



# NAVIGATOR RESOURCES LIMITED

## ASX ANNOUNCEMENT & MEDIA RELEASE

9 July 2012

### RIGHTS ISSUE DETAILS

Perth-based gold producer **Navigator Resources Limited** (ASX: NAV) (**Navigator** or **Company**) provides the following information on its funding and proposed rights issue.

#### Highlights

- ◆ **Renounceable rights issue to raise approximately \$16 million before costs;**
- ◆ **Au Mining and D&A Income will conditionally underwrite the full amount of the issue;**
- ◆ **Terms of rights issue are 7.2 for 1 at an issue price of 0.1 cents per share;**
- ◆ **Short term finance facility increased to \$13 million; and**
- ◆ **All conditions satisfied on short term finance facility.**

#### RIGHTS ISSUE

Further to the ASX announcements of 1 June 2012, 15 June 2012 and 4 July 2012, Navigator has finalised the terms of its rights issue (**Rights Issue**) which will be undertaken as follows:

- ◆ Renounceable rights issue of shares to Eligible Shareholders on the basis of 7.2 new shares for every 1 share held;
- ◆ Issue price of 0.1 cents per share;
- ◆ Issue to raise approximately \$16 million (before costs); and
- ◆ Issue is fully underwritten by Au Mining Limited (**Au Mining**) and D&A Income Limited (**D&A Income**) subject to the obtaining of FIRB Approval.

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The Rights Issue is being extended to shareholders with registered addresses in Australia and New Zealand on the record date, which is 18 July 2012 (**Eligible Shareholders**). Shareholders with a registered address outside of Australia and New Zealand will not be eligible to participate in the Rights Issue.

As the Rights Issue is renounceable, Eligible Shareholders who do not wish to subscribe for some or all of their full entitlement to new shares (**Rights**) may sell those Rights in order to realise any value which may attach to those Rights.

Any entitlements not taken up under the Rights Issue will be deemed shortfall shares (**Shortfall Shares**). Eligible Shareholders will be given an opportunity to apply for Shortfall Shares in addition to their entitlement under the Rights Issue.

### **Underwriting Agreement**

Navigator has executed a conditional underwriting agreement with Au Mining and D&A Income (**Underwriting Agreement**) pursuant to which Au Mining and D&A Income have agreed to underwrite any shortfall under the Rights Issue. The obligation of Au Mining and D&A Income to subscribe for the shortfall under the Rights Issue is subject to Au Mining and D&A Income obtaining the approval of the Treasurer of the Commonwealth of Australia under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FIRB Approval**). An application for FIRB Approval has been lodged by Au Mining and D&A Income with a response expected in early August 2012.

Au Mining and D&A Income are substantial shareholders of Navigator and are regarded as 'associates' for the purposes of the Corporations Act. Au Mining and D&A Income hold 9.3% and 10.5% respectively of the issued share capital of the Company, with a combined relevant interest in 19.8% of the issued share capital of Navigator.

Pursuant to the Underwriting Agreement:

- (a) Au Mining and D&A Income have agreed to:
  - (i) take up their full entitlement under the Rights Issue; and
  - (ii) subscribe for any shares which are not taken up by Eligible Shareholders under the Rights Issue or the Shortfall Offer (such that any Shortfall Shares applied for by Eligible Shareholders will be issued in priority to the issue of the Shortfall Shares to the Underwriters (subject to any restrictions under the *Corporations Act 2001* (Cth))); and
- (b) the subscription price payable by Au Mining in relation to the subscription of its entitlement under the Rights Issue and any Shortfall Shares will be set off against any outstanding drawn down amounts under the short term finance facility being provided by Au Mining (**Finance Facility**) (as advised in the ASX announcements of 1 June 2012, 15 June 2012 and 4 July 2012).

Further terms and conditions of the Underwriting Agreement will be detailed in the Prospectus to be despatched to Shareholders on 20 July 2012.



## Purpose of the Rights Issue

Despite a strong prevailing gold price environment, the Company has, to date, been unable to lift production performance at the Bronzewing Gold Project (**BGP**) to a level whereby the revenue from weekly gold sales exceeds the Company's costs. Consequently, despite the commitment of significant investment capital over the last two years, the BGP and by extension, the Company, has been operating on a negative cash flow basis.

The Company has been endeavouring for a number of months to improve its financial position. This has included actively pursuing a sale process or an incoming development partner for certain other assets of the Company, including the Leonora Gold Project (**LGP**), and seeking alternative sources of funding (whether by way of debt or equity). Despite a high level of enquiry and the undertaking of formal due diligence by several interested parties in relation to the LGP, the sale and/or joint venture development process has not resulted in the Company being presented with any offers that would enable the Company to alleviate its cash position in the timeframe required. The Company has also been unable to identify any parties willing to provide the funding required by the Company other than the short term finance facility offered by Au Mining.

Given the distressed financial position of the Company, the Board deemed that the only viable alternative available to ensure the Company's continuation as a going concern was to enter into the Finance Facility and to proceed with the Rights Issue on the terms and conditions detailed in this announcement. A failure of the Company to proceed on this basis would have, in the opinion of the Board, resulted in voluntary administration being the only other available course of action.

Successful completion of the Rights Issue will raise approximately \$16 million (before costs). The primary purpose of the funds raised is to repay amounts drawn down under the Finance Facility (approximately \$12.5 million) and for the development of the Cockburn Pit at the BGP and general working capital (approximately \$3m after costs).

## Indicative Timetable

The prospectus will be lodged with both ASIC and ASX on 9 July 2012. The proposed timetable for the issue is as follows:

Event	Date
Lodgement of Prospectus with ASIC and provision of copies to ASX	9 July 2012
Company sends letter to Shareholders containing information required by ASX	9 July 2012
Rights trading commences Existing Shares quoted on an "ex" basis	12 July 2012
Record date for determining Entitlements	18 July 2012
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	20 July 2012



Event	Date
Rights trading ends	30 July 2012
Closing Date	7 August 2012
Notification of Shortfall	9 August 2012
Anticipated date for allotment of New Shares	13 August 2012
Anticipated date for despatch of holder statements (and last day for the Company to confirm to ASX all information required by Appendix 3B)	14 August 2012
Anticipated date for commencement of trading of New Shares	15 August 2012

This timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date for the Rights Issue, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the Shares. The Directors also reserve the right not to proceed with the whole or part of the Rights Issue at any time prior to allotment. In that event, the relevant application monies received from Eligible Shareholders will be returned without interest.

The New Shares will not be quoted on a deferred settlement basis.

## **FINANCE FACILITY**

In the Company's announcement of 15 June 2012 with respect to the Finance Facility being provided by Au Mining, it was noted that the drawdown for the funding tranches after the second tranche of \$2 million (which was drawn on 14 June 2012) were conditional upon Navigator arranging the deferral of at least \$4 million of future royalty payments due by Navigator between the date of signing of the Finance Facility and October 2013 with such deferred royalty payments to be ultimately paid on 31 October 2013.

This condition has been amended and completed with the deferral of the private royalty as noted in the ASX announcement of 4 July 2012 and hence there are now no outstanding conditions for future drawdowns under the Finance Facility.

The Company also advises that it has reached agreement with Au Mining that the Finance Facility be increased from \$10 million to \$13 million.

Under the terms of the Finance Facility, the Company must repay all drawn down amounts from the funds raised from the Rights Issue. If the Company elects to repay drawn down amounts from other sources (ie. other than from the Rights Issue) the Company will incur an early repayment fee of 20% of the Finance Facility limit. With the increase in the Finance Facility to \$13 million, the 20% early repayment fee is equivalent to \$2.6 million.

**Non-Executive Chairman**  
**NAVIGATOR RESOURCES LIMITED**



### **For Further Information:**

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

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### **ABOUT NAVIGATOR**

Navigator Resources Limited (ASX: NAV) acquired the Bronzewing Gold Project (located 960km northeast of Perth) in late 2009 and this Project recommenced production in April 2010. Navigator also continues to investigate development opportunities at the Leonora Gold Project (located 830km northeast of Perth).

Both gold projects are well located with respect to regional infrastructure, being in the heart of the Northeastern Goldfields region of Western Australia. All required mining permits and granted mining leases are in place both at Bronzewing and Leonora.

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

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