23 October 2015

September 2015 Quarter

Report to Shareholders

KEY POINTS:

Ararat Exploration Licence (EL 5476)
- High-grade gold in rock chips, including 22.8 g/t, 19.3 g/t, 16.9 g/t, 14.8 g/t and 13.5 g/t from quartz stockwork veining at the Irvine prospect.
- Geology & mineralisation is similar to the nearby Magdala gold deposit currently being mined at Stawell, which has been in continuous operation since 1982 producing 2.3 million ounces of gold.
- Irvine and Benno prospects may be part of a hard-rock gold source to Ararat’s historic alluvial gold deposits.
- Planning underway for an initial drill program at Irvine and Benno.

Tandarra Exploration Licence (EL 4897)
- Navarre issued with 250,000 Catalyst Metals Limited shares to satisfy terms of a Heads of Agreement providing Catalyst the right to earn a 51% equity interest in the Tandarra Gold Project.

Corporate
- Share Purchase Plan (SPP) launched in support of funding the next stage of exploration at the Irvine & Benno gold prospects, including a drill program.
- SPP closes at 5pm (Melbourne time) on 30 October 2015.

MANAGING DIRECTOR’S REVIEW

The Company continues to advance the previous quarter’s discovery of two outcropping gold prospects, Irvine and Benno, on the Ararat Exploration Licence (EL 5476), part of the 100%-owned Stawell Corridor Gold Project (Figure’s 1 and 2).

During the quarter the Company conducted further investigations testing the potential for Irvine and Benno to host multi-million ounce gold orebodies like those which have underpinned the Stawell Gold Mine, in similar rocks, just 15 kilometres north-west.

“Our work, including prospect-scale mapping and sampling of mineralised float and gold-bearing veins occurring at surface, has delivered high-grades of gold up to 22.8 grams per tonne which is providing evidence that Irvine and Benno could be part of the missing hard-rock source to Ararat’s alluvial gold,” said Navarre’s Managing Director, Geoff McDermott. “Although we are at an early stage with exploration at Irvine and Benno, the geological similarities with Stawell’s Magdala gold deposit are compelling.”

“New data from initial gravity surveying is supporting our theories as we progress towards our first drill program at Irvine and Benno to test for economic gold mineralisation which is to be funded by our recently announced Share Purchase Program.”
1. EXPLORATION

STAWELL CORRIDOR GOLD PROJECT (EL 5480 & EL 5476)

The Stawell Corridor Gold Project, incorporating the Ararat and Tatyoon exploration licences and the historic Ararat Goldfield, is located between 10 and 70 kilometres south-east of the Stawell Gold Mine which is owned by Navarre’s largest shareholder and leading Victorian gold producer, Newmarket Gold Inc. (formerly Crocodile Gold Corp.) (Figures 1 & 2). Approximately 6 million ounces of historic and modern gold production has occurred from Ararat and Stawell.

The Irvine and Benno prospects occupy the northern end of the historic Ararat Goldfield, which is estimated to have produced approximately one million ounces of gold mainly from alluvial and deep lead production during the period 1854 to 1925 (Figure 3).

Production of primary hard-rock gold from the Ararat Goldfield was low given the richness of the alluvial deposits, in contrast to the Stawell Goldfield, and is one of the main reasons to search for economic primary gold mineralisation in the vicinity of the richest alluvial gold deposits (Figures 3 & 4).
The largest gold mine along the Stawell Corridor is Stawell’s Magdala Gold Mine, which is producing gold from a deposit that has been mined to depths in excess of 1,600m below surface. Modern gold mining at Stawell has been continuous since 1982 and has contributed more than 2.3 million ounces of the total 5 million ounces of gold production from the Stawell Goldfield.

Gold mineralisation of the Stawell-style ("Stawell-style") is located on the flanks of large basalt dome structures. Stawell-style gold mineralisation is much finer grained, more continuous and more predictable than gold mineralisation typically found at Victoria’s largest goldfields at Bendigo and Ballarat.

Figure 2: Plan of the Stawell Corridor Gold Project tenements and Stawell-style targets.

Figure 3: Graph of estimated gold production from Ararat Goldfield. Unlike the Stawell Goldfield, the hard-rock (or reef) source to the alluvial gold is yet to be discovered.
(Source: modified after Cayley & Taylor 2001, Ararat 1: 100 000 map area geological report, GSV Report 115).
Irvine and Benno gold prospects

The Irvine and Benno prospects are located 15 kilometres south of Stawell’s Magdala Gold Mine and were discovered in the previous quarter (see NML ASX release 12 June 2015). In the current quarter, the Company undertook prospect-scale mapping and surface rock chip sampling and commenced a gravity survey to aid understanding of the geometry of the two basalt dome structures. This work has delivered samples from surface float and outcropping basalt-contact and quartz stockwork veining that regularly grade at double-digit grams-per-tonne gold and is confirming the existence of Stawell-style gold mineralisation occurring along at least 6 mineralised surfaces (see Figure 5).

Results to date show:

- Surface rock chip samples containing moderate to high-grade gold mineralisation with gold tenor ranging from 0.1 to over 22 grams per tonne (see Figure 5). New high-grade gold results from Irvine and Benno, during the quarter, include 22.8 g/t, 19.3 g/t, 16.9 g/t, 14.8 g/t, 13.5 g/t and 11.0 g/t (see NML ASX release 10 August 2015; Figures 5 & 6).

- Gold occurs along 6 main mineralised geological surfaces, ranging from approximately 300 metres to 1.6 kilometres in strike length.

- Evidence of primary hard-rock gold mineralisation outcropping on the hill slopes in the headwaters to lines of drainage containing historic alluvial gold workings.

The most productive mineralised surfaces mined at Stawell’s Magdala Gold Mine are the rich gold lodes that occur along the basalt margins (“basalt contact zones”). Gold mineralisation on a basalt contact zone has been identified during recent mapping and sampling at Irvine. A review of past exploration activity also revealed a single historic diamond drill hole that penetrated the basalt contact zone at the Irvine prospect.

The single historic drill hole, DD94AA254 (see Figure 5), passed through the western side of the Irvine basalt dome and is described by the previous explorer as intersecting a “classic Magdala footwall sequence” containing zones of high pyrrhotite and arsenopyrite before ending in basalt. The drill hole results include an intercept of 0.5m @ 7.2 grams per tonne of gold on the basalt contact at 86.5 metres downhole (see NML ASX release 12 June 2015). This intersection, which dates back to 1994, was never followed up by subsequent explorers. It is along strike, 500m south from DD94AA254, where Navarre has obtained surface rock chip
samples on an exposed basalt contact position that assayed up to 8.3 g/t gold (see Figure 5 and NML ASX release 12 June 2015).

Figure 5: Prospect plan showing gold assays from surface rock chip sampling and mapping at the Irvine and Benno prospects. Drill hole DD94AA254, the only historic diamond hole to penetrate a basalt contact, which recorded 0.5m @ 7.2 g/t gold, is located on the northern end of the west flank of the Irvine Basalt. Gold grades are rounded to 0.1g/t gold.
Figure 6: Photograph of gold-bearing quartz veins in shallow historic workings along the Morcam’s Luck surface.

The next steps are aimed at progressing towards a drill program of angled air-core drilling at Irvine and Benno to help identify potential Stawell-style zones or shoots of economic gold concentrations along the mapped mineralised surfaces.

The exploration program is expected to include:
1. infill geological mapping and rock chip sampling;
2. completion, interpretation and modelling of the current ground gravity survey;
3. a potential IP geophysics trial;
4. drill design and approvals; and
5. execution of an angled air-core drill program.

TANDARRA GOLD PROJECT (EL 4897)

The Tandarra Gold Project is a greenfields gold discovery under shallow cover, 40km north of the 22 million ounce Bendigo Goldfield (Figure 1). Project manager Catalyst Metals Limited ("Catalyst") has the right to earn a 51% equity interest in the Tandarra Gold Project by incurring exploration expenditure of $3 million over four years to September 2018.

Catalyst announced to the ASX on 29 July 2015 an intercept of 33.1 g/t gold over a two metre interval in ACT221 in reconnaissance air-core drilling. Catalyst is planning a follow-up drill program to infill and extend this mineralisation.

Catalyst also reported it is finalising an evaluation of previous drill results at the Tomorrow prospect in preparation for completing a mineralisation report by December 2015 to support renewal of the exploration licence.
WESTERN VICTORIA COPPER PROJECT (ELs 4590, 5425, 5426 & 5497)

Navarre’s 100%-owned Western Victoria Copper Project captures multiple, largely untested targets in 130km of Miga Arc volcanics (Figure 1), including the Eclipse, Lexington, Glenlyle and Pollockdale prospects. The Miga Arc is recognised as a continental margin arc setting similar to the Andes, host to the world’s largest known copper porphyry deposits.

No exploration activity was undertaken during the quarter.

LANDSBOROUGH FAULT GOLD PROJECT (EL 5280)

No exploration activity was undertaken during the quarter.

2. ACTIVITIES PLANNED FOR THE DECEMBER QUARTER

Stawell Corridor Gold Project:
- Infill geological mapping and rock chip sampling, at Irvine and Benno;
- Complete geophysical surveys to identify and refine targets for drilling; and
- Complete drill designs, planning and approvals for a maiden air-core drill program at Irvine and Benno.

Tandarra Gold Project (managed by Catalyst Metals Limited):
- Complete Tomorrow prospect mineralisation report; and
- Plan infill and step-out drill program as follow-up to high-grade gold.

3. CORPORATE

Tandarra Heads of Agreement - final tranche of consideration received from Catalyst

On 21 September 2015, Navarre was issued 250,000 fully paid ordinary Catalyst shares in accordance with the terms of the Heads of Agreement entered into between Navarre and Catalyst in June 2014. Under the Heads of Agreement, Navarre granted Catalyst the right to earn a 51% equity interest in the Tandarra Gold Project (EL 4897), in consideration of a cash payment by Catalyst of $50,000 and the issue of 500,000 Catalyst shares in two tranches. The 250,000 Catalyst shares issued to Navarre on 21 September 2015 comprise the second and final tranche of the shares that Catalyst agreed to issue to Navarre under the Heads of Agreement.

Capital raising

As announced on 28 September 2015, the Company launched a Share Purchase Plan (“SPP”) to eligible shareholders in support of funding the next stage of exploration of the recently discovered Irvine and Benno gold prospects, including the initial drill program.

The SPP provides the opportunity for shareholders to subscribe for up to $15,000 in new, fully paid ordinary Navarre shares (“New Shares”) in the Company without incurring brokerage or other transaction costs.

The SPP is priced at 3 cents per New Share, which represents a discount of 9% to the last closing price of Navarre shares on the ASX (3.3 cents on 22 September 2015) and a discount of 8% to the volume weighted average price of Navarre shares over the last five days on which sales of Navarre shares were recorded on ASX prior to the date of the launch announcement.

Shareholders are reminded that the SPP closes at 5:00pm (Melbourne time) on Friday 30 October 2015 and are encouraged to participate.
**Review of Research & Development Tax Incentive Registration**

The Company’s R&D tax incentive registration continues to remain under review by AusIndustry following notification in December 2014 that the registration was considered to have a high risk of non-compliance with the eligibility requirements of the R&D Tax Incentive program (Program). In September 2015, AusIndustry notified the Company of its intention to commence an examination of the Company’s registration for the Program in respect of activities conducted during the 2011/12 and 2012/13 financial years, which involves an assessment of the eligibility of the claimed R&D activities and will lead to a finding being made about the eligibility of those activities under the requirements of the Program. The Company intends to respond to the outstanding issues identified by AusIndustry and make further submissions for consideration during the examination of the registration.

The Company and its external R&D tax consultants continue to believe that the Company’s R&D registration is in compliance with the requirements of the R&D Tax Incentive program. However, there is a risk that AusIndustry may disagree with the Company’s assessment of the eligibility of its claimed R&D activities under the Program and make a finding that some or all activities are ineligible under the Program.

**Cash position**

The cash balance as at 30 September 2015 was $0.4 million ($0.5 million at 30 June 2015).

**Cost Management and Control**

The Company is mindful of the external economic conditions currently affecting the resource industry and is continuing to implement a range of considered and methodical cost control measures while retaining the ability to undertake further exploration on its premier exploration assets, in particular the Irvine and Benno prospects. As part of the Company’s response to these challenging conditions, the Company has made the position of Exploration Manager redundant and reassigned the responsibilities of the role within the Company. Navarre thanks Mr Wessley Edgar for his contribution to the Company over the last three years.

**MINERAL TENEMENT PORTFOLIO**

The mineral tenement holding of the Navarre Minerals Limited Group as at 30 September 2015 is:

<table>
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<tr>
<th>Name</th>
<th>Tenure Type</th>
<th>Tenure Type</th>
<th>Status</th>
<th>NML Group Interest</th>
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<tbody>
<tr>
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<tr>
<td>Tandarra</td>
<td>Exploration Licence</td>
<td>Granted</td>
<td>100%*</td>
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<tr>
<td><strong>LANDSBOROUGH FAULT GOLD PROJECT (east of Stawell, Victoria)</strong></td>
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<tr>
<td>Kingston</td>
<td>Exploration Licence</td>
<td>Granted</td>
<td>100%</td>
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<tr>
<td><strong>STAWEIL CORRIDOR GOLD PROJECT (south of Stawell, Victoria)</strong></td>
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<tr>
<td>Ararat</td>
<td>Exploration Licence</td>
<td>Granted</td>
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<td>Tatyoon</td>
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<tr>
<td><strong>WESTERN VICTORIA COPPER PROJECT (west of Stawell, Victoria)</strong></td>
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<td>Black Range</td>
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<td>Glenlyle</td>
<td>Exploration Licence</td>
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</tbody>
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*The Company has granted Catalyst Metals Limited the right to earn a 51% interest in Tandarra by expenditure of $3 million over a four year period to September 2018.

The Company’s beneficial interests in any farm-in or farm-out agreements did not change during the quarter, except as specifically stated elsewhere in this Report.
About Navarre Minerals Limited:

Navarre Minerals Limited (ASX: NML) is an Australian-based resources company that is creating value from a portfolio of early to advanced stage gold and copper projects in Victoria, Australia. Navarre’s aim is to discover and develop large low-cost gold and copper production through its exploration successes.

Navarre is searching for gold deposits in the partially covered extension of a corridor of rocks that host the Stawell (~5 million ounce) and Ararat (~1 million ounce) goldfields. The discovery of outcropping gold at Irvine and Benno prospects is a prime focus for the Company in 2015. These are located only 15km south of the operating Stawell Gold Mine which is owned by Navarre’s largest shareholder and leading Victorian gold producer, Newmarket Gold Inc.

The Company is also targeting large VMS and porphyry-copper and gold deposits. The Western Victoria Copper Project captures multiple, largely untested targets in 130km of western Victoria’s Miga Arc volcanics. Grassroots exploration of the Company’s extensive exploration permits is at an early stage and more than 50 new targets remain to be thoroughly drill tested.

At the high-grade Tandarra prospect within the North Bendigo Goldfield of central Victoria, exploration work is targeting the next generation of gold deposits under shallow cover 40kms north of the 22 million ounce Bendigo Goldfield. Under a farm-out agreement, Catalyst Metals Limited is earning a 51% equity interest in Tandarra by spending $3 million over four years by advancing the project towards mineral resource status.

Navarre has an experienced leadership team with over a hundred combined years of exploration, mining and finance industry experience with a proven track-record of discovery and project development.

For further information, please visit www.navarre.com.au or contact:

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Competent Person Declaration

The information in this release that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Geoffrey McDermott, who is a Member of The Australian Institute of Geoscientists and who is Managing Director of Navarre Minerals Limited. Mr McDermott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr McDermott consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This announcement contains “forward-looking statements” within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance” or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Navarre and any of its officers, employees, agents or associates. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Exploration potential is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Readers are cautioned not to place undue reliance on forward-looking statements and Navarre assumes no obligation to update such information.