180	-	112,833
Segment net profit/(loss) after tax	(9,143)	6,639	5,548	-	3,044
Interest income	625	28	162	-	815
Interest expense	-	-	4,895	-	4,895
Depreciation and amortisation	394	-	4,602	-	4,996
Income tax expense	-	-	-	-	-
Segment assets	2,525	24,810	49,231	-	76,566
Segment liabilities	622	176	25,219	-	26,017

30 June 2010	Corporate	Exploration	Production	Unallocated	Total
Segment revenue	-	3,738	12,244	-	15,982
Segment net profit/(loss) after tax	(10,646)	806	(11,317)	-	(21,157)
Interest income	453	15	6	-	474
Interest expense	804	-	5,006	-	5,810
Depreciation and amortisation	47	35	792	-	874
Income tax expense	213	-	-	-	213
Segment assets	3,060	20,299	42,700	-	66,059
Segment liabilities	1,224	1,147	27,023	-	29,394

19. Commitments for Expenditure

(a) Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are not provided for in the Financial Report.

Due to the nature of the Consolidated Entity's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future exploration expenditure, although it will be necessary to incur expenditure in order to retain present interests in mineral tenements. Expenditure commitments on mineral tenure for the Consolidated Entity can be reduced by selective relinquishment of exploration tenure or by the renegotiation of expenditure commitments. The level of exploration expenditure required to meet these minimum expenditure amounts to retain tenure of all current mineral titles and meet joint venture commitments for the year ending 30 June 2012 for the Consolidated Entity is approximately $5,082 thousand (2010: $5,970 thousand).

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the Statement of Financial Position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

19. Commitments for Expenditure (continued)

(b) Operating Lease Commitments

Operating leases relate to head and regional office premises with lease terms of between one (1) and three (3) years, with an option to extend for a further one (1) to three (3) years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

Non-cancellable operating lease commitments:

	Consolidated	
	2011 $'000	**2010 $'000**
Not longer than 1 year	252	238
Longer than 1 year and not longer than 5 years	79	312
Longer than 5 years	-	-
	331	**550**

(c) Hire Purchase Commitments

The Group has hire purchase contracts for various items of plant and machinery. These hire purchase arrangements have no terms of renewal or escalation clauses but include a purchase option.

Future minimum payments under hire purchase contracts together with the present value of the net minimum payments are as follows:

Non-cancellable hire purchase commitments:

	Consolidated	
	2011 $'000	**2010 $'000**
Not longer than 1 year	471	-
Longer than 1 year and not longer than 5 years	544	-
Total minimum payments	1,015	-
Less finance charges	(86)	-
Present value of minimum payments	**929**	**-**

20. Joint Ventures

The Consolidated Entity has interests in the following unincorporated joint ventures:

Joint venture	Principal activity	Percentage interest	Other participants
Laura River	Exploration	30%	Magma Metals Ltd
Eastman	Exploration	30%	Magma Metals Ltd
Jundee	Exploration	70%	Mark Gareth Creasy
Cummins Range	Exploration	75%	Kimberley Rare Earths Ltd

As at 30 June 2011 the Consolidated Entity's interests in joint venture assets, being capitalised exploration and evaluation costs in these joint ventures, is $1,865 thousand (2010: Nil).

21. Contingent Liabilities and Contingent Assets

In the opinion of the Directors, there are no contingent liabilities as at 30 June 2011 and no contingent liabilities were incurred in the interval between the period end and the date of this financial report.

22. Subsidiaries

Name of entity	Country of incorporation	Ownership interest 2011 %	Ownership interest 2010 %
Parent entity			
Navigator Resources Ltd *(i)*	Australia	100	100
Subsidiaries			
Navigator Mining Pty Ltd	Australia	100	100
Navigator (Bronzewing) Pty Ltd	Australia	100	100

(i) Navigator Resources Ltd is the head entity within the tax-consolidated group. All the companies are members of the tax-consolidated group.

23. Parent Entity

The parent company throughout the financial year ended 30 June 2011 was **Navigator Resources Ltd.**

	Parent Entity 2011 $'000	Parent Entity 2010 $'000
Results of the parent entity		
Profit (loss) for the period	(2,496)	(10,880)
Other comprehensive income/(loss)	-	-
Total comprehensive (loss) for the period	**(2,496)**	**(10,880)**
Financial position of the parent entity at year end		
Current assets	167	864
Non-current assets *(i)*	67,105	62,748
Total assets	**67,272**	**63,612**
Current liabilities	11,680	16,387
Non-current liabilities	48	24
Total liabilities	**11,728**	**16,411**
Total equity of parent entity comprising of:		
Share capital	67,337	59,650
Reserves	8,199	5,134
Accumulated losses	(19,992)	(17,583)
Total equity	**55,544**	**47,201**

(i) Non-current assets include intercompany loans owed from subsidiary entities, which are considered recoverable based on life of mine plans and cash flow projections.

24. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated 2011 $'000	Consolidated 2010 $'000
Cash and cash at bank	2,467	3,777
	2,467	**3,777**

24. Notes to the Statement of Cash Flows (continued)

(b) Reconciliation of Loss for the Period to Net Cash Flows from Operating Activities

	Consolidated	
	2011	**2010**
	$'000	**$'000**
Profit / (loss) for the year	3,044	(21,157)
Net gain on disposal of non-current assets	(6,641)	(95)
Depreciation	2,901	561
Amortisation	2,095	313
Impairment of exploration expenditure	-	294
Impairment of production tenements	785	-
Impairment of available-for-sale asset	665	-
Write down of deferred mining	1,290	-
Equity-settled share-based payment	(193)	1,969
Borrowing costs and facility fees	2,684	4,185
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Current receivables	1,809	(3,499)
Non-current receivables	-	-
Deferred mining expenditure	1,089	(5,300)
Current inventories	1,958	(7,940)
Increase/(decrease) in liabilities:		
Trade and other payables	(609)	6,986
Provisions	940	(1,002)
Net cash provided by/(used) in operating activities	**11,817**	**(22,681)**

25. Financial Instruments

<u>Overview</u>

The Company has exposure to the following risks from its use of financial instruments:

- market risk;
- credit risk;
- liquidity risk; and
- capital risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout this note and the Financial Report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

<u>Market Risk Management</u>

(a) Interest Rate Risk

The Group is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The Group manages this risk by maintaining an appropriate mix between fixed and floating rated products, which also facilitates access to money.

25. Financial Instruments (continued)

Market Risk Management (continued)

(a) Interest Rate Risk (continued)

Although some of the Group's assets are subject to interest rate risk, it is not dependent on this income. Interest income is only incidental to the Group's operations and operating cash flows. The Group is exposed to interest rate risk associated with borrowed funds and funds on deposit.

Interest Rate Sensitivity Analysis

At reporting date, if interest rates had been 1% (100 basis points higher) and all other variables were constant, the impact on the Group would be as follows:

	Consolidated	
	2011 $'000	2010 $'000
Change in profit		
increase in interest rates by 1%	(18)	(46)
decrease in interest rates by 1%	18	46
Change in equity		
increase in interest rates by 1%	(18)	(46)
decrease in interest rates by 1%	18	46

The following tables detail the Group's remaining contractual maturities for its non-derivative financial assets and liabilities and has been prepared on the following basis:

- Financial assets – based on the undiscounted contractual maturities including interest that will be earned on those assets except where the Company/Group anticipates that the cash flow will occur in a different period; and
- Financial liabilities – based on undiscounted cash flows on the earliest date on which the Group can be required to pay, including both interest and principal cash flows.

	Consolidated				
2011	**Average interest rate**	**Floating interest rate $'000**	**Fixed interest rate $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial assets					
Cash and cash equivalents	*(i)*	2,150	-	317	2,467
Trade and other receivables	-	-	-	1,943	1,943
Security deposits for environmental bonds	5.09%	6,863	-	-	6,863
		9,013	**-**	**2,260**	**11,273**
Financial liabilities					
Trade and other payables	-	-	-	7,494	7,494
Hire purchase contracts	8.63%	-	1,147	-	1,147
Borrowings	10.03%	11,105	-	-	11,105
		11,105	**1,147**	**7,494**	**19,746**

(i) Interest rates vary between 0% and 4.75% depending on account type and balance.

25. Financial Instruments (continued)

Market Risk Management (continued)

(a) Interest Rate Risk (continued)

2010	Average interest rate	Floating interest rate $'000	Fixed interest rate $'000	Non-Interest bearing $'000	Total $'000
	Consolidated				
Financial assets					
Cash and cash equivalents	*(i)*	3,640	-	137	3,777
Trade and other receivables	-	-	-	3,752	3,752
Security deposits for environmental bonds	4.56%	6,822	-	-	6,822
		10,462	**-**	**3,889**	**14,351**
Financial liabilities					
Trade and other payables	-	-	-	8,586	8,586
Hire purchase contracts	-	-	-	-	-
Borrowings	9.23%	15,188	-	-	15,188
		15,188	**-**	**8,586**	**23,774**

(i) Interest rates vary between 0% and 4.55% depending on account type and balance.

(b) Commodity Risk

The Consolidated Entity's exposure to commodity risk arises from movements in the gold price as a result of gold production. The Consolidated Entity does not have any derivative financial instruments associated with gold price protection.

Gold Price Sensitivity Analysis

The Group has performed a sensitivity analysis relating to its exposure to gold price risk at balance date. This sensitivity analysis demonstrates the effect on the year results and equity which could result from a change in these risks.

As at 30 June 2011, the effect on profit and equity as a result of changes in the Australian dollar gold price and based on gold sold within the year with all other variables remaining constant would be as follows:

	Consolidated 2011 $'000	2010 $'000
Change in profit		
increase in A$ gold price by 10%	10,548	1,544
decrease in A$ gold price by 10%	(10,548)	(1,544)
Change in equity		
increase in A$ gold price by 10%	10,548	1,544
decrease in A$ gold price by 10%	(10,548)	(1,544)

(c) Currency Risk

The Consolidated Entity is exposed to the Australian dollar currency risk on gold sales which are denominated in US dollars on the world market. The Consolidated Entity is also exposed to currency risk on other inputs to the mining process which are denominated in US dollars, such as the price of oil. The Consolidated Entity does not have any derivative financial instruments associated with currency protection.

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Audit Committee annually. The Consolidated Entity measures credit risk on a fair value basis.

25. Financial Instruments (continued)

Credit Risk Management (continued)

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity Risk Management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk management is the responsibility of the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities, identifying when further capital raising initiatives are required.

(a) Fair Value of Financial Instruments

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table present the Group's assets and liabilities measured and recognised at fair value at 30 June 2011.

2011	**Consolidated Level 1 $'000**	**Consolidated Level 2 $'000**	**Consolidated Level 3 $'000**	**Consolidated Total $'000**
Assets				
Available-for-sale financial assets	1,837	-	-	1,837
	1,837	**-**	**-**	**1,837**

2010	**Consolidated Level 1 $'000**	**Consolidated Level 2 $'000**	**Consolidated Level 3 $'000**	**Consolidated Total $'000**
Assets				
Available-for-sale financial assets	-	-	-	-
	-	**-**	**-**	**-**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value interest rate swap is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise debt investments and derivative instruments. In the circumstances where a valuation technique for these instruments is based on significant unobtrusive inputs, such as instruments are included in level 3.

25. Financial Instruments (continued)

Capital Risk Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Group consists of equity, comprising issued capital and reserves, net of accumulated losses. The Group's policy in previous years has been to use capital market issues to meet the funding requirements of the Group. The Group has now commenced commercial mining operations and the main day to day funding requirements of the Group will be met from internal cash flow generated from mining operations.

The Consolidated Entity is subject to externally imposed capital requirements under the terms of the lending agreements with the Group's bankers.

26. Share-based Payments

Employee Share Options

The Group has the following ownership-based compensation schemes for executive and senior employees of the Group as approved by shareholders at previous annual general meetings:

- Executive and Employee Option Plan ("EEOP"); and
- Incentive Rights Scheme ("IRS").

Under both schemes, each employee share option converts into one (1) ordinary share of Navigator Resources Ltd on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

In accordance with the provisions of the EEOP, executives and employees may be granted options at the discretion of the Directors. The number of options granted is at the sole discretion of the Directors subject to the total number of outstanding options being issued under the EEOP not exceeding 5% of the Company's issued capital at any one time.

In respect of the IRS, the scheme comprises of both a Medium Term Incentive Plan ("MTIP") and a Long Term Incentive Plan ("LTIP"). The number of options granted under the MTIP and LTIP, and the associated terms and conditions – including requirements to meet key performance indicators associates with grant, are at the discretion of the Directors.

The number of options granted under IRS shall not exceed 5% of the Company's issued capital at any one time. Options issued to Directors are not issued under the IRS but are subject to approval by shareholders and attach vesting conditions as appropriate.

Employee Share-based Payment Arrangements in Existence During Period

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Options series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
6934	365,842	24 February 2011	24 February 2014	0.0010	0.1333
6940	500,000	13 October 2008	28 April 2012	0.2138	0.0723
6941	500,000	13 October 2008	28 April 2013	0.2110	0.0811
6942	150,000	20 October 2008	19 May 2012	0.2138	0.0697
6943	150,000	20 October 2008	19 May 2013	0.1950	0.0798
6944	500,000	20 October 2008	21 July 2012	0.2138	0.0713
6945	500,000	20 October 2008	21 July 2013	0.1880	0.0817
6946	250,000	20 October 2008	20 August 2011	0.2138	0.0619
6947	250,000	20 October 2008	20 August 2012	0.2469	0.0697
6948	250,000	9 October 2008	9 October 2012	0.2290	0.0956
6949	100,000	21 October 2008	3 November 2011	0.2238	0.0695
6950	250,000	10 October 2008	5 December 2011	0.2138	0.0679
6951	250,000	10 October 2008	5 December 2012	0.1500	0.0835
6952	1,000,000	25 November 2008	30 June 2011	0.3000	0.0448
6953	250,000	19 December 2008	9 October 2013	0.2030	0.0763
6956	1,500,000	24 February 2011	24 February 2014	0.2850	0.1064
6957	500,000	24 February 2011	2 June 2014	0.2850	0.1106

26. Share-based Payments (continued)

Employee Share-based Payment Arrangements in Existence During Period (continued)

Options series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
6958	250,000	24 February 2011	16 November 2014	0.2850	0.1141
6959	1,000,000	30 July 2009	30 November 2011	0.2900	0.0902
6960	500,000	30 July 2009	25 May 2013	0.2400	0.1302
6961	500,000	30 July 2009	25 May 2014	0.1707	0.1348
6962	500,000	30 July 2009	25 May 2015	0.1507	0.1378
6963	500,000	24 February 2011	1 February 2015	0.2950	0.1181
6964	250,000	24 February 2011	8 March 2015	0.2850	0.1169

The fair value of the share options granted during the financial year is $268,107 (2010: $298,468). Options were priced using a Black-Scholes pricing model. Expected volatility is based on the movement of the underlying share price around its average share price over the expected term of the option. The Directors have determined the expected period of exercise to be similar to the option life based on historical experience.

The exercise price of options issued prior to 16 May 2011 were adjusted downwards by 1 cent per option to take into account the 1 cent per share return of capital undertaken by the Company effective 16 May 2011 ("Record Date") via the in-specie distribution of shares in Kimberley Rare Earths Ltd to eligible Navigator shareholders at the Record Date.

	Option series					
Inputs into the model	6934	6956	6957	6958	6963	6964
Grant date share price	$0.1950	$0.1950	$0.1950	$0.1950	$0.1950	$0.1950
Exercise price	$0.0100	$0.2950	$0.2950	$0.2950	$0.2950	$0.2950
Expected volatility	150%	150%	150%	150%	150%	150%
Option life	3.0 years	3.0 years	3.33 years	3.75 years	3.92 years	4.08 years
Discount for lack of marketability	30%	30%	30%	30%	30%	30%
Risk-free interest rate	5.45%	5.45%	5.45%	5.45%	5.45%	5.45%

The following reconciles the outstanding share options granted as employee share-based payments at the beginning and end of the financial year:

	2011		2010	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of financial year	6,800,000	0.230	4,900,000	0.240
Granted during the financial year	3,365,842	0.264	2,500,000	0.260
Exercised during the financial year *(i)*	(73,168)	0.010	-	-
Expired during the financial year	(2,500,000)	0.282	(600,000)	0.230
Sub-total	7,592,674	0.234	6,800,000	0.230
Adjustment to price ex return of capital	7,592,674	(0.010)	-	-
Balance at end of financial year *(ii)*	7,592,674	0.224	-	-
Exercisable at end of financial year	**6,300,000**	**0.236**	**5,050,000**	**0.250**

(i) Exercised During the Financial Year

There were 73,168 employee share options exercised during the current financial year (2010: Nil).

(ii) Balance at End of Financial Year

The employee share options outstanding at the end of the financial year had a weighted average remaining contractual life of 2.2 years (2010: 2.4 years).

Unlisted Options Issued to Outside Parties

In addition to options issued to Directors and employees, the Group also issued options to various outside parties including bankers, as part of financing fees, advisors, as part of equity issue fees, and to other parties in relation to share placements.

26. Share-based Payments (continued)

Unlisted Options Issued to Outside Parties (continued)

Options series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
6954 *(iii)*	2,675,000	22 May 2009	1 June 2011	0.300	-
6933 *(i)(ii)*	1,000,000	21 July 2010	30 November 2011	0.126	0.1039
6972 *(i)*	1,780,882	27 January 2010	27 January 2013	0.185	0.0803
6973 *(i)*	11,759,024	3 May 2010	30 November 2011	0.240	0.0768
6973 *(i)*	3,015,134	17 December 2010	30 November 2011	0.240	0.0768
6973 *(i)*	1,013,490	21 April 2011	30 November 2011	0.240	0.0768
RMB01	7,500,000	30 September 2009	30 September 2014	0.185	0.1827
RMB02	4,500,000	30 October 2009	30 October 2014	0.185	0.1287
RMB03 *(iv)*	6,500,000	15 January 2010	15 January 2015	0.115	0.1141
RMB04	8,024,464	7 May 2010	7 May 2015	0.115	0.1006
RMB05 (6936)	6,018,348	28 May 2010	28 May 2015	0.115	0.1140
RMB06 (6935)	19,962,963	1 December 2010	1 December 2015	0.115	0.1344

(i) These options are referable to and accounted for in the 2009/10 financial year
(ii) These options were exercised during the current financial year
(iii) Expired during the current financial year
(iv) Exercised in the 2009/10 financial year

Options were priced using a Black-Scholes pricing model. Expected volatility is based on the movement of the underlying share price around its average share price over the expected term of the option. The Directors have determined the expected period of exercise to be similar to the option life based on historical experience.

	Option series	
Inputs into the model	**6973**	**RMB06**
Grant date share price	$0.180	$0.205
Exercise price	$0.250	$0.125
Expected volatility	150%	150%
Option life	1.6 years	5.0 years
Discount for lack of marketability	30%	30%
Risk-free interest rate	5.05%	5.11%

The following reconciles the outstanding share options granted as share-based payments to outside parties at the beginning and end of the financial year:

	2011		2010	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Balance at beginning of financial year	42,257,718	0.194	2,675,000	0.300
Granted during the financial year	24,991,587	0.137	46,082,718	0.178
Exercised during the financial year *(i)*	(1,000,000)	0.126	(6,500,000)	0.125
Expired during the financial year	(2,675,000)	0.300	-	-
Sub-total	63,574,305	0.168	42,257,718	0.194
Adjustment to price ex return of capital	63,574,305	(0.010)	-	-
Balance at end of financial year *(ii)*	63,574,305	0.158	42,257,718	0.194
Exercisable at end of financial year	**63,574,305**	**0.158**	**42,257,718**	**0.194**

(i) Exercised During the Financial Year

There were 1,000,000 non-employee share options exercised during the current financial year (2010: 6,500,000) and 2,675,000 lapsed (2010: Nil).

(ii) Balance at End of Financial Year

The non-employee share options outstanding at the end of the financial year had a weighted average remaining contractual life of 2.3 years (2010: 3.3 years).

27. Related Party Transactions

Equity Interests in Related Parties

(a) Equity Interests in Subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 22 to the financial statements.

Transactions with Key Management Personnel

(a) Key Management Personnel Compensation

Details of key management personnel compensation are disclosed in the Remuneration Report which forms part of the Directors' Report and have been audited. These are summarised below:

	Consolidated	
	2011 $	2010 $
Short-term employee benefits	1,693,555	1,379,080
Cash bonus payments	75,200	95,000
Post-employment benefits	175,457	129,069
Other benefits	132,585	96,864
Termination benefits	181,693	-
Share-based payments	187,435	260,900
	2,445,925	**1,960,913**

(b) Key Management Personnel Equity Holdings

Fully paid ordinary shares of Navigator Resources Ltd:

2011	Balance at 1 July 2010 No.	Balance on appointment/ resignation No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 2011 No.
Directors						
Allan Trench	2,334,610	-	-	-	208,000	2,542,610
David Hatch	1,377,000	-	-	-	400,500	1,777,500
Gordon Galt *(iv)*	-	-	-	-	-	-
Matt Healy	200,000	-	-	-	-	200,000
Ian Macpherson	1,894,444	-	-	-	176,000	2,070,444
John Shipp	1,036,574	-	-	-	88,000	1,124,574
Executives						
Trevor Cook *(iii)*	-	62,500	-	-	62,500	N/A
Gerry Kaczmarek	230,000	-	-	-	88,000	318,000
Bernie Kirkpatrick	-	-	-	-	-	-
Michelle Simson	N/A	-	-	73,168	(70,000)	3,168
Ian Bignell *(iii)*	-	-	-	-	-	N/A
Tim Blyth *(v)*	N/A	-	-	-	-	-
	7,072,628	**62,500**	**-**	**73,168**	**953,000**	**8,036,296**

(iii) resigned 11 April 2011
(iv) resigned 31 January 2011
(v) appointed 22 June 2011

27. Related Party Transactions (continued)

Transactions with Key Management Personnel

(b) Key Management Personnel Equity Holdings (continued)

2010	Balance at 1 July 2009 No.	Balance on appointment/ resignation No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 2010 No.
Directors						
Allan Trench	1,062,385	-	-	-	1,272,225	2,334,610
David Hatch	-	-	-	-	1,377,000	1,377,000
Gordon Galt	-	-	-	-	-	-
Matt Healy	100,000	-	-	-	100,000	200,000
Ian Macpherson	947,222	-	-	-	947,222	1,894,444
John Shipp	425,787	-	-	-	610,787	1,036,574
Tom Sanders *(i)*	8,109,029	8,109,029	-	-	-	N/A
Executives						
Trevor Cook	-	-	-	-	-	-
Gerry Kaczmarek	-	-	-	-	230,000	230,000
Bernie Kirkpatrick	-	-	-	-	-	-
Ian Bignell *(ii)*	N/A	-	-	-	-	-
	10,644,423	**8,109,029**	**-**	**-**	**4,537,234**	**7,072,628**

(i) resigned 10 November 2009
(ii) appointed 1 February 2010

Listed share options of Navigator Resources Ltd (ASX: NAVO):

2011	Balance at 1 July 2010 No.	Balance on appointment/ resignation No.	Granted as compensation No.	Exercised No.	Net other change No.	Balance at 30 June 2011 No.
Directors						
Allan Trench	546,153	-	-	-	-	546,153
David Hatch	551,000	-	-	-	-	551,000
Gordon Galt *(iv)*	-	-	-	-	-	N/A
Matt Healy	50,000	-	-	-	(50,000)	-
Ian Macpherson	473,612	-	-	-	-	473,612
John Shipp	250,394	-	-	-	-	250,394
Executives						
Trevor Cook *(iii)*	-	-	-	-	-	N/A
Gerry Kaczmarek	100,000	-	-	-	(100,000)	-
Bernie Kirkpatrick	-	-	-	-	-	-
Michelle Simson	N/A	-	-	-	-	-
Ian Bignell *(iii)*	-	-	-	-	-	N/A
Tim Blyth *(v)*	-	-	-	-	-	-
	1,971,159	**-**	**-**	**-**	**(150,000)**	**1,821,159**

(iii) resigned 11 April 2011
(iv) resigned 31 January 2011
(v) appointed 22 June 2011

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27. Related Party Transactions (continued)

Transactions with Key Management Personnel

(b) Key Management Personnel Equity Holdings (continued)

2010	Balance at 1 July 2009 No.	Balance on appointment/ resignation No.	Granted as compensation No.	Exercised No.	Net other change No.	Balance at 30 June 2010 No.
Directors						
Allan Trench	-	-	-	-	546,153	546,153
David Hatch	-	-	-	-	551,000	551,000
Gordon Galt	-	-	-	-	-	-
Matt Healy	-	-	-	-	50,000	50,000
Ian Macpherson	-	-	-	-	473,612	473,612
Tom Sanders *(i)*	-	-	-	-	-	N/A
John Shipp	-	-	-	-	250,394	250,394
Executives						
Trevor Cook	-	-	-	-	-	-
Gerry Kaczmarek	-	-	-	-	100,000	100,000
Bernie Kirkpatrick	-	-	-	-	-	-
Ian Bignell *(ii)*	N/A	-	-	-	-	-
	-	**-**	**-**	**-**	**1,971,159**	**1,971,159**

(i) resigned 10 November 2009
(ii) appointed 1 February 2010

Unlisted share options of Navigator Resources Ltd:

2011	Balance at 1 July 2010 No.	Balance on appointment /resignation No.	Granted as compensation No.	Exercised No.	Net other change No.	Balance at 30 June 2011 No.	Vested but not exercisable No.	Vested during year No.	Vested and exercisable at 30 June 2011 No.
Directors									
Allan Trench	-	-	-	-	-	-	-	-	-
David Hatch	1,500,000	-	-	-	-	1,500,000	-	500,000	1,500,000
Gordon Galt *(iv)*	1,000,000	1,000,000	-	-	-	N/A	-	-	N/A
Matt Healy	1,000,000	-	-	-	-	1,000,000	-	-	1,000,000
Ian Macpherson	-	-	-	-	-	-	-	-	-
John Shipp	-	-	-	-	-	-	-	-	-
Executives									
Trevor Cook *(iii)*	1,000,000	1,000,000	-	-	-	N/A	-	-	N/A
Gerry Kaczmarek	-	-	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000
Bernie Kirkpatrick	1,000,000	-	-	-	-	1,000,000	-	500,000	1,000,000
Michelle Simson	N/A	500,000	365,842	(73,168)	-	792,674	-	73,168	500,000
Ian Bignell *(iii)*	-	-	1,000,000	-	(1,000,000)	N/A	-	-	N/A
Tim Blyth *(v)*	N/A	-	-	-	-	-	-	-	-
	5,500,000	**2,500,000**	**2,365,842**	**(73,168)**	**(1,000,000)**	**5,292,674**	**-**	**2,073,168**	**5,000,000**

(iii) resigned 11 April 2011
(iv) resigned 31 January 2011
(v) appointed 22 June 2011

27. Related Party Transactions (continued)

Transactions with Key Management Personnel

(b) Key Management Personnel Equity Holdings (continued)

2010	Balance at 1 July 2009 No.	Balance on appointment /resignation No.	Granted as compensation No.	Exercised No.	Net other change No.	Balance at 30 June 2010 No.	Vested but not exercisable No.	Vested during year No.	Vested and exercisable at 30 June 2010 No.
Directors									
Allan Trench	-	-	-	-	-	-	-	-	-
David Hatch	-	-	1,500,000	-	-	1,500,000	-	500,000	500,000
Gordon Galt	1,000,000	-	-	-	-	1,000,000	-	-	1,000,000
Matt Healy	-	-	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000
Ian Macpherson	-	-	-	-	-	-	-	-	-
Tom Sanders *(i)*	-	-	-	-	-	N/A	-	-	N/A
John Shipp	-	-	-	-	-	-	-	-	-
Executives									
Trevor Cook	1,000,000	-	-	-	-	1,000,000	-	500,000	1,000,000
Gerry Kaczmarek	-	-	-	-	-	-	-	-	-
Bernie Kirkpatrick	1,000,000	-	-	-	-	1,000,000	-	500,000	500,000
Ian Bignell *(ii)*	N/A	-	-	-	-	-	-	-	-
	3,000,000	**-**	**2,500,000**	**-**	**-**	**5,500,000**	**-**	**2,500,000**	**4,000,000**

(i) resigned 10 November 2009
(ii) appointed 1 February 2010

(c) Other Transactions with Key Management Personnel of the Group

The loss from operations includes the following items of revenue and expense that resulted from transactions other than remuneration, loans or equity holdings, with Directors or their personally-related entities:

	Consolidated 2011 $	Consolidated 2010 $
Exploration expenditure *(i)*	-	54,297
Consultancy *(ii)*	12,100	114,399
Total recognised as expenses	**12,100**	**168,696**

(i) Salaries and wages paid to related parties of Tom Sanders whilst he was a Director of the Company.
(ii) Fees payable to Ord Nexia Pty Ltd, a company associated with Ian Macpherson for company secretarial and corporate advice to the Group on commercial terms. The balance payable by the Company to Ord Nexia at the year end was Nil (2010: $15,295).

Transactions with Other Related Parties

Other related parties include:

- the parent entity;
- entities with joint control or significant influence over the Group;
- associates;
- joint ventures in which the entity is a venturer;
- subsidiaries;
- former key management personnel; and
- other related parties.

All loans advanced to and payable to subsidiaries of the parent entity and between members of the consolidated Group are unsecured and subordinate to other liabilities. No interest is charged.

Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

Parent Entities
The ultimate parent entity in the Group is Navigator Resources Ltd.

28. Remuneration of Auditors

	Consolidated	
	2011	2010
	$	$
Auditor of the parent entity		
Audit or review of the financial reports	75,765	72,000
	75,765	**72,000**

The auditor of Navigator Resources Ltd and the Consolidated Group is HLB Mann Judd.

29. Subsequent Events

Since the end of the financial year, a number of events have occurred for the Company.

(a) On 8 July 2011 the Company advised amended terms to the previously announced renounceable, partially underwritten rights issue. The new terms were for a 7 for 2 issue at 2 cents, with a 1 for 2 free attaching option, exercisable at 4 cents and expiring on 31 July 2014, to raise up to $32.6 million. The prospectus was lodged on 8 July 2011, rights trading commenced on 13 July 2011 and the record date to determine entitlements was 25 July 2011. The rights issue closed on 9 August 2011, and was successful in raising the maximum amount. As a result, 1,630,262,087 new shares and 815,131,124 new listed options (ASX: NAVOB) were allotted on 17 August 2011. The fee paid to the underwriter was $2.06 million.

(b) On 27 June 2011 the Company announced that it had reached agreement with its financier, RMB Resources Ltd, for an extension of term (to 2 August 2011) for the existing debt facility which had been due for repayment in full on 30 June 2011. Following revision of the rights issue terms (as outlined above), a further extension to 18 August 2011 was received. Subsequent to the completion of the rights issue, the entire outstanding balance of $11.1 million was repaid, leaving the Company debt free as of 18 August 2011. A fee of $120,000 was payable for this extension as well as the issue of 10,000,000 unlisted options to RMB Australia Holdings Ltd.

(c) Within the underwriting agreement between the Company and Patersons Securities Ltd for the rights issue, a total of 500 million options were issuable to Patersons for distribution to sub-underwriters as part consideration for their participation in the rights issue. A total of 20 million options were issued on 17 August 2011 under the Company's 15% placement capacity, with the balance submitted for the approval of shareholders at an Extraordinary General Meeting which was held on 26 August 2011. The resolution to issue the 480 million options was defeated by shareholders and the Company subsequently provided a cash compensation payment to Patersons in lieu of the options of $2.88 million (based on an options value of $0.006 each).

Other than the above, there has not been any matter or circumstance occurring subsequent to the financial year end that has significantly altered, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

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Additional Shareholder Information

Pursuant to the Listing Rules of the Australian Securities Exchange, the information provided below was current as at 7 October 2011.

1. Quoted Securities

(a) Capital

Share capital comprised 2,096,093,840 fully paid ordinary shares (ASX: NAV) and 121,217,450 (ASX: NAVO) listed options and 835,096,124 (ASX: NAVOB) listed options.

(b) Substantial shareholdings lodged with the Company

Substantial holder	No. shares held
Au Mining Limited	286,894,250

(c) 20 largest shareholders

(i) Fully paid ordinary shares

	Name	No. of shares held	% held of total issued capital
1	JP Morgan Nominees Australia Limited	346,655,497	16.538
2	Au Mining Limited	243,920,000	11.637
3	Citicorp Nominees Pty Ltd	86,699,920	4.136
4	HSBC Custody Nominees (Australia) Limited	54,116,740	2.582
5	Mr Craig Stephen Marshall	48,866,000	2.331
6	Mr Robert Anthony & Mrs Helen Maree Healy	46,920,310	2.239
7	Yandal Investments Pty Ltd	35,322,000	1.685
8	National Nominees Limited	34,233,491	1.633
9	Dr Mark Bofinger	26,650,000	1.271
10	Fineact Pty Ltd	17,225,000	0.822
11	Berne No 132 Nominees Pty Ltd	16,597,178	0.792
12	ABN Amro Clearing Sydney Nominees Pty Ltd	16,023,117	0.764
13	Andama Holdings Pty Ltd	14,994,900	0.715
14	Mikonos Investments Pty Ltd	14,664,863	0.700
15	Mr Haydn Redfern	13,882,995	0.662
16	Bond Street Custodians Limited	12,978,336	0.619
17	Strover Nominees Pty Ltd	12,000,000	0.572
18	Mellett Super Pty Ltd	11,050,000	0.527
19	Isaiah Sixty Pty Ltd	10,272,988	0.490
20	Nefco Nominees Pty Ltd	10,145,711	0.484
		1,073,219,046	51.199

(ii) NAVO listed options

	Name	No. of options held	% held of total issued capital
1	Mr Rino Pasquale Pisano	33,081,430	27.291
2	Mr Robert Anthony & Mrs Helen Maree Healy	13,245,731	10.927
3	Mr Rino Pasquale & Mr Daniel Pisano	7,330,000	6.047
4	JP Morgan Nominees Australia Limited	5,055,285	4.170
5	National Nominees Limited	3,680,000	3.036
6	Mr Craig Stephen Marshall	2,559,468	2.111
7	Mr Jeffrey Charles Tyack	2,391,860	1.973
8	Forsyth Barr Custodians Limited	2,163,444	1.785
9	HSBC Custody Nominees (Australia) Limited	2,041,150	1.684

(i) NAVO listed options (continued)

	Name	No. of options held	% held of total issued capital
10	Ms Jianxing Li	1,700,000	1.402
11	Hinduja Bank (Switzerland) Limited	1,500,000	1.237
12	Mr Antonius Johannes Verplak	1,126,525	0.929
13	Mr Panayiotis Efthymiou	1,000,000	0.825
14	Mr John Neville & Mrs Jean Vera Salisbury	950,000	0.784
15	Mr Glenn Rodney Gibb	918,673	0.758
16	Ms Ah Cheng Loh	900,000	0.742
17	Mr Hugh Douglas Madden	817,153	0.674
18	Mr Peter Daniel Adams	800,000	0.660
19	Mr Lewis Staples	770,000	0.635
20	Driwash'n Guard Australia Pty Ltd	722,500	0.596
		82,753,219	68.266

(ii) NAVOB listed options

	Name	No. of options held	% held of total issued capital
1	JP Morgan Nominees Australia Limited	118,651,087	14.208
2	Citicorp Nominees Pty Ltd	74,007,171	8.862
3	HSBC Custody Nominees (Australia) Limited	59,997,862	7.185
3	Mr Craig Stephen Marshall	23,912,500	2.863
6	Yandal Investments Pty Ltd	17,661,000	2.115
7	Isaiah Sixty Pty Ltd	13,625,000	1.632
11	National Nominees Limited	10,409,875	1.247
8	Mikonos Investments Pty Ltd	10,101,000	1.210
9	Mr Simon Robert Evans	8,500,000	1.018
10	CYC Financial Services Pty Ltd	8,416,334	1.008
14	Topsands Pty Ltd	8,345,000	0.999
12	Mr John Neville Joyce	8,016,186	0.960
15	Andama Holdings Pty Ltd	7,947,450	0.952
16	Fineact Pty Ltd	7,587,500	0.909
4	Nefco Nominees Pty Ltd	7,302,725	0.874
17	BMS – Forums Pty Ltd	5,425,000	0.650
18	Worldpower Pty Ltd	5,400,000	0.647
19	Mr Haydn Redfern	5,398,943	0.647
20	Interdale Pty Ltd	5,298,300	0.634
20	Bremerton Pty Ltd	5,274,150	0.632
		411,277,083	49.252

(d) Distribution of shareholders

(i) Fully paid ordinary shares

Spread of holdings	No. of holders	No. of shares	% of total issued capital
1 – 1,000	902	342,166	0.016
1,001 – 5,000	663	1,972,684	0.094
5,001 – 10,000	496	4,163,266	0.199
10,001 – 100,000	1,957	86,423,013	4.123
100,001 & over	1,408	2,003,192,711	95.568
	5,426	2,096,093,840	100.000

(ii) NAVO listed options

Spread of holdings	No. of holders	No. of options	% of total issued capital
1 – 1,000	108	54,712	0.045
1,001 – 5,000	287	880,963	0.727
5,001 – 10,000	139	1,104,251	0.911
10,001 – 100,000	431	14,768,112	12.183
100,001 & over	109	104,409,412	86.134
	1,074	121,217,450	100.000

(iii) NAVOB listed options

Spread of holdings	No. of holders	No. of options	% of total issued capital
1 – 1,000	17	7,506	0.001
1,001 – 5,000	50	147,202	0.018
5,001 – 10,000	72	554,864	0.066
10,001 – 100,000	586	28,174,735	3.374
100,001 & over	594	806,211,817	96.541
	1,319	835,096,124	100.000

(e) Number of shareholders holding less than a marketable parcel

(i) Fully paid ordinary shares

The number of shareholdings held in less than a marketable parcel based on a share value of $0.021 per share is:

Spread of holdings	No. of holders
1 – 23,809 shares	2,719
23,810 shares & over	2,707
	5,426

(ii) NAVO listed options

The number of shareholdings held in less than a marketable parcel based on a value of the underlying share of $0.021 is:

Spread of holdings	No. of holders
1 – 23,809 options	719
23,810 options & over	355
	1,074

(ii) NAVOB listed options

The number of shareholdings held in less than a marketable parcel based on a value of the underlying share of $0.021 is:

Spread of holdings	No. of holders
1 – 23,809 options	263
23,810 options & over	1,056
	1,319

(f) Voting rights

The voting rights attached to each class of equity security are as follows.

(i) Fully paid ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(ii) Listed options

Listed options carry no attaching voting rights.

2. Unquoted Securities

The following options, which have no voting rights, are on issue as at 7 October 2011.

Options	No. of options	No. of holders
Unlisted options exercisable at 29.00 cents each by 30 November 2011	1,000,000	1
Unlisted options exercisable at 24.00 cents each by 30 November 2011	15,787,648	7
Unlisted options exercisable at 20.58 cents each by 5 December 2011	250,000	1
Unlisted options exercisable at 20.58 cents each by 28 April 2012	500,000	1
Unlisted options exercisable at 20.58 cents each by 19 May 2012	150,000	1
Unlisted options exercisable at 20.58 cents each by 21 July 2012	500,000	1
Unlisted options exercisable at 14.20 cents each by 5 December 2012	250,000	1
Unlisted options exercisable at 18.50 cents each by 27 January 2013	1,780,882	2
Unlisted options exercisable at 20.30 cents each by 28 April 2013	500,000	1
Unlisted options exercisable at 18.70 cents each by 19 May 2013	150,000	1
Unlisted options exercisable at 24.00 cents each by 25 May 2013	500,000	1
Unlisted options exercisable at 18.00 cents each by 21 July 2013	500,000	1
Unlisted options exercisable at 0.10 cents each by 24 February 2014	109,753	1
Unlisted options exercisable at 0.10 cents each by 24 February 2014	182,921	1
Unlisted options exercisable at 27.70 cents each by 24 February 2014	750,000	2
Unlisted options exercisable at 17.07 cents each by 25 May 2014	500,000	1
Unlisted options exercisable at 27.70 cents each by 2 June 2014	500,000	1
Unlisted options exercisable at 18.50 cents each by 30 September 2014	7,500,000	1
Unlisted options exercisable at 18.50 cents each by 30 October 2014	4,500,000	1
Unlisted options exercisable at 27.70 cents each by 8 March 2015	250,000	1
Unlisted options exercisable at 11.50 cents each by 7 May 2015	8,024,464	1
Unlisted options exercisable at 15.07 cents each by 25 May 2015	500,000	1
Unlisted options exercisable at 11.50 cents each by 28 May 2015	6,018,348	1
Unlisted options exercisable at 2.10 cents each by 19 August 2015	10,000,000	1
Unlisted options exercisable at 11.50 cents each by 1 December 2015	19,962,963	1

3. Company Secretary

The Company Secretary is Mr Gerry Kaczmarek.

4. Registered Office and Principal Place of Business

Ground Floor, 45 Richardson Street
West Perth WA Australia 6005
Tel: (08) 9226 5311
Fax: (08) 9226 5411

5. Register of Securities

The Company's register of securities is maintained at:

Advanced Share Registry Services
150 Stirling Highway
Nedlands WA Australia 6009
Tel: (08) 9389 8033
Fax: (08) 9389 7871

6. Securities Exchange Listing

Quotation has been granted for all of the ordinary shares and listed options of the Company on all Member Exchanges of the Australian Securities Exchange Limited (ASX). The Company's ASX code for fully paid ordinary shares is "NAV" and for listed options is "NAVO" and "NAVOB".

NAVIGATOR
RESOURCES LIMITED

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