NAVARRE MINERALS LIMITED

ABN 66 125 140 105

Annual Report 2014

Navarre Minerals Limited
ABN 66 125 140 105

Corporate Directory

Company
Navarre Minerals Limited
ABN 66 125 140 105
and subsidiary:
Black Range Metals Pty Ltd
ABN 31 158 123 687

Directors
Kevin Wilson (Chairman)
Geoff McDermott (Managing Director)
John Dorward
Colin Naylor

Company Secretary
Jane Nosworthy

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Stock Exchange Listing
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525 Collins Street
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ASX Code: NML

Incorporated 30 April 2007
Victoria, Australia

Contents

FORWARD LOOKING STATEMENTS

This Financial Report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

CHAIRMAN'S REPORT

Dear Fellow Shareholder,

It is my pleasure to present Navarre Minerals Limited's Annual Report for the year ending 30 June 2014.

It has been a year which has again seen challenges for mineral explorers, although we detect an improvement in business conditions towards the end of the year. Further, we believe that the outlook is positive, as Asian development continues to improve living conditions for a significant part of the global population. In our view, growth in mineral volumes will continue. At the same time, a fall-off in global exploration activity suggests there will ultimately be a strong recovery in metal prices as supply is likely to fall short of satisfying growing demand.

Your board aims to position your company to be prepared to take advantage of this anticipated supply gap and recovery in mineral prices. To this end, we have continued to manage our current exploration portfolio such that our targets are now of sufficient materiality to deliver significant gains if we are successful.

The majority of our exploration effort over the past 12 months was directed at our Western Victoria Copper Project. This project captures multiple, largely untested targets in 130km of Miga Arc volcanics. Recent work by the Geological Survey of Victoria suggests the Miga Arc is an old plate boundary, similar to the Macquarie Arc in New South Wales, where copper-gold porphyry deposits such as Cadia are exploited. This seriously under-explored region has the potential to deliver significant results for shareholders, and two drilling programs have demonstrated broad intervals of copper and gold mineralisation at our Eclipse prospect during the year. Deeper drilling will be required to chase this mineralisation down plunge. The Western Victoria Copper Project contains other targets which hold much promise, such as Lexington where porphyry-style alteration, along with copper mineralisation, has been previously reported.

In the coming 12 months we will test Lexington and pursue Eclipse - but also continue to examine opportunities where we can generate significant value uplift through exploration. We aim to have the company well positioned, with significant mineral exposure, for the eventual upturn in commodity markets.

I would like to thank all shareholders for their support during the year, and in particular thank those who participated in the financing in the final quarter. Navarre's major shareholder, and the owner of Victoria's largest gold mines at Fosterville and Stawell, Crocodile Gold Corp., acquired additional shares in Navarre through a share placement, and other shareholders took the opportunity to participate in a Share Purchase Plan. This enabled us to continue the momentum of our exploration program and we appreciate this support.

I also thank our staff and management team for their work over the past year and I look forward to that continuing over the next 12 months.

Kevin Wilson
Chairman

19 September 2014

MANAGING DIRECTOR'S REVIEW OF OPERATIONS 2014

The 2014 year has seen a shift in strategy to include copper along with gold as our major commodity focus. This aims to position the Company for an expected strong recovery in metal prices on the back of increased Asian demand. This has resulted in the emergence and advancement of our Western Victoria Copper Project (WVC) (Figure 1), located 300km north-west of Melbourne in the Miga Arc copper belt.

Figure 1: Location of Navarre's Victorian mineral projects (as at 30 June 2014)

Western Victoria Copper Project (ELs 4973, 4590, 5425, 5426 & ELA 5497)

Background

The Miga Arc is an extensive belt of under-explored volcanic rocks located in western Victoria. Recent work by the Geological Survey of Victoria suggests the Miga Arc is an old tectonic plate boundary, similar to the Macquarie Arc in New South Wales, where large copper-gold porphyry deposits such as the Cadia Mine may be found.

Navarre has a dominant land position over the Miga Arc, comprising more than 1,200km^2 of 100%-owned tenements. These tenements capture more than 130km strike length of Miga Arc volcanic rocks which are mostly concealed by younger cover rocks. Small windows of basement exposure have led to the discovery of a number of copper and gold prospects such as Eclipse, Lexington and Pollockdale.

Navarre believes there is significant opportunity for large-scale porphyry copper, volcanic massive sulphide (VMS) and gold discoveries from within the Western Victoria Copper Project area, which includes drill-confirmed prospects from within our current list of more than 50 targets.

Eclipse Prospect (EL 4590)

The Eclipse prospect is one of the more advanced prospects within Navarre's 100%-owned WVC (Figure 1).

During the year, the Company completed an Induced Polarisation (IP) geophysics survey over the Eclipse prospect aimed at delineating primary copper and gold mineralisation associated with a predicted porphyry target beneath a surface geochemical footprint of 1,000m by 500m. Results of the survey indicated three targets to be present: a deep porphyry target and two shallower electrical chargeability anomalies interpreted, at the time, to represent epithermal or breccia pipe targets (IP Targets 1-3 in Figure 2).

Figure 2: Plan view of the Eclipse prospect showing location of three IP geophysics targets, location of the recent RC drill program and outline of known chalcocite copper blanket.

The Company completed a shallow Reverse Circulation (RC) drill program over the shallowest IP target (IP Target 1), which defined a supergene blanket of enriched copper (chalcocite) mineralisation developed above widespread copper, gold and zinc mineralisation.

The RC drilling returned high-grade copper up to a maximum of 2.8%. These results were located within a broader, lower-grade supergene blanket of copper mineralisation which commences at approximately 30m below surface and averages between 0.2% and 0.7% Cu. The best copper intersection was 5m @ 1.8% Cu (including 1m @ 2.8% Cu) from within a 23m thick zone averaging 0.7% Cu from 30m down-hole in RCBR0001.

Anomalous zinc and silver results were also reported from the RC drilling.

A follow-up RC drilling program returned broad intervals of copper and gold mineralisation directly beneath the supergene copper blanket that continued beyond the depths of drill testing.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS 2014 (cont.)

Best copper and gold results returned from 2014 RC drilling included:

Hole Name	Local Section	From (m)	To (m)	Interval (m)	Copper (%)	Gold (g/t)	Comments
RCBR0001	9800N	30	53	23	0.7	0.1	Supergene copper blanket
	inc.	**30**	**35**	**5**	**1.8**	0.1	
RCBR0002	9800N	29	73 (EOH)	**44**	0.4	<0.1	Supergene copper blanket
	inc.	30	31	**1**	**1.4**	<0.1	
	and	52	53	**1**	**1.3**	<0.1	
RCBR0003	9800N	28	37	9	0.4	0.8	Supergene copper blanket
	inc.	30	31	**1**	**1.6**	0.3	
	and	36	37	**1**	**0.2**	**3.3**	
RCBR0004	9850N	37	52	15	0.3	0.2	Supergene copper blanket
	inc.	48	50	**2**	**1.2**	0.2	
RCBR0006	9900N	28	60 (EOH)	**32**	0.5	0.5	Supergene copper blanket
	inc.	49	51	**2**	**2.7**	**1.0**	
RCBR0007	9900N	30	31	**1**	<0.1	**2.9**	
		32	43	11	0.3	0.2	Supergene copper blanket
	inc.	39	40	**1**	**1.3**	0.2	
RCBR0011	9750N	30	40	10	0.3	0.7	Supergene copper blanket
	inc.	35	36	**1**	0.2	**3.6**	
RCBR0012	9900N	2	138 (EOH)	**136**	0.1	0.3	Hole ends in gold mineralisation
	inc.	6	9	**3**	<0.1	**1.8**	
	also	31	138 (EOH)	**107**	0.2	0.2	Includes 18m internal dilution <0.1% Cu
	inc.	31	69	**38**	0.3	0.2	Supergene copper zone
	inc.	36	38	**2**	**1.2**	0.3	
RCBR0013	9900N	14	54	**40**	0.1	0.2	
	inc.	22	23	**1**	<0.1	**1.3**	
	also	39	54	15	0.2	0.2	Supergene copper zone
		78	116	**38**	0.2	0.1	
	inc.	114	115	**1**	**1.0**	0.2	
RCBR0014	9800N	35	55	20	0.1	0.4	Supergene zone
	inc.	35	36	**1**	<0.1	**3.6**	
RCBR0017	9800N	25	120 (EOH)	**95**	0.1	0.1	Hole ends in copper mineralisation
	inc.	25	26	**1**	0.1	**1.7**	
	also	27	57	**30**	0.2	0.1	Supergene copper zone

Note: please refer to NML's 2014 ASX releases for further information regarding these drill intercepts. EOH refers to end of hole.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS 2014 (cont.)

Significant silver and zinc results were also intersected in RC drilling and included:

Hole Name	Local Section	From (m)	To (m)	Interval (m)	Zinc (%)	Silver (g/t)	Comments
RCBR0003	9800N	32	42	**10**	**1.0**	**12.3**	
RCBR0006	9900N	20	66 (EOH)	**46**	0.1	5.5	Hole ends in silver mineralisation
	inc.	33	41	8	0.2	**10.7**	
RCBR0007	9900N	26	42	**16**	0.1	4.9	
	inc.	27	32	5	<0.1	**11.5**	
RCBR0011		26	46	**20**	0.4	6.4	
	inc.	28	32	4	0.1	**21.6**	
RCBR0012	9900N	24	33	9	<0.1	7.4	
		77	114	**37**	0.5	3.0	
	inc.	90	94	4	0.8	9.8	
	and	102	106	**4**	**1.0**	2.8	
RCBR0013	9900N	43	54	**11**	0.2	4.1	
RCBR0014	9800N	35	55	**20**	0.6	8.6	
	inc.	40	55	**15**	0.8	7.3	
	inc.	40	43	**3**	**1.4**	**20.2**	
RCBR0015	9800N	34	40	6	<0.1	**12.8**	

Note: please refer to NML's 2014 ASX releases for further information regarding these drill intercepts

Based on the scale, metal mix and alteration character seen in the drilling evidence at IP target 1, interpretation is favouring a VMS model in this location. VMS deposits usually occur in spatial groups or "clusters". Within each cluster, deposits tend to occur within a single stratigraphic interval referred to as the "favourable horizon". This favourable horizon has been identified from the current drilling. It can be traced for tens of kilometres of strike with the aid of airborne magnetics and will be the focus of regional exploration.

More drilling to a depth of 300m will be required to enable a confident understanding of the copper and gold mineralisation, grades, dimensions and style.

Navarre plans to follow up these broad intervals of copper and gold mineralisation with a systematic program aimed at focusing towards potential areas of higher grade once petrographic studies and interpretation of the geology is complete.

Lexington Prospect (EL5425)

The Lexington prospect is a confirmed porphyry–copper target located approximately 12km south of the Thursday Gossan copper deposit. In 1994 a single diamond hole (VICT3D1, 249m deep) was drilled on a 500m by 700m copper in aircore drill anomaly revealing a diorite host containing primary copper and molybdenum mineralisation. Peak results of 1m @ 0.6% Cu from near the base of the hole (246-247m) and 1m @ 800ppm Mo from 179m were reported but were not followed up (see NML's ASX release 17 June 2013).

We undertook a comprehensive review and compilation of previous exploration work and followed this with ground reconnaissance including mapping, rock-chip sampling and soil sampling. This identified several target areas of quartz veining containing anomalous geochemical characters. These areas will be the focus of follow-up exploration activity in the coming field season.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS 2014 (cont.)

Regional exploration activity

a. Stavely and Black Range licences

Navarre has generated more than 50 exploration targets from a review of previous work. Field checking highlighted 16 priority gold and copper targets. Initial surface geochemical soil surveys across these priority targets have confirmed seven as exhibiting porphyry-style geology with anomalous mineralisation. Further work planned on the remaining 34 targets is aimed at ranking and prioritising for follow-up activities.

b. Glenlyle licence (application ELA5497)

Navarre was awarded priority for a mineral exploration licence covering the Glenlyle porphyry-copper and gold prospect in late 2013. The licence application area adjoins the eastern side of Navarre's existing Stavely licence (Figure 1).

Shallow historical drilling in 1991 outlined potential for porphyry-style mineralisation based on anomalous gold and base metal geochemistry developed within sericite and pyrite altered rocks that lie below thin basalt cover.

The Minister's decision on grant of the licence is anticipated in late 2014.

North Bendigo Goldfield Project (ELs 4897, 5266, 4536 & 4974)

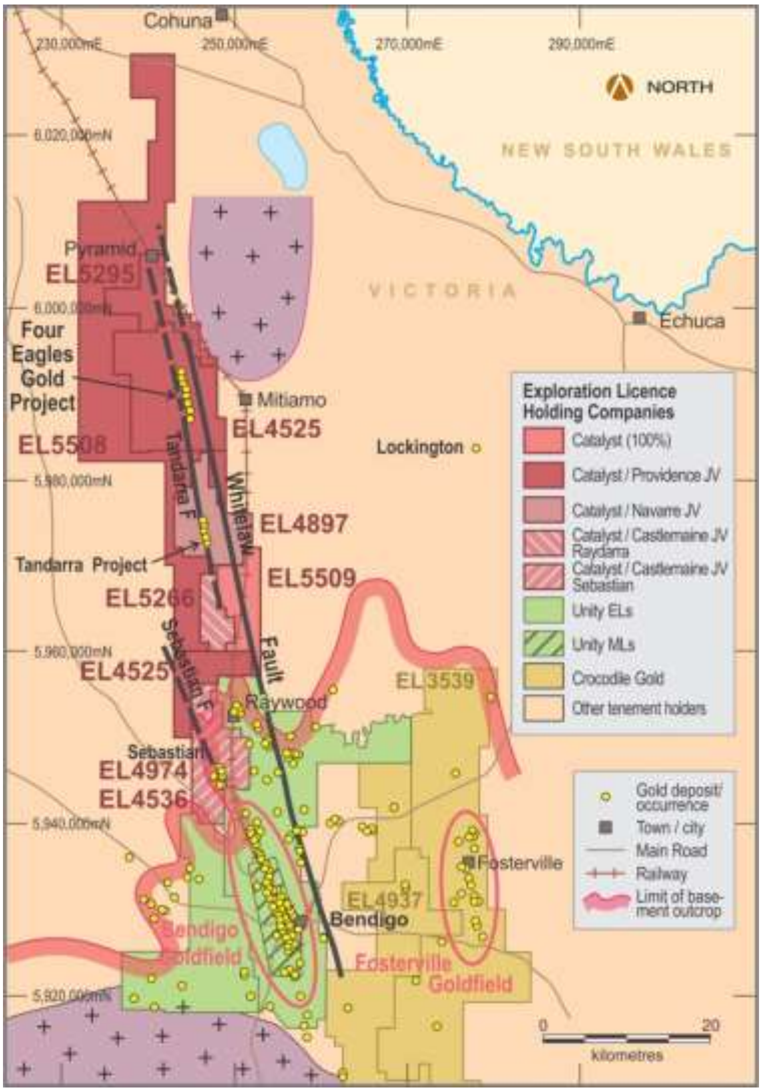

Figure 3: Map showing Catalyst-managed tenements in the North Bendigo Goldfield
(source: Catalyst Metals Limited, 2014)

MANAGING DIRECTOR'S REVIEW OF OPERATIONS 2014 (cont.)

Farm-out of North Bendigo Goldfield Project

During the year, Navarre signed a formal Heads of Agreement with Catalyst Metals Limited (ASX: CYL) (Catalyst) to enable Catalyst to earn a 51% equity interest in Navarre's Tandarra Project (EL 4897), located 40km north of Bendigo in Victoria (Figures 1 & 3).

Navarre agreed to also transfer to Catalyst its interests in two gold projects owned by Castlemaine Goldfields Limited (a subsidiary of LionGold Corp) (Castlemaine), which are subject to farm-in and joint venture arrangements between Navarre and Castlemaine. Navarre had earned a 51% interest in the Sebastian Project (EL 4536 and EL 4974) and was in the process of earning a 51% interest in the Raydarra Project (EL 5266).

Navarre will maintain exploration upside by way of a 1% net smelter royalty on Catalyst's entitlement to proceeds from future production from the Sebastian and Raydarra Projects.

Stawell Corridor Gold Project (Applications: Ararat ELA5476 & Tatyoon ELA5480)

Navarre has been awarded priority for two mineral exploration licences covering the historic 0.6 million ounce Ararat Goldfield and its southern extension located under shallow recent basalt cover at Tatyoon.

The Tatyoon gold target is hosted in a similar geological setting to Stawell's Magdala Gold Mine (located 40 kilometres to the north) with recorded historic and modern production of more than 5 million ounces of gold. The target is interpreted to contain multiple surfaces of altered and gold mineralised metasedimentary rocks on the faulted flanks of a large Cambrian basalt dome. Stawell-style gold mineralisation has been intersected by previous explorer, Leviathan Resources Limited, at shallow depths within altered black sulphidic mudstones in contact with the basalt dome.

The Minister's decision on grant of the licences is anticipated in late 2014.

Corporate

Share Placement and Share Purchase Plan

Navarre announced on 14 May 2014, that its major shareholder, and the owner of Victoria's largest gold mines at Fosterville and Stawell, Crocodile Gold Corp., had acquired an additional 4,615,384 shares in Navarre at the issue price of 6.5 cents per share through a Share Placement (Placement) to raise $300,000 (before costs).

Navarre also offered existing shareholders the opportunity to participate in a Share Purchase Plan (SPP). The SPP was priced at 6.5 cents per fully paid ordinary share.

The SPP closed on 6 June 2014. Navarre issued 8,369,296 million new shares through the SPP and raised $544,000 before costs.

Geoff McDermott
Managing Director

19 September 2014

Competent Person Declaration

The information in this Annual Report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Wessley Edgar, who is a Member of The Australasian Institute of Mining and Metallurgy and who is Exploration Manager of Navarre Minerals Limited. Mr Edgar 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 Edgar consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014

The directors present their report together with the consolidated financial statements of the group comprising Navarre Minerals Limited (variously the "Company", "Navarre" and "Navarre Minerals") and its subsidiary (together, the "Group") for the financial year ended 30 June 2014. Navarre Minerals is a company limited by shares, incorporated and domiciled in Australia. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

1. DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. The directors were in office during the entire period unless otherwise stated.

Director	Designation & independence status	Qualifications, experience & expertise	Directorships of other listed companies	Special responsibilities during the year
Kevin Wilson Appointed 30 April 2007	Chairman Non-executive Non-independent[1]	*BSc (Hons), ARSM, MBA* Mr Wilson has over 30 years' experience in the minerals and finance industries. He was the Managing Director of Leviathan Resources Limited, a Victorian gold mining company, from its initial public offering in 2005 through to its sale in 2006. His previous experience includes 8 years as a geologist with the Anglo American Group in Africa and North America and 14 years as a stockbroking analyst and investment banker with CS First Boston and Merrill Lynch in Australia and USA. Mr Wilson is currently Managing Director of Rey Resources Limited, an energy exploration company listed on the ASX.	Rey Resources Limited (ongoing)	Chairman of the Board Chairman of the Remuneration & Nomination Committee Member of the Audit Committee (from 4 February 2013)
Geoff McDermott Appointed 19 May 2008	Managing Director Executive	*BSc (Hons), MAIG* Mr McDermott is a geologist with over 25 years' industry experience working in surface and underground metalliferous mining operations, in mineral exploration and as a consultant to the minerals industry. A graduate from Macquarie University, Mr McDermott has a broad range of international experience having worked as a geologist in Canada, Fiji and Australia for companies such as WMC and Rio Tinto and with the Government of the Northwest Territories, Canada. From 2002 until 2007, Mr McDermott was Chief Geologist and Group Geologist with MPI Mines Limited and Leviathan Resources Limited.	None	Member of the Remuneration & Nomination Committee
John Dorward Appointed 15 August 2008	Director Non-executive Non-independent[1]	*BComm (Hons), GradDipAppFin, CFA* Mr Dorward is currently President, Chief Executive Officer and Director of Roxgold Inc., a TSX listed gold explorer. Mr Dorward is also a non-executive director of Pilot Gold Inc. Mr Dorward was previously the Vice President Business Development of Fronteer Gold Inc., a TSX listed gold and uranium developer. Prior to joining Fronteer, he was CFO of Mineral Deposits Limited where he was responsible for financing the Sabodala Gold Project in Senegal, West Africa. Preceding this he was CFO and Company Secretary of Leviathan Resources Limited and Commercial Executive and Company Secretary of MPI Mines Limited. Before joining MPI Mines Limited, Mr Dorward had 8 years' experience in the banking sector with a number of years spent in a senior resource project finance role with BankWest.	Pilot Gold Inc. (ongoing) Roxgold Inc. (ongoing)	Member of the Audit Committee Member of the Remuneration & Nomination Committee
Colin Naylor Appointed 5 November 2010	Director Non-executive Independent	*B.Bus (Acc), FCPA* Mr Naylor is currently Chief Financial Officer and Company Secretary of oil and gas explorer, MEO Australia Limited. Before joining MEO, Mr Naylor held a number of senior roles in major resource companies, including Woodside Petroleum, BHP Petroleum and Newcrest Mining. Mr Naylor also worked at MPI Mines Limited and Leviathan Resources Limited as Financial Controller. Mr Naylor has previously been a member of the Victorian Divisional Council of the CPA and a previous member of the Group of 100 National Executive and Victorian State Chapter.	None	Chairman of the Audit Committee Member of the Remuneration & Nomination Committee

[1] See page 29 for information about director independence.

1. DIRECTORS (cont.)

Interests in the shares and options of the company

As at the date of this report, the relevant beneficial and non-beneficial interests of each of the directors in the shares and share options in the Company were:

	Ordinary Shares	NED Options	MD Options
K Wilson	4,697,944	550,000	-
G McDermott	5,055,013	-	1,750,000
J Dorward	3,585,770	450,000	-
C H Naylor	1,960,770	450,000	-

The terms of these options are set out in Note 20 to the consolidated financial statements and further details, including fair value at date of grant, are set out in the Remuneration Report.

2. COMPANY SECRETARY

Ms Jane Nosworthy was appointed as Company Secretary on 16 January 2012. Ms Nosworthy has previously held legal, commercial and company secretarial roles at Oceana Gold Corporation, Leviathan Resources Limited and MPI Mines Limited, prior to which she was a Senior Associate in the Melbourne Office of law firm Allens Arthur Robinson. She holds a Bachelor of Arts and a Bachelor of Laws from the University of Adelaide, and a Certificate in Governance Practice from Chartered Secretaries Australia.

3. DIVIDENDS

No dividend has been paid, provided or recommended during the financial year and to the date of this report (2013: nil).

4. OPERATING AND FINANCIAL REVIEW

4.1 Principal activities

The principal activities during the year were mineral exploration in Victoria, Australia.

The Company had 10 employees at 30 June 2014 including directors (2013: 9).

4.2 Environment, health and safety

The Group conducts exploration activities in Victoria. No mining activity has been conducted by the Group on its exploration licences.

The Group's exploration operations are subject to environmental and health and safety regulations under the various laws of Victoria and the Commonwealth.

While exploration activities to date have had a low level of environmental impact, the Group has adopted a best practice approach in satisfaction of the regulations of relevant government authorities.

4.3 Review of operations

The Group maintained an active exploration program during the year with the objectives of identifying economic copper and gold mineral deposits.

Direct exploration expenditure during the 2014 financial year was $986,412.

The following summary of the Company's exploration activities during the year should be read in conjunction with the Managing Director's Review of Operations 2014, which forms part of and is included earlier in this Annual Report.

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.3 Review of operations (cont.)

(a) Bendigo North Gold Project (Tandarra) (EL 4897)

The Company has granted Catalyst Metals Ltd (Catalyst) the right to earn a 51% interest in Tandarra by expenditure of $3 million over a four year period. Details of this transaction are set out below in paragraph 4.4(d).

(b) Raydarra and Sebastian Gold Projects (EL4536 & EL4974)

As part of the Company's transaction with Catalyst in relation to Tandarra (referred to above), the Company also agreed to transfer to Catalyst its interests in the Raydarra and Sebastian Gold Projects. Details of this aspect of the transaction are set out below in paragraph 4.4(d)(ii).

(c) Landsborough Fault Gold Project (Kingston (EL 5280) & Glendhu (EL 5380))

No exploration activity was undertaken on the Kingston and Glendhu licences during the year.

Subsequent to the balance date, exploration licence EL 5380 was surrendered.

(d) Western Victoria Copper Project (EL 4590, EL 5425, EL 4973, EL 5426 & ELA 5497)

Eclipse Prospect (EL 4590)

During the year, the Company completed an Induced Polarisation (IP) geophysics survey over the Eclipse prospect (EL 4590), which suggested the presence of one deep target and two shallow targets for drilling. The Company conducted a Reverse Circulation (RC) drill program over the shallowest target (IP target 1), which defined a supergene blanket of enriched copper (chalcocite) mineralisation developed above widespread copper, gold and zinc mineralisation. A follow-up RC drilling program returned broad intervals of copper and gold mineralisation directly beneath the supergene copper blanket that continued beyond the depths of drill testing. The scale, metal mix and alteration character seen in the drilling evidence at IP target 1 is suggestive of VMS style mineralisation at this location. The Company plans to complete petrographic studies and interpretation of the geology before undertaking deeper drilling to follow up the broad intervals of copper and gold mineralization.

Lexington Prospect (EL 5425)

During the year, the Company completed a comprehensive review and compilation of exploration work and ground reconnaissance (including mapping, rock-chip sampling and soil sampling). Three target areas of quartz veining containing anomalous geochemical characters were identified for follow-up in the next field season.

Regional exploration activity

During the year, the Company reviewed previous exploration activity, including geophysical data, on the Stavely and Black Range licences (EL 5425 and EL 4590) and generated more than 50 exploration targets. Following some initial surface geochemical soil surveys, the next step is for the Company to rank and prioritise the targets for follow-up activity.

The Company applied and was awarded priority for a mineral exploration licence (ELA 5497) covering the Glenlyle porphyry-copper and gold prospect, which adjoins the eastern side of Navarre's existing Stavely licence (EL 5425).

Subsequent to the balance date, exploration licence EL 4973 was surrendered.

(e) Stawell Corridor Gold Project (Ararat (ELA 5476) & Tatyoon (ELA 5480))

The Company was awarded priority for two mineral exploration licences covering the historic 0.6 million ounce Ararat Goldfield and its southern extension at Tatyoon.

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.4 Review of financial position

(a) Results for the year

The net loss for the financial year, after provision for income tax, was $602,682 (2013: loss after tax of $610,770).

(b) Review of financial condition at the balance date

At balance date the Group held cash and cash equivalents of $1,207,176. During the year the Group increased the cash balance by $635,895 following net proceeds from share issues of $829,203, interest received of $42,624 and Research and Development (R&D) tax refund of $1,218,011 (net of costs) which was partially used to meet exploration and capital cash outflows of $836,481 and corporate costs of $617,462.

(c) Share issues

During the year the Company raised a total of $844,000 (before transaction costs) from the placement of 4,615,384 ordinary shares at $0.065 per share to Crocodile Gold Australia Pty Ltd and 8,369,296 ordinary shares at $0.065 per share from the Company's 2014 Share Purchase Plan.

(d) Significant changes in the state of affairs of the Group during the financial year

On 12 June 2014, the Company signed a formal Heads of Agreement with Catalyst Metals Ltd (Catalyst) for Catalyst to earn a 51% interest in the Company's wholly-owned Bendigo North Gold Project (Tandarra) (EL 4897) and to acquire the Company's interests in the Raydarra and Sebastian Gold Projects, which are currently under farm-in and joint venture arrangements with Castlemaine Goldfields Ltd (Castlemaine), a subsidiary of LionGold Corp. The transaction involves the following:

(i) In order to earn a 51% equity interest in Tandarra, Catalyst must spend $3 million on exploration during a four-year period, which will commence on satisfaction of a condition precedent whereby Catalyst undertakes to assume a proportionate share of Navarre's existing royalty obligations to Leviathan Resources Ltd in respect of Tandarra. Catalyst's expenditure must be sufficient to maintain the tenement in good standing and be not less than $200,000 per annum and not less than $800,000 within two years. Catalyst must also generate a mineralisation report sufficient for the requirements of the *Mineral Resources (Sustainable Development) Act 1990* (Vic) by 14 November 2015. On satisfaction of the condition precedent, Catalyst must also pay Navarre $50,000 cash and issue to Navarre 250,000 fully paid ordinary shares in Catalyst, with a further 250,000 Catalyst shares to be issued twelve months later.

(ii) Navarre will also transfer to Catalyst its interests in two gold projects owned by Castlemaine Goldfields Limited, which are subject to farm-in and joint venture arrangements between Navarre and Castlemaine. Navarre had earned a 51% interest in the Sebastian Project (EL 4536 and EL 4974) and was in the process of earning a 51% interest in the Raydarra Project (EL 5266). Navarre will receive a 1% net smelter royalty on Catalyst's entitlement to proceeds from future production from the Sebastian and Raydarra Projects. Castlemaine has signed a Deed of Assignment and Assumption to enable Navarre to assign to Catalyst all of its rights and obligations relating to the Castlemaine tenements under the existing farm-in and joint venture arrangements.

(e) Significant events after the balance date

Subsequent to the balance date, Navarre completed the transaction with Catalyst as described in paragraph 4.4(d) above. On 12 September 2014, Catalyst paid Navarre $50,000 cash and issued to Navarre 250,000 fully paid ordinary shares in Catalyst. In accordance with the terms of Navarre's agreement with Catalyst, Navarre expects Catalyst to issue a further 250,000 Catalyst shares to Navarre on 12 September 2015.

The Company currently has three exploration licence applications in process. If those licences are granted, there will be minimum expenditure commitments applicable to those tenements. The amount of those commitments is currently unknown.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or state of affairs of the Group, in future financial years.

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.4 Review of financial position (cont.)

(f) Likely developments and expected results

During the course of the next financial year, the Group will continue its mineral exploration activities and will investigate additional resource opportunities in which the Group may wish to participate.

The Group is mindful of the external economic conditions currently affecting the resource industry and is responding with a considered and methodical program of cost reductions. The Group is working to strike a balance between conserving cash resources and maintaining exploration activities at reduced expenditure levels. Strategies implemented to date include staff reductions, reduced hours of work and cessation of work programs not linked to advancing the Group's key prospects.

4.5 Business strategy and prospects for future financial years

(a) Business strategy

The Group's mission is to reward shareholders by creating value through mineral discovery.

The Group's goal is to define a maiden mineral resource and to become a low cost Victorian copper and gold producer through exploration success. The Group undertakes an active exploration program within emerging and proven mineral corridors, with the objective of identifying economic copper and gold mineral deposits. The Group's strategy for the next twelve months for its existing portfolio of exploration assets is to focus its financial and managerial resources on development of its most prospective mineral opportunities at Black Range – Stavely.

(b) Future prospects of the Group

The key driver of the Group's future prospects will be the success of its exploration programs. The discovery of an economic mineral deposit has the potential to significantly increase shareholder wealth.

The key material risks faced by the Group that are likely to have an effect on its future financial prospects include:

(i) the outcome of an Activity Review conducted by AusIndustry, a government agency responsible for administering the Federal Government's R&D Tax Incentive scheme. This review relates to research and development conducted by the Group as part of its exploration work programs with respect to a FY2012 Research & Development (R&D) tax refund of $1.4 million received under the R&D Tax Incentive scheme. An Activity Review Meeting was conducted by AusIndustry in July 2014 and the Group has since responded to a request for additional information. Taking into account advice from the Group's tax consultant and the views of management, the Directors believe the Group's R&D incentive application has a solid foundation. However, there is a risk that AusIndustry may disagree with the Group's assessment of the eligibility of its R&D activities and provide an adverse finding in respect of the Group's R&D claim. In the event of an adverse finding, the Group would pursue avenues for appeal. There remains, however, a risk that the Group could be required to repay some or all of the refund that it received, in which case the Group may require additional capital in order to meet that requirement;

(ii) exploration risk – the Group's mineral tenements are in the early stages of exploration, and there can be no assurance that exploration of the tenements currently held by the Group, or any other tenements that may be acquired in the future, will result in the discovery of an economic mineral deposit. Until the Group is able to realise value from its mineral tenements, it is likely to incur ongoing operating losses. If exploration is successful, there will be additional costs and processes involved in moving to the development phase. By its nature, exploration risk can never be fully mitigated, but the Group has the benefit of significant exploration expertise through its management team and of operational and business expertise at both board and management level;

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.5 Business strategy and prospects for future financial years (cont.)

(b) Future prospects of the Group (cont.)

(iii) requirements for capital – as exploration costs reduce the Group's cash reserves, the Group will require additional capital to support the long term exploration and evaluation of its projects. The past twelve months have been characterised by equity market volatility and poor market sentiment towards the mineral exploration sector, which has limited the Group's access to capital. The Group has responded to the external economic conditions affecting the resources industry with a considered and methodical program of cost reductions. The Group continues to work to strike a balance between conserving cash and maintaining exploration activities at reduced levels. If the Group is unable to obtain additional financing as needed, through equity, debt or joint venture financing, it may be required to further scale back its exploration programs. The Group is currently funded to execute its planned exploration programs, with a cash balance of $876,425 as at 17 September 2014. The Group will continue to consider capital raising initiatives, as required, including possible corporate opportunities; and

(iv) tenement title – the Group could lose title to its mineral tenements if insufficient funds are available to meet the relevant annual expenditure commitments, as and when they arise. The Group considers that this is an unlikely scenario. The Group closely monitors its compliance with licence conditions, including expenditure commitments, and maintains a dialogue with the relevant State government representatives who are responsible for enforcing licence conditions.

This is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

Navarre Minerals is also exposed to a range of market, financial and governance risks. The Company has risk management and internal control systems to manage material business risks which include insurance coverage over major operational activities and regular review of material business risks by the Board.

5. SHARE OPTIONS

Options issued during the financial year

During the financial year, the Company issued a total of 275,000 share options to senior employees of the Company under the Navarre Minerals Limited Option Plan. No other options were issued by the Company during the financial year.

Options expired during the financial year

1,846,693 bonus share options in the Company expired on 31 December 2013. 250,000 share options held by a senior employee of the Company expired on 31 December 2013.

Unissued shares under option

At the date of this report, there were 4,215,000 unissued ordinary shares of the Company under option. The terms of these options are as follows:

Expiry Date	Exercise Price	Number
31 December 2014	$0.20	1,500,000
31 December 2014	$0.25	650,000
31 December 2015	$0.25	250,000
31 December 2015	$0.30	400,000
31 December 2015	$0.35	400,000
31 December 2016	$0.30	300,000
30 June 2017	$0.30	40,000
31 December 2017	$0.15	400,000
31 December 2017	$0.15	100,000
31 December 2018	$0.10	175,000

These options do not entitle the holder to participate in any share issue of the Company.

5. SHARE OPTIONS (cont.)

Shares issued on the exercise of Options

During or since the end of the financial year, there has been no issue of ordinary shares as a result of the exercise of options.

6. INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company paid a premium in respect of a contract insuring all directors of the Company against legal costs incurred in defending proceedings as permitted by Section 199B of the *Corporations Act 2001*.

7. BOARD AND COMMITTEE MEETINGS

The following table sets out the members of the Board of Directors and the members of the Committees of the Board, the number of meetings of the Board and of the Committees held during the year and the number of meetings attended during each director's period of office.

	Board of Directors		Audit Committee		Remuneration & Nomination Committee	
	A	**B**	**A**	**B**	**A**	**B**
K Wilson	7	7	4	4	2	2
G McDermott	7	7	-	-	2	2
J Dorward	6	7	3	4	1	2
C H Naylor	6	7	4	4	2	2

A – Number of meetings attended
B – Number of meetings held during the time the director held office during the year

8. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors have received the independence declaration from the auditor, RSM Bird Cameron Partners, set out on page 16.

Non Audit Services

There were no non-audit services provided during the year by Auditor RSM Bird Cameron Partners.

RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Navarre Minerals Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Jason Croall

J S CROALL
Partner

Dated: 19 September 2014
Melbourne, Victoria

9. REMUNERATION REPORT (Audited)

The Remuneration Report for the year ended 30 June 2014 outlines the remuneration arrangements of the Company, in accordance with Section 300A of the *Corporations Act 2001* and its regulations.

The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the *Corporations Act 2001*. This Remuneration Report forms part of the Directors' Report.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP"), who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

9.1 Key Management Personnel for the year ended 30 June 2014

Directors

K Wilson	Chairman (non-executive)
G McDermott	Managing Director
J Dorward	Director (non-executive)
C H Naylor	Director (independent non-executive)

Executives

W Edgar	Exploration Manager
J Nosworthy	Company Secretary

9.2 Board oversight of remuneration

The policy for determining the nature and amount of remuneration for directors and executives is set by the Board of Directors as a whole. The Board established a Remuneration and Nomination (R&N) Committee to provide the Board with a regular, structured opportunity to focus on remuneration and nomination issues. All directors of the Company, including the Managing Director, are members of the R&N Committee. Any potential for, or perception of, conflict of interest resulting from the Managing Director's membership of the R&N Committee is addressed by ensuring that the Managing Director withdraws from committee meetings during any discussion of his remuneration arrangements or performance, and takes no part in the discussion or decision-making process in relation to such matters.

The Board may obtain professional advice when appropriate to ensure that the Company attracts and retains talented and motivated directors and employees who can enhance Company performance through their contributions and leadership.

9.3 Non-executive director remuneration arrangements

The Board seeks to set non-executive director remuneration at a level that provides the Company with the ability to attract and retain directors of high calibre, at a cost acceptable to shareholders.

The amount of aggregate remuneration approved by shareholders and the fee structure for non-executive directors is reviewed annually by the Board against fees paid to non-executive directors of comparable companies.

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors must be determined from time to time by members in a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The maximum aggregate annual remuneration for non-executive directors is currently set at $300,000 per annum. Any increase in this amount will require shareholder approval at a general meeting.

9. REMUNERATION REPORT (Audited) (cont.)

9.3 Non-executive director remuneration arrangements (cont.)

Non-executive directors are remunerated at marketplace levels by way of fixed fees, in the form of cash and statutory superannuation contributions, and (from time to time, as appropriate) options issued through the Navarre Minerals Limited Option Plan ("NMLOP"). The Chairman, Mr Wilson, receives a base fee of $40,000 per annum (excluding statutory superannuation) and the other non-executive directors receive $30,000 per annum (excluding statutory superannuation).

In addition, the directors are entitled to be paid all travelling and other expenses they incur in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. No additional remuneration is paid to directors for service on board committees or on the board of the wholly owned subsidiary, but additional remuneration may be paid to directors if they are called upon to perform extra services or make any special exertion for the purposes of the Company.

The non-executive directors have no leave entitlements and do not receive any retirement benefits, other than statutory superannuation and salary sacrifice superannuation (if directors wish to exercise their discretion to make additional superannuation contributions by way of salary sacrifice).

The remuneration of the Company's non-executive directors for the year ended 30 June 2014 and 30 June 2013 is detailed in Table 1 and Table 2 of this Remuneration Report.

9.4 Executive remuneration arrangements

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- ensure total remuneration is competitive by market standards;
- reward executives for exceptional individual performance; and
- align the interests of executives with those of shareholders.

Executive remuneration consists of fixed remuneration and, where appropriate, variable (at risk) remuneration.

Fixed remuneration

The base salaries of the Managing Director and other executives are fixed. Fixed remuneration is set at a market competitive level, taking into account an individual's responsibilities, performance, qualifications and experience, and current market conditions in the mining industry. Base salaries are reviewed annually, but executive contracts do not guarantee any increases in fixed remuneration. In light of the financial environment in which the Company is currently operating, it was considered appropriate for the calendar year 2014 to continue to maintain the base salaries of the Company's executives at 2012 levels.

Executives receive statutory superannuation from the Company and may, in their discretion, make additional superannuation contributions by way of salary sacrifice.

The fixed component of executives' remuneration is detailed in Table 1 and Table 2 of this Report.

Variable/at risk remuneration

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the overall success of the Company in achieving its broader corporate goals. Variable remuneration is linked to predetermined performance criteria.

9. REMUNERATION REPORT (Audited) (cont.)

9.4 Executive remuneration arrangements (cont.)

Short term incentives

- *Managing Director*

  The Managing Director's remuneration package for calendar year 2013 included a short term incentive in the form of a cash payment of up to $60,000, subject to achievement of agreed KPIs. Those KPIs comprised performance measures in relation to:

  - health and safety, because the Company regards the safety of its people as a major priority;
  - delivery of operating programs and exploration success, because these are key drivers of shareholder value; and
  - delivery of finance at reasonable cost that enables the Company to execute its business plans.

  In January 2014, the R&N Committee (excluding the Managing Director) assessed the Managing Director's performance against his 2013 short term incentive KPIs and determined that two of five KPIs had been met. Accordingly, the Board (excluding the Managing Director) approved a cash payment of $18,000 to the Managing Director by way of short term incentive for calendar year 2013.

  The Managing Director's remuneration package for calendar year 2014 includes a short term incentive in the form of a cash payment of up to $60,000, subject to achievement of agreed KPIs. Those KPIs comprise performance measures in relation to:

  - health and safety, because the Company regards the safety of its people as a major priority;
  - delivery of operating programs and exploration success, because these are key drivers of shareholder value; and
  - delivery of finance at reasonable cost that enables the Company to execute its business plans.

  The Managing Director's performance against these KPIs will be assessed by the R&N Committee (excluding the Managing Director) at its first meeting in 2015.

- *Exploration Manager*

  The Exploration Manager's remuneration package for calendar year 2013 included a short term incentive in the form of a cash payment of up to $30,000, subject to achievement of agreed KPIs. Those KPIs comprise performance measures in relation to:

  - health and safety, because the Company regards the safety of its people as a major priority; and
  - delivery of drill programs and exploration success, because these are key drivers of shareholder value.

  In January 2014, the R&N Committee assessed the Exploration Manager's performance against his 2013 short term incentive KPIs and determined that two of four KPIs had been met. Accordingly, a cash payment of $12,000 was made to the Exploration Manager.

  The Exploration Manager's remuneration package for calendar year 2014 includes a short term incentive in the form of a cash payment of up to $30,000, subject to achievement of agreed KPIs. Those KPIs comprise performance measures in relation to:

  - health and safety, because the Company regards the safety of its people as a major priority; and
  - delivery of drill programs and exploration success, because these are key drivers of shareholder value.

  The Exploration Manager's performance against these KPIs will be assessed by the R&N Committee at its first meeting in 2015.

9. REMUNERATION REPORT (Audited) (cont.)

9.4 Executive remuneration arrangements (cont.)

Long term incentives

The Company considers the retention of high calibre staff to be essential to the growth and success of the Company. Executives are eligible to participate in the NMLOP, which is used to provide long term performance and retention incentives, as appropriate, in the form of the grant of share options over unissued shares in the Company.

- *Managing Director*

  The Managing Director's remuneration package for calendar year 2013 included a long term performance incentive in the form of a grant of up to 600,000 share options, to be granted subject to achievement of agreed KPIs. The KPIs related to improvement in the Company's share price during the 2013 calendar year, relative to the prevailing share price when the KPIs were set by the Board (excluding the Managing Director) in February 2013. The Managing Director was eligible to receive 300,000 options if the volume weighted average price (VWAP) of the Company's shares in December 2013 was 15 cents or higher, and a further 300,000 options if the VWAP was 20 cents or higher. The Company obtained shareholder approval for the grant of these options (subject to achievement of the applicable KPIs) at the Company's 2013 AGM. In January 2014, the R&N Committee (excluding the Managing Director) determined that none of the KPIs applicable to the Managing Director's 2013 long term incentive options had been met and, accordingly, no options were granted to the Managing Director by way of long term incentive in respect of calendar year 2013.

  The Managing Director's remuneration package for calendar year 2014 includes a long term incentive in the form of a grant of up to 800,000 share options. The Managing Director will be eligible to receive 100,000 options if he is employed by the Company at 31 December 2014. The remaining 700,000 options are subject to agreed KPIs related to improvement in the Company's share price during the 2014 calendar year, relative to the prevailing share price when the KPIs were set by the Board (excluding the Managing Director) in January 2014. The Managing Director will be eligible to receive 350,000 options if the volume weighted average price (VWAP) of the Company's shares in December 2014 is 10 cents or higher, and a further 350,000 options if the VWAP is 15 cents or higher. Shareholder approval for the grant of these options will be sought at the Company's 2014 AGM. The Managing Director's performance against his 2014 long term incentive KPIs will be assessed by the R&N Committee (excluding the Managing Director) at its first meeting in 2015. No options will be granted to the Managing Director unless shareholder approval has been obtained and the applicable KPIs have been met.

- *Exploration Manager*

  The Exploration Manager's remuneration package for calendar year 2013 included a long term incentive in the form of a grant of up to 500,000 share options. The Exploration Manager was eligible to receive 100,000 options if he was employed by the Company at 31 December 2013. The remaining 400,000 options were subject to achievement of agreed KPIs, which mirrored the Managing Director's long term incentive KPIs and related to improvement in the Company's share price during the 2013 calendar year. The Exploration Manager was eligible to receive 200,000 options if the VWAP of the Company's shares in December 2013 was 15 cents or higher, and a further 200,000 options if the VWAP was 20 cents or higher. In January 2014, the R&N Committee determined that the Exploration Manager was employed by the Company at 31 December 2013 and was therefore entitled to receive 100,000 options. The R&N Committee also determined that none of the other KPIs applicable to the Exploration Manager's long term incentive had been met and therefore, no other options were granted to the Exploration Manager in respect of calendar year 2013.

  The Exploration Manager's remuneration package for calendar year 2014 includes a long term incentive in the form of a grant of up to 600,000 share options. The Exploration Manager is eligible to receive 100,000 options if he is employed by the Company at 31 December 2014. The remaining 500,000 options are subject to achievement of agreed KPIs, which mirror the Managing Director's long term incentive KPIs and relate to improvement in the Company's share price during the 2014 calendar year. The Exploration Manager will be eligible to receive 250,000 options if the VWAP of the Company's shares in December 2014 is 10 cents or higher, and a further 250,000 options if the VWAP is 15 cents or higher. At its first meeting in 2015, the R&N Committee will assess the Exploration Manager's performance against his 2014 long term incentive KPIs. No options will be granted to the Exploration Manager unless the applicable KPIs have been met.

9. REMUNERATION REPORT (Audited) (cont.)

9.4 Executive remuneration arrangements (cont.)

- *Other executives and senior employees*

During the financial year, other executives and senior employees have been granted options which have time-based vesting conditions, therefore requiring them to remain employed with the Company through to the vesting date of the options.

See page 25 for details of all options granted to the Managing Director and other key management personnel during the financial year.

The Company prohibits executives from entering into arrangements to protect the value of unvested share options. The prohibition includes entering into contracts to hedge their exposure to options awarded as part of their remuneration package.

Subject to the exception noted below, the Managing Director approves the terms and conditions of consultants' contracts, including fees, taking into account market conditions for the services that are provided. Consulting contracts do not include any guaranteed fee increases.

9.5 Executive Contractual Arrangements

Remuneration arrangements for Key Management Personnel are formalised in service agreements. Details of these contracts are provided below.

- *Managing Director*

  Mr Geoff McDermott entered into an executive service agreement dated 10 December 2010 which contains the following major terms (including amendments made in March 2013):-

- **Term:** From 31 March 2011 until either the Company or Mr McDermott terminates the agreement.

- **Notice:** The Company may terminate the agreement at any time by giving six months' notice in writing. Mr McDermott may terminate the agreement at any time by giving six months' written notice to the Company or on one month's written notice to the Company if a 'fundamental change' to his employment occurs or the Company has failed to remedy a notified breach of its obligations under the agreement. The Company may immediately terminate the agreement by giving written notice in certain circumstances, including if serious misconduct has occurred. The Company may elect to pay Mr McDermott in lieu of part or all of any notice period.

- **Base salary:** Mr McDermott's total fixed remuneration comprises a base salary of $245,936 per annum plus statutory superannuation ($17,775 for the 2014 financial year). This is reviewed by the R&N Committee (excluding the Managing Director) on an annual basis. In line with the Company's emphasis on cost management in a difficult external economic environment, it was agreed, on review in January 2014, to maintain his base salary at the level set in April 2012.

- **Short-term incentive:** Mr McDermott is eligible to receive an annual short-term incentive payment on terms decided by the Board (excluding the Managing Director). For calendar year 2014, the maximum short-term incentive payment that Mr McDermott is eligible to receive is $60,000.

- **Long-term incentive:** Subject to receiving any required or appropriate shareholder approval, Mr McDermott is eligible to participate in the Company's long-term incentive arrangements (as amended or replaced) on terms decided by the Board. For calendar year 2014, the maximum number of options that may be granted to Mr McDermott by way of long-term incentives is 800,000, subject to the achievement of KPIs as approved by the Board, and approval of shareholders at the Company's 2014 Annual General Meeting.

9. REMUNERATION REPORT (Audited) (cont.)

9.5 Executive Contractual Arrangements (cont.)

- **Termination payments:** If Mr McDermott's employment is terminated by the Company for any reason (other than in circumstances warranting summary dismissal), Mr McDermott is entitled to a retirement benefit calculated as one month's total fixed remuneration, plus two weeks' total fixed remuneration for each completed or part-completed year of continuous service with the Company. If Mr McDermott resigns within six months of a 'fundamental change', Mr McDermott is entitled to a lump sum payment equivalent to the total fixed remuneration paid to Mr McDermott in the six months prior to his resignation.

• *Exploration Manager*

Mr Wessley Edgar entered into an executive service agreement dated 13 August 2012 which contains the following major terms (as amended in March 2013):-

- **Term:** From 13 August 2012 until either the Company or Mr Edgar terminates the agreement.
- **Notice:** The Company may terminate the agreement at any time by giving three months' notice in writing. Mr Edgar may terminate the agreement at any time by giving three months' written notice to the Company or on one month's written notice to the Company if a 'fundamental change' to his employment occurs or the Company has failed to remedy a notified breach of its obligations under the agreement. The Company may immediately terminate the agreement by giving written notice in certain circumstances, including where serious misconduct has occurred. The Company may elect to pay Mr Edgar in lieu of part or all of any notice period.
- **Base salary:** Mr Edgar's total fixed remuneration comprises a base salary of $228,780 per annum plus statutory superannuation ($17,775 for the 2014 financial year). Total fixed remuneration is reviewed by the R&N Committee on an annual basis. Mr Edgar's base salary remains unchanged since he commenced employment with the Company in August 2012.
- **Short-term incentive:** Mr Edgar is eligible to receive an annual short-term incentive payment on terms decided by the Board. For calendar year 2014, the maximum short-term incentive payment that Mr Edgar is eligible to receive is $30,000.
- **Long-term incentive:** Mr Edgar is eligible to participate in the Company's long-term incentive arrangements (as amended or replaced) on terms decided by the Board. For calendar year 2014, the maximum number of options that may be granted to Mr Edgar by way of long-term incentives is 600,000, subject to the achievement of KPIs approved by the Board.
- **Termination payments:** If Mr Edgar's employment is terminated by the Company for any reason (other than in circumstances warranting summary dismissal), or if Mr Edgar resigns due to a 'fundamental change' or a failure by the Company to remedy a notified breach of its obligations, Mr Edgar is entitled to a retirement benefit calculated as one month's total fixed remuneration, plus two weeks' total fixed remuneration for each completed or part-completed year of continuous service with the Company.

• *Other Executives*

All executives have standard employment agreements. The Company may terminate the executive's employment agreement by written notice (ranging from four weeks to three months' notice) or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). The Company may terminate the agreement at any time without notice if serious misconduct has occurred. The executive may terminate the agreement by written notice to the Company (ranging from four weeks to three months' notice). The Company Secretary is entitled to a retirement benefit calculated as one month's total fixed remuneration, plus two weeks' total fixed remuneration for each completed or part-completed year of continuous service with the Company, if employment is terminated by the Company for any reason (other than in circumstances warranting summary dismissal), or if the Company Secretary resigns due to a 'fundamental change' or a failure by the Company to remedy a notified breach of its obligations. For all employees, on cessation of employment, any options that have not vested will be forfeited and any options that have vested must be exercised within 90 days or will be forfeited.

9. REMUNERATION REPORT (Audited) (cont.)

9.6 Remuneration of Key Management Personnel of the Company

Table 1: Remuneration for the year ended 30 June 2014

	Short term			*Post Employment*	*Share-based Payment*	*Long term*	*Total*	*Performance Related*
	Directors fees $	*Salary $*	*STI cash bonus $*	*Superannuation benefits $*	*Option plan[1] $*	*Long service leave $*	*$*	*%*
Non– executive directors								
K Wilson	40,000	-	-	3,700	2,437	-	46,137	5.3
J Dorward	7,850	-	-	25,000	2,031	-	34,881	5.8
C H Naylor	30,000	-	-	2,775	2,031	-	34,806	5.8
Sub-total non-executive directors	**77,850**	**-**	**-**	**31,475**	**6,499**	**-**	**115,824**	**5.6**
Executive director								
G McDermott	-	238,711	18,000	25,000	9,231	-	290,942	9.4
Other key management personnel								
W Edgar	-	228,780	12,000	17,775	4,453	-	263,008	6.3
J Nosworthy	-	52,684	-	4,881	11,439	-	69,004	16.6
Sub-total executive KMP	**-**	**520,175**	**30,000**	**47,656**	**25,123**	**-**	**622,954**	**8.8**
TOTAL	**77,850**	**520,175**	**30,000**	**79,131**	**31,622**	**-**	**738,778**	**8.3**

[1]Refer Note 20 to the consolidated financial statements for fair value calculation of options.

9. REMUNERATION REPORT (Audited) (cont.)

9.6 Remuneration of Key Management Personnel of the Company (cont.)

Table 2: Remuneration for the year ended 30 June 2013

	Short term			*Post Employment*	*Share-based Payment*	*Long term*	*Total*	*Performance Related*
	Directors fees *$*	*Salary* *$*	*STI cash bonus* *$*	*Superannuation benefits* *$*	*Option plan*[1] *$*	*Long service leave* *$*	*$*	*%*
Non– executive directors								
K Wilson	40,000	-	-	3,700	15,678	-	59,378	26.4
J Dorward[2]	30,000	5,000	-	2,775	12,798	-	50,573	25.3
C H Naylor[3]	35,000	-	-	3,238	12,798	-	51,036	25.1
Sub-total non-executive directors	**105,000**	**5,000**	**-**	**9,713**	**41,274**	**-**	**160,987**	**25.6**
Executive director								
G McDermott	-	237,406	36,000	25,000	38,732	-	337,138	22.2
Other key management personnel								
W Edgar[4]	-	203,849	7,500	14,913	4,029	-	230,291	5.0
J Nosworthy	-	58,623	-	5,282	11,452	-	75,357	15.2
S Harper	-	11,106	-	777	-	-	11,883	-
Sub-total executive KMP	**-**	**510,984**	**43,500**	**45,972**	**54,213**	**-**	**654,669**	**14.9**
TOTAL	**105,000**	**515,984**	**43,500**	**55,685**	**95,487**	**-**	**815,656**	**17.0**

[1]Refer Note 20 to the consolidated financial statements for fair value calculation of options.

[2]Includes fees paid for consulting services provided by entities of the director. Refer to Note 19 to the consolidated financial statements for details.

[3]Includes a one-off payment of $5,000 (plus superannuation) for additional work as Chairman of Audit Committee.

[4]Commenced employment on 13 August 2012.

9.7 Remuneration Mix

The Company's executive remuneration is structured as a mix of fixed annual remuneration and variable 'at risk' remuneration. The mix of these components varies for different management levels.

Table 3: Relative proportion and components of total remuneration packages for the year ended 30 June 2014

	% of Total Remuneration		
		Performance-based remuneration	
	Fixed remuneration **%**	**Short Term Incentive** **%**	**Long Term Incentive** **%**
Directors			
K Wilson	100.0	-	-
G McDermott	93.6	6.4	-
J Dorward	100.0	-	-
C H Naylor	100.0	-	-
W Edgar	93.8	4.6	1.6
J Nosworthy	89.7	-	10.3

9. REMUNERATION REPORT (Audited) (cont.)

9.8 Equity instruments

Table 4: Options granted, vested and lapsed during the year

	Number of options granted during 2014	Grant date	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry Date	Vest Date	Number of options vested during 2014	Number of options lapsed during 2014
Directors								
G McDermott	-	21 Mar 11	-	-	31 Dec 14	31 Dec 13	500,000	-
G McDermott	-	30 Nov 12	-	-	31 Dec 13	-	-	250,000
Executives								
W Edgar	33,334	31 Jan 14	0.0397	0.15	31 Dec 17	31 Jan 14 [1]	-	-
W Edgar	33,333	31 Jan 14	0.0406	0.15	31 Dec 17	1 Jan 15 [1]	-	-
W Edgar	33,333	31 Jan 14	0.0432	0.15	31 Dec 17	1 Jan 16 [1]	-	-
J Nosworthy	41,667	31 Jan 14	0.0496	0.10	31 Dec 18	1 Jan 15 [1]	-	-
J Nosworthy	41,667	31 Jan 14	0.0534	0.10	31 Dec 18	1 Jan 16 [1]	-	-
J Nosworthy	41,666	31 Jan 14	0.0564	0.10	31 Dec 18	1 Jan 17 [1]	-	-
J Nosworthy	-	19 Mar 12	-	-	31 Dec 16	1 Jan 14	33,333	-

[1] Closing share price must exceed exercise price for 10 consecutive trading days after the vesting date.

All options expire on the earlier of their expiry date or termination of the employee's employment. These options do not entitle the holder to participate in any share issue of the Company.

Table 5: Shares issued on exercise of options

There was no exercise of compensation options during the reporting period.

Table 6: Value of options granted, exercised and lapsed during the year

	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $
Directors			
K Wilson	-	-	-
G McDermott	-	-	3,700
J Dorward	-	-	-
C H Naylor	-	-	-
Executives			
W Edgar	4,117	-	-
J Nosworthy	6,642	-	-

For details on the valuation of options, including models and assumptions used, please refer to Note 20 to the consolidated financial statements.

9. REMUNERATION REPORT (Audited) (cont.)

9.9 Additional disclosures relating to shares and options

Movement in shares

The movement during the reporting period in the number of ordinary shares in Navarre Minerals Limited held directly, indirectly or beneficially, by key management personnel, including their related parties, is as follows:

30 June 2014	Held at 1 July 2013	Purchases	Received on Exercise of Options	Sales	Held at 30 June 2014
Shares held in Navarre Minerals Limited (number)					
Directors					
K Wilson	4,467,174	230,770	-	-	4,697,944
G McDermott	4,824,243	230,770	-	-	5,055,013
J Dorward	3,355,000	230,770	-	-	3,585,770
C H Naylor	1,730,000	230,770	-	-	1,960,770
Executives					
W Edgar	88,529	230,576	-	-	319,105
J Nosworthy	100,000	-	-	-	100,000

Options over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Navarre Minerals Limited held, directly, indirectly and beneficially by key management personnel, including their related parties is as follows:

	Held at 1 July 2013	Granted as Remuneration	Options Exercised	Options Lapsed	Held at 30 June 2014	Vested in 2014	Vested and exercisable at 30 June 2014
Options held in Navarre Minerals Limited (number)							
Directors							
K Wilson	550,000	-	-	-	550,000	-	250,000
G McDermott	2,000,000	-	-	250,000	1,750,000	500,000	1,500,000
J Dorward	450,000	-	-	-	450,000	-	200,000
C H Naylor	450,000	-	-	-	450,000	-	200,000
Executives							
W Edgar	150,000	100,000	-	-	250,000	-	-
J Nosworthy	300,000	125,000	-	-	425,000	33,333	66,666

9. REMUNERATION REPORT (Audited) (cont.)

9.10 Company performance

The remuneration of executives and consultants is not linked to financial performance measures of the Company, with the exception of the Managing Director and the Exploration Manager who have long-term incentives linked to improvements in the Company's share price over the course of the calendar year.

In accordance with Section 300A of the *Corporations Act 2001*, the following table summarises Navarre's performance over a two year period:

	2014	**2013**
Net profit/(loss) - $000	(603)	(611)
Basic earnings/(loss) per share – cents per share	(0.94)	(1.05)
Share price at the beginning of year - $	0.045	0.15
Share price at end of year - $	0.069	0.045
Dividends per share – cents	Nil	Nil

Signed in accordance with a resolution of the Directors made pursuant to s298(2) of the *Corporations Act 2001*.

On behalf of the Directors

G McDermott
Managing Director
Stawell, 19 September 2014

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board and management are committed to good corporate governance and recognise the eight core principles contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 amendments ("ASX Principles"). The Board assesses the compliance of the Company with the ASX Principles and, in accordance with ASX Listing Rule 4.10.3, reports the extent of the Company's compliance with the ASX Principles.

Additional information about the Company's corporate governance practices and policies is set out on the Company's website at www.navarre.com.au.

CORPORATE GOVERNANCE DISCLOSURES

<u>Principle 1 – Lay solid foundations for management and oversight</u>

Companies should establish and disclose the respective roles and responsibilities of board and management.

Board Role and Responsibilities

The Board's primary role is to set the Company's values, direction, strategies and financial objectives and to ensure effective monitoring of corporate performance, capabilities and management of risk consistent with creating shareholder value and maintaining effective corporate governance. The Board is also responsible for the appointment, and for monitoring the performance, of the Managing Director.

The Board operates in accordance with the Company's Constitution and has adopted a Board charter which outlines a framework for the Board's operation, the matters reserved to the Board and the functions delegated to management. The charter is available on the Company's website.

Management Role and Responsibilities

Responsibility for the operation and administration of the Company and the implementation of the corporate strategy and budgets approved by the Board is formally delegated by the Board to the Managing Director, who is supported by a small team of executives. The performance of the Managing Director is formally reviewed annually and includes agreement on key performance measures for the following year. In February 2014, the Board assessed the performance of the Managing Director against his agreed key performance measures for 2013 and agreed his key performance measures for 2014, and the Chairman conducted a performance review with the Managing Director.

Newly appointed executives receive formal employment contracts describing their terms of appointment, duties, rights and responsibilities. The Managing Director conducts annual performance reviews for the executives reporting directly to him.

<u>Principle 2 – Structure the Board to add value</u>

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Board Composition and Expertise

At the date of this report, the Board comprises a non-executive chairman, two non-executive directors and the Managing Director. The roles of chairperson and managing director are not exercised by the same individual. A profile of each director is set out in the Directors' Report. The Board aims to ensure that it has a mix of skills and capabilities among its members, including technical skills, business development experience and financial management experience. The Board considers that the directors collectively bring the range of skills, knowledge and experience necessary to direct the Company. The size and composition of the Board, and its mix of skills and capabilities, is expected to change as the Company evolves.

CORPORATE GOVERNANCE STATEMENT

Director Independence

The Board reviews the independence of directors in light of interests disclosed to the Board from time to time and at least once a year. A director is regarded as independent if that director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. When determining the independent status of a director, the Board has regard to the existence of any of the relationships listed in Box 2.1 of the ASX Principles.

Mr Kevin Wilson is not regarded as independent under the guidelines in Principle 2, as he is associated directly with a substantial shareholder of the Company. Mr John Dorward is also not regarded as independent under the guidelines in Principal 2, as he is an officer of an entity that was a substantial shareholder of the Company until June 2014 and which continues to hold (directly and indirectly) close to a 5% interest in the Company. Mr Dorward has also previously provided consulting services to the Company in relation to business development, although these are not in themselves considered to be material. Accordingly, the Company does not meet Recommendation 2.1 of the ASX Principles (a majority of the board should be independent directors) or Recommendation 2.2 (the chair should be an independent director). Despite this, the Board considers that its composition is appropriate for the size and scale of the Company and its activities, and that the Company benefits from Mr Wilson's and Mr Dorward's long-standing experience in the resources and finance industries. Mr Wilson and Mr Dorward also consider that they bring quality, independent judgment to bear on all relevant issues falling within the scope of the role of chairman and non-executive director (respectively), notwithstanding their substantial interests in shares of the Company.

As the Company evolves, the Board will consider the appointment of additional independent directors when appropriate.

Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination (R&N) Committee to provide the Board with a regular, structured opportunity to focus on remuneration and nomination issues. The role and responsibilities of the Committee are set out in the Committee's Charter, which is available on the Company's website. The Committee is chaired by Mr Kevin Wilson. Given the size of the Board, all members of the Board are members of the R&N Committee. The Directors' Report sets out the attendance of directors at meetings of the R&N Committee.

Recommendations for nomination of new directors are considered by the R&N Committee and approved by the Board as a whole.

Retirement and Re-election of Directors

The Company's Constitution states that at each annual general meeting, one third of the Company's non-executive directors cease to hold office. Directors who retire as required may offer themselves for re-election by shareholders. Any director appointed to fill a casual vacancy since the date of the previous annual general meeting must also submit themselves to shareholders for election at the next annual general meeting.

Board Performance Evaluation

In August 2014, the Board completed a review of the performance of the Board and its committees. Directors completed an agreed questionnaire, the results of which were confidentially summarised and distributed, and were then discussed at a meeting of the R&N Committee. An action plan to address areas for development has been formulated.

Professional Advice

In accordance with the Board Charter, each director has the right to seek independent professional advice to assist them to carry out their duties as directors, at the expense of the Company, after consultation with the Chairman. No independent professional advice was sought during the financial year.

All directors also have direct access to the management of the Company, including the Company Secretary.

Principle 3 – Promote ethical and responsible decision-making

Companies should actively promote ethical and responsible decision-making.

Code of Conduct

The Board has adopted a Code of Conduct that sets the standard of ethical behaviour required of the Company's directors and employees. The Code of Conduct is posted on the Company's website. Failure to comply with the Code of Conduct may result in the Board requiring the resignation of any director or employee who breaches the Code.

Diversity

The Board has also adopted a Diversity Policy, which is available on the Company's website. This policy affirms the Board's commitment to workplace diversity for the Company (including gender diversity). It includes requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Board reports that the Company's workforce, although small, includes significant female participation at all levels. As at 30 June 2014, two of three direct reports to the Managing Director were women.

The Company's objective is to maintain a significant level of female participation in the Company's workforce at all levels, with a particular emphasis on gender diversity in technical roles. Given the size of the Company and the challenges of recruiting appropriately qualified staff in a regional area, the Board considers it unrealistic to commit to a specific level of female participation in the Company's workforce on an ongoing basis. However, the Board supports measures to attract women to the Company, including continuing to offer flexible work arrangements and setting out clear expectations of behaviours for employees that foster a supportive and inclusive work environment.

There are no female members of the Board at the date of this report. If a vacancy arises or the Board is expanded in future, the Board will consider a diverse range of candidates who will be assessed on merit based on their judgment, skills, experience with business and other organisations of a comparable size, the interplay of the candidate's experience with the experience of other Board members and the extent to which the candidate would be a desirable addition to the Board and its committees.

Principle 4 – Safeguard integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Audit Committee

The Board has an Audit Committee. Its role and responsibilities are set out in its charter, which is posted on the Company's website. The Committee is chaired by Mr Naylor, who is an independent non-executive director with substantial accounting/financial experience. The other committee members are Mr Dorward and Mr Wilson, both non-executive directors with substantial finance and industry experience. The qualifications of Mr Naylor, Mr Dorward and Mr Wilson and their attendance at meetings are described in detail in the Directors' Report. The Audit Committee met four times during the year as stated in the Directors' Report.

The structure of the Audit Committee meets Recommendation 4.2 of the ASX Principles insofar as it consists only of non-executive directors, has at least three members and is chaired by an independent chair who is not chair of the Board. It does not meet Recommendation 4.2 insofar as it does not consist of a majority of independent directors. Given the current size of the Company and the Board, and the current stage of development and straightforward structure of the Group, the Directors consider that the Audit Committee is of sufficient size and technical expertise to discharge its mandate effectively.

External Auditor Relationship

The Company's independent external auditor is RSM Bird Cameron Partners. RSM Bird Cameron Partners was appointed by shareholders at the 2011 Annual General Meeting in accordance with the Corporations Act. The Audit Committee oversees the terms of engagement of the Company's external auditor, including provisions directed at maintaining the independence of the external auditor and in assessing whether the provision of any proposed non-audit services by the external auditor is appropriate. The Company requires the rotation of the external audit engagement partner at least every five years.

Principle 5 – Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company.

The Company has an obligation under the ASX Listing Rules to ensure that all investors have equal and timely access to factual, material information concerning the Company, presented in a clear and balanced way. The Company has a Continuous Disclosure Policy that includes procedures designed to ensure compliance with the ASX Listing Rules' disclosure requirements and to ensure accountability at senior executive level for the compliance. This policy is available on the Company's website.

Principle 6 – Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Shareholder Communication

The Company has a formal policy on shareholder communication, which reflects the Board's objective of maintaining active communication with shareholders as owners of the Company. Mechanisms used by the Company for communicating with shareholders include:

- the Company's annual report, which is distributed, or otherwise made available, to all shareholders;
- the Company's quarterly activities reports;
- the Company's half-year financial report;
- the Company's annual general meeting and other general meetings called to obtain shareholder approval for significant corporate actions, as appropriate;
- Company announcements;
- the Company's website; and
- direct email alerts of ASX releases and other information to shareholders and other interested parties who register their email address via the Company's website.

The Company posts all shareholder-related information and Company ASX announcements (other than disclosures of a routine compliance nature) on the Company's website www.navarre.com.au in an accessible manner.

Shareholder Meetings

The Company encourages shareholders attending annual and other general meetings to ask questions of the directors regarding the Company's governance and business performance, and of the external auditor regarding the conduct of the audit and the contents of the audit report. In addition, the Company welcomes questions from shareholders at any time and these are answered promptly unless the information requested is market sensitive and not in the public domain.

Principle 7 – Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

The Board defines risk to be any event that, if it occurs, will have a material impact (whether financial or non-financial) on the Company's ability to achieve its objectives. The identification and effective management of risk, including calculated risk taking, is viewed as an essential part of the Company's approach to creating shareholder value.

Risk Management Roles and Responsibilities

The Board is responsible for overseeing the effectiveness of risk management systems. The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policy, internal compliance and internal control. The Board considers it important for all Board members to be part of this process and, as such, has not established a separate risk management committee.

The Company has a Risk Oversight Policy, which is available on the Company's website. The Board has established various specific policies and practices designed to identify and manage significant business risks, including:

- detailed monthly financial and operational reporting to the Board;
- approval of budgets;
- policies regarding internal controls and authority levels for expenditure; and
- policies and procedures relating to health, safety and environment.

Day-to-day responsibility for risk oversight and management is delegated to the Managing Director, who is primarily responsible for identifying, monitoring and communicating risk events to the Board and responding to risk events.

Given the size of the Company, the implementation of the policies and practices outlined above and the existence of open channels of communication between the Board and management, the Board does not consider it necessary to have separate, stand-alone risk management and control systems designed by management which are reported to the Board.

Management Assurances in relation to Financial Reporting

The Board has received statements in writing from the Managing Director and Accountant that the declaration provided in accordance with section 295A of the Corporations Act 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.

Principle 8 – Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Remuneration & Nomination Committee

The R&N Committee is responsible for determining compensation arrangements for directors, including the Managing Director, and reviewing compensation arrangements for senior executives. Details of the role and responsibilities of the Committee are set out in the Committee's Charter, which is available on the Company's website.

Given the size of the Board, all members of the Board are members of the R&N Committee. The Committee is chaired by Mr Kevin Wilson. As a result, the Company does not meet Recommendation 8.2 of the ASX Principles insofar as the R&N Committee is not chaired by an independent chair and does not consist of a majority of independent directors. Nonetheless, the Board considers that the R&N Committee effectively discharges its mandate. Any potential for, or perception of, conflict of interest resulting from the Managing Director's membership of the R&N Committee is addressed by ensuring that the Managing Director withdraws from committee meetings during any discussion of his remuneration arrangements or performance, and takes no part in the discussion or decision-making process in relation to such matters.

The Directors' Report sets out the attendance of directors at meetings of the R&N Committee.

CORPORATE GOVERNANCE STATEMENT

Structure of Non-executive Director Remuneration and Executive Remuneration

The structure of non-executive directors' remuneration is distinguished from that of the Managing Director and senior executives. The R&N Committee assesses the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

The non-executive directors are remunerated by way of fixed annual fees (within the aggregate fee limit approved by shareholders) but may also receive fees for additional services provided to the Company. The non-executive directors do not receive any retirement benefits, other than statutory superannuation. The non-executive directors have previously, with the prior approval of shareholders, received options to subscribe for shares in the Company. For a company of the size and limited cash resources of the Company, the grant of options is a useful tool for attracting and retaining quality non-executive directors without diminishing the Company's cash resources. The Board is aware that the ASX Corporate Governance Council's guidelines do not support the issue of options to non-executive directors as part of their remuneration. As the Company grows and its cash resources increase, the Board will review the practice of issuing options to non-executive directors. The Company has not issued options to the non-executive directors since November 2012, but it may do so in the future in appropriate circumstances.

The senior executives of the Company are remunerated by way of a total salary package which includes a balance of fixed remuneration (including statutory superannuation) and performance-based remuneration in the form of cash bonuses, linked to clearly specified short-term performance targets. Equity-based remuneration, in the form of options to subscribe for shares in the Company, is also offered in connection with long-term performance objectives appropriate to the Company's circumstances and goals.

Further details about the remuneration of the non-executive directors, the Managing Director and other senior executives are set out in the Remuneration Report. The Remuneration Report also outlines the Company's policy of prohibiting key management personnel from hedging remuneration that is unvested or is vested but subject to a holding lock.

Navarre Minerals Limited
ABN 66 125 140 105

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
		$	**$**
Interest income		43,353	44,396
Income		**43,353**	**44,396**
Net administration expenses	4	(539,633)	(604,325)
Exploration expenditure written-off		(106,402)	(50,841)
Loss before income tax		**(602,682)**	**(610,770)**
Income tax expense	5	-	-
Net loss for the period		**(602,682)**	**(610,770)**
Total comprehensive loss for the period		**(602,682)**	**(610,770)**
Basic loss per share (cents per share)	6	(0.94)	(1.05)
Diluted loss per share (cents per share)	6	(0.94)	(1.05)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Navarre Minerals Limited
ABN 66 125 140 105

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014	2013
CURRENT ASSETS		$	$
Cash and cash equivalents	7	1,207,176	571,281
Trade and other receivables	8	49,406	1,463,338
Other financial assets	9	10,000	10,000
TOTAL CURRENT ASSETS		1,266,582	2,044,619
NON-CURRENT ASSETS			
Other financial assets	9	30,000	50,000
Property, plant and equipment	10	116,845	154,147
Leasehold improvements	11	2,829	4,349
Exploration and evaluation costs	12	5,222,334	4,342,324
TOTAL NON-CURRENT ASSETS		5,372,008	4,550,820
TOTAL ASSETS		**6,638,590**	**6,595,439**
CURRENT LIABILITIES			
Trade and other payables	13	195,894	429,613
Provisions	14	45,345	33,261
TOTAL CURRENT LIABILITIES		241,239	462,874
TOTAL LIABILITIES		**241,239**	**462,874**
NET ASSETS		**6,397,351**	**6,132,565**
EQUITY			
Contributed equity	15	9,129,833	8,303,049
Share based payments reserve	15	302,485	265,501
Accumulated losses	15	(3,034,967)	(2,435,985)
TOTAL EQUITY		**6,397,351**	**6,132,565**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Navarre Minerals Limited

ABN 66 125 140 105

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital $	Share Based Payments Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2013	**8,303,049**	**265,501**	**(2,435,985)**	**6,132,565**
Net loss for the period			(602,682)	(602,682)
Total comprehensive loss for the year			(602,682)	(602,682)
Transactions with owners in their capacity as owners:				
Cost of share based payments	-	40,684	-	40,684
Share issues	844,000	-	-	844,000
Costs of issues	(17,216)	-	-	(17,216)
Transfer of equity instruments lapsed	-	(3,700)	3,700	-
At 30 June 2014	**9,129,833**	**302,485**	**(3,034,967)**	**6,397,351**

	Issued Capital $	Share Based Payments Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2012	**7,782,800**	**179,936**	**(1,832,241)**	**6,130,495**
Net loss for the period			(610,770)	(610,770)
Total comprehensive loss for the year			(610,770)	(610,770)
Transactions with owners in their capacity as owners:				
Cost of share based payments	-	92,591	-	92,591
Share issues	569,000	-	-	569,000
Costs of issues	(48,751)	-	-	(48,751)
Transfer of equity instruments expired unvested	-	(7,026)	7,026	-
At 30 June 2013	**8,303,049**	**265,501**	**(2,435,985)**	**6,132,565**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Navarre Minerals Limited
ABN 66 125 140 105

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES	**$**	**$**
Payments to suppliers and employees	(617,462)	(310,841)
Interest received	42,624	47,937
Net cash (used in) operating activities (Note 16)	**(574,838)**	**(262,904)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on plant and equipment	(43,569)	(48,845)
Proceeds from sale of plant and equipment	25,546	-
Expenditure on exploration tenements	(818,458)	(1,282,727)
Research and development tax incentive	1,432,954	230,132
Expenditure associated with research and development tax incentive	(214,943)	(34,520)
Net cash (used in) / from investing activities	**381,530**	**(1,135,960)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	844,000	569,000
Transaction costs on issue of shares	(14,797)	(53,989)
Net cash from financing activities	**829,203**	**515,011**
Net increase in cash and cash equivalents	**635,895**	**(883,853)**
Cash and cash equivalents at beginning of period	571,281	1,455,134
Cash and cash equivalents at end of period (Note 7)	**1,207,176**	**571,281**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1: CORPORATE INFORMATION

The financial report of Navarre Minerals Limited ("Navarre Minerals", or the "Company") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 19 September 2014.

Navarre Minerals Limited is a company limited by shares incorporated in Australia. The Company's shares are publicly traded on Australian Stock Exchange.

The nature of operations and principal activities of the Group are described in Note 3.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and is presented in Australian dollars. The financial report has also been prepared on a historical cost basis.

(i) Compliance with IFRS

The financial report complies with Australian Accounting Standards issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(ii) Early adoption of new Accounting Standards

The Group has not elected to early adopt any of the standards set out under (c) New Accounting Standards for Application in Future Periods.

(iii) Historical cost convention

The financial statements have been prepared under a historical cost convention.

(b) New Accounting Standards and Interpretations

The Group has adopted the following amended Australian Accounting Standard and AASB Interpretation as of 1 July 2013. Adoption of these standards did not have a material effect on the financial position or performance of the Group.

Standard	Summary
AASB 10 *Consolidated Financial Statements*	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.
AASB 11 *Joint Arrangements*	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities – Non-monetary Contributions by Ventures.* AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(b) New Accounting Standards and Interpretations (cont.)

AASB 12 *Disclosure of Interests in Other Entities*	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.
AASB 13 *Fair Value Measurement*	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The company does not measure or recognise any assets and liabilities at fair value on a recurring or non-recurring basis.
AASB 119 *Employee Benefits*	The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.
AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]*	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual key management personnel disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions. This information will be disclosed in the Remuneration Report.
AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: ► Repeat application of AASB 1 is permitted (AASB 1) ► Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).
AASB 9 *Financial Instruments*	AASB 9 replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of Phase 1 of the IASB's project to replace IAS 39

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(c) New Accounting Standards for Application in Future Periods

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 30 June 2014. Adoption of these standards is not expected to have a material effect on the financial position or performance of the Group however the position will be further reviewed during FY2014 – 2015.

Reference	Title	Summary	Application date of standard	Application date for Group
2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	This Standard amends the disclosure requirements in AASB 136 to include additional disclosures about the fair value measurement and discount rates when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
2013-9B	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Part B of 2013-9 makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, and makes various editorial corrections to Australian Accounting Standards.	1 January 2014	1 July 2014
AASB 1031	Materiality	Re-issuance of AASB 1031	1 January 2014	1 July 2014

Other new Australian accounting standards and Interpretations issued by not yet effective are not relevant to the Group.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Navarre Minerals Limited and its subsidiaries as at 30 June 2014 and the results of all the subsidiaries for the year then ended (the Group).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income, expenses and profit and losses from intra group transactions, have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(e) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined using either a Black Scholes or binomial option pricing model, and using the assumptions detailed in Note 20.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) Significant accounting judgements, estimates and assumptions (cont.)

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined using either a Black Scholes or binomial option pricing model, and using the assumptions detailed in Note 20.

Exploration and evaluation costs

Exploration and evaluation costs are accumulated separately for each area of interest and carried forward provided that one of the following conditions is met:

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

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. In the judgement of the Directors, at 30 June 2014, apart from the tenements at Mitre and Glendhu that were written off during the year, exploration activities in each area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of ore reserves. Active and significant operations in relation to each area of interest are continuing and nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved. The Directors are continually monitoring the areas of interest and are exploring alternatives for funding the development of areas of interest when ore reserves are confirmed. If new information becomes available that suggests the recovery of expenditure is unlikely, the amounts capitalised will need to be reassessed at that time.

(f) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets which range from 3 to 5 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is written down to its recoverable amount.

The recoverable amount of plant and equipment is the greater 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 of money and the risks specific to the asset.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the period the item is derecognised.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Exploration and evaluation costs

Exploration and evaluation expenditure is carried at cost. If indication of impairment arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Exploration and evaluation costs are accumulated separately for each current area of interest and carried forward provided that one of the following conditions is met:

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

Impairment of exploration and evaluation costs

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits/ (losses) and net assets will be varied in the period in which this determination is made.

Farm-outs

The Group will account for farm-out arrangements as follows:

- The Group will not record any expenditure made by the farminee on its behalf;
- The Group will not recognise a gain or loss on the farm-out arrangement but rather will redesignate any costs previously capitalised in relation to the whole interest as relating to the partial interest retained; and
- Any cash consideration to be received will be credited against costs previously capitalised in relation to the whole interest with any excess to be accounted for by the Group as gain on disposal.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are included in receivables in the consolidated statement of financial position.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use a specific asset or assets and the arrangement conveys a right to use the asset.

Leases under which the lessor retains substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(k) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of the goods and services.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wage and salaries, including non-monetary benefits and annual leave entitlements expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date in national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(m) Share-based payment transactions

The Group provides benefits to employees and directors of the Group in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value of options is determined using either a Black Scholes or binomial option pricing model. The fair value of options with non-market performance criteria is determined by reference to the Company's share price at date of grant.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the recipient becomes fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors, based on the best available information at balance date, will ultimately vest. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in determination of fair value at grant date. The charge or credit for the period represents the movement in cumulative expense recognised as at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(n) Contributed equity

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.

(o) Revenue

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. Specific recognition criteria must also to be met:

Interest income

Revenue is recognised as the interest accrues using the effective interest method.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(p) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Deferred income tax is provided on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be used, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary differences is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be applied.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it is has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right of set off exists to set off current tax assets against current liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxable authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the consolidated statement of comprehensive income.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(q) Goods and services tax

Revenues, expenses and assets are recognised net of GST, except receivables and payables which are stated with GST included. Where GST incurred on a purchase of goods or services is not recoverable from the taxation authority, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

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

Cash flows are included in the consolidated statement of cash flows on a gross basis and 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit/(loss) attributable to members divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

(s) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation and settlement of liabilities in the normal course of the business.

The Group incurred a loss of $602,682 and had net cash outflows from operating activities of $574,838 and net cash inflows from investing activities of $381,530, respectively, for the year ended 30 June 2014. Notwithstanding this, the Directors are satisfied that the Group will have sufficient cash resources to meet its working capital requirements in the future.

The Group will seek to raise further capital, if required, as and when necessary to meet its projected operations. The decision of how the Group will raise future capital will depend on market conditions existing at that time. It is the Group’s plan that this capital will be raised by any one or a combination of the following: placement of shares, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares to the public. Should these methods not be considered to be viable, or in the best interests of shareholders, then it would be the Group’s intention to meet its obligations by either partial sale of the Group’s interests or farm-out, the latter course of action being part of the Group’s overall strategy.

Based on the above, the Directors are of the opinion that the use of the going concern basis of accounting is appropriate.

(t) Parent entity financial information

The financial information for the parent entity, Navarre Minerals Limited, disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounting for at cost less accumulated impairment losses in the financial statements of Navarre Minerals Limited.

NOTE 3: SEGMENT INFORMATION

The Group’s reportable segment is confined to mineral exploration only.

NOTE 4: NET ADMINISTRATION EXPENSES

	Consolidated 2014 $	Consolidated 2013 $
Net administration expenses		
Consultants fees and expenses	14,858	6,347
Directors remuneration (non-executive)	109,325	114,713
Salaries and on-costs	734,756	860,637
Share based payments	40,684	92,591
Investor relations	65,276	12,682
Motor vehicle expenses	15,222	21,349
Audit costs	23,967	23,500
Stock exchange registry and reporting costs	35,310	52,892
Travel costs	11,036	12,581
Depreciation and amortisation	58,661	56,587
Other administration expenses	62,710	84,233
Gross administration expenses	1,171,805	1,338,112
Allocated to exploration licences	(632,172)	(733,787)
Net administration expenses	539,633	604,325

NOTE 5: INCOME TAX

	Consolidated 2014 $	Consolidated 2013 $
Statement of Comprehensive Income		
Current income tax		
Current income tax credit	168,500	155,093
Tax losses not recognised as probable	(168,500)	(155,093)
	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	(287,359)	93,757
Tax losses brought to account offsetting reversal of temporary differences	287,359	(93,757)
	-	-
Income tax expense reported in the consolidated statement of comprehensive income	-	-

Tax Reconciliation

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

	Consolidated 2014 $	Consolidated 2013 $
Accounting loss before tax	(602,682)	(610,770)
At the statutory 30% tax rate (2013: 30%)	180,805	183,231
Share based payment expense	(12,205)	(27,777)
Non-deductible expenses	(100)	(361)
Tax losses not brought to account	(168,500)	(155,093)
Income tax expense reported in the consolidated statement of comprehensive income	-	-

NOTE 5: INCOME TAX (cont.)

Deferred Income Tax	**Statement of Financial Position**		**Income Statement**	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Interest receivable	(908)	(689)	(219)	1,063
Exploration and evaluation costs	(1,566,700)	(1,302,697)	(264,003)	58,020
Gross deferred income tax liabilities	(1,567,608)	(1,303,386)		
Deferred tax assets				
Accruals	12,615	39,377	(26,762)	31,317
Provisions	13,604	9,978	3,625	3,357
Share issue costs	5,165	14,625	-	-
Temporary differences not recognised as not probable	(5,165)	(14,625)	-	-
Tax losses brought to account to offset net deferred tax liability	1,541,389	1,254,031	287,359	(93,757)
Gross deferred income tax assets	1,567,608	1,303,386		
Net Deferred Tax Asset	-	-		
Deferred tax expense			-	-

Tax consolidation

(i) Members of the tax consolidated group

Navarre Minerals Limited and its 100% owned Australian resident subsidiary formed a tax consolidated group with effect from 2 May 2012. Navarre Minerals Limited is the head entity of the tax consolidated group.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under UIG 1052 Tax Consolidated Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the principles in AASB 112 *Income Taxes*.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Tax losses

At balance date, the Group has estimated unused gross tax losses of $9,577,000 (2013: $7,912,000) that are available to offset against future taxable profits subject to continuing to meet relevant statutory tests. To the extent that it does not offset a net deferred tax liability, a deferred tax asset has not been recognised in the accounts for these unused losses because it is not probable that future taxable profit will be available to use against such losses.

NOTE 6: EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings/(loss) per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

For the year ended 30 June 2014 and for the comparative period, there are no dilutive potential ordinary shares as conversion of share options and performance rights would decrease the loss per share and hence are non-dilutive.

The following data was used in the calculations of basic and diluted loss per share:

	Consolidated	
	2014	**2013**
	$	**$**
Net loss	(602,682)	(610,770)
	Shares	**Shares**
Weighted average number of ordinary shares used in calculation of basic and diluted loss per share	63,933,675	58,334,266

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these consolidated financial statements.

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated	
	2014	**2013**
	$	**$**
Cash at bank and in hand	1,207,176	571,281
	1,207,176	571,281

Cash at bank earns interest at floating rates based on daily bank rates.

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014	**2013**
	$	**$**
Research and development tax incentive refund	-	1,432,954
Goods and services tax refund	23,881	12,219
Interest receivable	3,026	2,297
Other	22,499	15,868
	49,406	1,463,338

At balance date, there are no trade receivables that are past due but not impaired. Due to the short term nature of these receivables, their carrying value approximates fair value. Trade receivables are non-interest bearing and are generally on 30-90 day terms. Details regarding the credit risk of current receivables are disclosed in Note 17.

NOTE 9: OTHER FINANCIAL ASSETS

	Consolidated 2014 $	2013 $
Current		
Term Deposit	10,000	10,000
	10,000	10,000

	Consolidated 2014 $	2013 $
Non-current		
Bank Guarantees – Exploration Permits	30,000	50,000
	30,000	50,000

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2014 $	2013 $
At cost	259,153	252,580
Accumulated depreciation	(142,308)	(98,433)
	116,845	154,147
Movement in Plant and Equipment		
Net carrying amount at beginning of year	154,147	160,368
Additions	43,568	48,846
Disposals [net written down value]	(23,729)	-
Depreciation	(57,141)	(55,067)
Net carrying amount at end of year	116,845	154,147

The useful life of the plant and equipment is estimated for 2014 as 3 to 5 years.

NOTE 11: LEASEHOLD IMPROVEMENTS

	Consolidated 2014 $	2013 $
At cost	7,602	7,602
Accumulated depreciation	(4,773)	(3,253)
	2,829	4,349
Movement in Leasehold Improvements		
Net carrying amount at beginning of year	4,349	5,869
Depreciation	(1,520)	(1,520)
Net carrying amount at end of year	2,829	4,349

The useful life of the Leasehold Improvements is estimated as 5 years.

NOTE 12: EXPLORATION AND EVALUATION COSTS

	Consolidated 2014 $	2013 $
Balance at beginning of year	4,342,324	4,535,724
Expenditure for the year	986,412	1,271,064
Research and development tax incentive refund (net of costs)	-	(1,413,623)
Expenditure written-off during the year	(106,402)	(50,841)
	5,222,334	4,342,324

Capitalised exploration and evaluation costs at 30 June 2014 are $5,222,334 (2013: $4,342,324) which relate to Bendigo North $3,435,042 (2013: $3,364,673), Western Victoria Copper Project $1,358,649 (2013: $543,806), Kingston $423,687 (2013: $432,912) and Stawell Corridor $4,956 (2013: $933).

NOTE 13: TRADE AND OTHER PAYABLES

	Consolidated 2014 $	2013 $
Trade Creditors	195,894	429,613

Trade payables are non-interest bearing and are normally settled on 30 day terms.

NOTE 14: PROVISIONS

	Consolidated 2014 $	2013 $
CURRENT		
Annual leave entitlement	45,345	33,261

NOTE 15: CONTRIBUTED EQUITY AND RESERVES

	Consolidated			
	2014 Shares	2014 $	2013 Shares	2013 $
ISSUED AND PAID UP CAPITAL				
Ordinary shares	72,607,653	9,129,833	59,622,973	8,303,049
	72,607,653	9,129,833	59,622,973	8,303,049
Movements in Ordinary Shares				
Balance at beginning of year	59,622,973	8,303,049	55,829,603	7,782,800
Share Issues:				
Share placement at $0.065	4,615,384	300,000	-	-
Share purchase plan at $0.065	8,369,296	544,000	-	-
Share purchase plan at $0.15	-	-	3,793,370	569,000
Transaction costs	-	(17,216)	-	(48,751)
Balance at end of year	72,607,653	9,129,833	59,622,973	8,303,049

NOTE 15: CONTRIBUTED EQUITY AND RESERVES (cont.)

(a) Terms and Condition of Ordinary Shares

Ordinary shares entitle their holder to receive dividends as declared. In the event of winding up the Company, ordinary shares entitle their holder to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up or which should have been paid up on shares held. Each ordinary share entitles the holder to one vote, either in person or by proxy, at a meeting of the Company. Ordinary shares issued during the year and since the end of the year, from date of issue rank equally with the ordinary shares on issue.

(b) Share Options

At 30 June 2014 4,215,000 options over unissued shares granted to non-executive directors and senior employees were outstanding. The options are granted pursuant to the Navarre Minerals Limited Option Plan, details of which are set out in Note 20.

(c) Capital Management

Capital is defined as equity. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits of other stakeholders. All methods of returning funds to shareholders outside of dividend payments or raising funds are considered within the context of the Group's objectives.

The Group will seek to raise further capital, if required, as and when necessary to meet its projected operations. The decision of how the Group will raise future capital will depend on market conditions existing at that time. It is the Group's plan that this capital will be raised by any one or a combination of the following: placement of shares, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares to the public. Should these methods not be considered to be viable, or in the best interests of shareholders, then it would be the Group's intention to meet its obligations by either partial sale of the Group's interests or farm-out, the latter course of action being part of the Group's overall strategy.

The Group is not subject to any externally imposed capital requirements.

OTHER RESERVES

Share Based Payments Reserve

The share based payments reserve records the value of benefits provided as equity instruments to directors, employees and consultants under share-based payment plans (Note 20).

	Consolidated	
	2014	**2013**
	$	**$**
Balance at beginning of year	265,501	179,936
Cost of share based payments	40,684	92,591
Cost of expired equity instruments transferred to accumulated losses	(3,700)	(7,026)
Balance at end of year	302,485	265,501

ACCUMULATED LOSSES

	Consolidated	
	2014	**2013**
	$	**$**
Balance at beginning of year	(2,435,985)	(1,832,241)
Net loss for the year	(602,682)	(610,770)
Cost of equity instruments expired	3,700	7,026
Balance at end of year	(3,034,967)	(2,435,985)

NOTE 16: STATEMENT OF CASH FLOWS RECONCILIATION

Reconciliation of net loss after tax to net cash flows used in operating activities

	Consolidated	
	2014	**2013**
	$	**$**
Net loss	(602,682)	(610,770)
Adjustments for:		
Gain on sale of property, plant and equipment	(2,141)	-
Loss on property, plant and equipment written-off	324	-
Exploration expenditure written-off	106,403	50,841
Depreciation and amortisation (net of allocation to exploration licences)	5,668	5,406
Share based payments (net of allocation to exploration licences)	24,212	73,876
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(9,946)	175,119
(Decrease)/increase in trade and other payables	(101,661)	36,015
Increase in provisions (net of allocation to exploration licences)	4,985	6,609
Net cash flows used in operating activities	(574,838)	(262,904)

NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits, the main purpose of which is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are credit risk, interest rate risk and liquidity risk. The Board of Directors has reviewed each of those risks and has determined that they are not significant in terms of the Group's current activities.

Credit risk

The Group trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the results being that the Group's exposure to bad debts is not significant.

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. No collateral is held as security. Exposure at balance date is the carrying value as disclosed in each applicable note.

NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents with a floating interest rate:

	Consolidated	
	2014	**2013**
	$	**$**
Cash and cash equivalents	1,207,176	571,281

Taking into account past performances, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Group believes that -/+ 1.0% from the year-end rates of 2.9% represents the 'reasonably possible' movement interest rates over the next 12 months. The following is the impact of this on the profit or loss with all other variables including foreign exchange rates held constant:

	Consolidated Net Profit	
	2014	**2013**
	$	**$**
+1.0% (100 basis points) increase in interest rates with all other variables held constant	12,100	5,700
-1.0% (100 basis points) decrease in interest rates with all other variables held constant	(12,100)	(5,700)

There is no impact on equity other than the above net profit sensitivities on retained earnings/accumulated losses.

Liquidity Risk

The Group's exposure to financial obligations relating to corporate administration and projects expenditure, are subject to budgeting and reporting controls, to ensure that such obligations do not exceed cash held and known cash inflows for a period of at least 1 year.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built in an appropriate liquidity risk framework for the management of the Group's short, medium and longer term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate equity funding through the monitoring of future cash flow forecasts of its operations, which reflect management's expectations of the settlement of financial assets and liabilities.

The Group has limited financial resources and will need to raise additional capital from time to time as such fund raisings will be subject to factors beyond the control of the Group and its directors. When Navarre requires further funding for its programs, then it is the Group's intention that the additional funds will be raised by any one or a combination of the following: placement of shares, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares to the public. Should these methods not be considered to be viable, or in the best interests of shareholders, then it would be the Group's intention to meet its obligations by either partial sale of the Group's interests or farm-out, the latter course of action being part of the Group's overall strategy.

Maturity Analysis

At balance date, the Group holds $195,894 of financial liabilities consisting of trade and other payables. All financial liabilities have a contractual maturity of 30 days.

Fair Values

The aggregate net fair values of the financial assets and liabilities are the same as the carrying values in the consolidated statement of financial position.

NOTE 18: COMMITMENTS AND CONTINGENCIES

(a) Commitments

	2014 $	2013 $
Operating Lease		
Future minimum rentals payable under operating lease for office premises at balance date:		
Payable not later than one year	14,340	14,340
Payable later than one year but not later than five years	-	-
	14,340	14,340

	2014 $	2013 $
Exploration Commitments – Exploration Permits		
Estimated cost of minimum work requirements contracted for under exploration permit is estimated at balance date:		
Payable not later than one year	387,550	636,350
Payable later than one year but not later than five years	884,900	1,738,700
	1,272,450	2,375,050

Exploration commitments at 30 June 2013 relate to Bendigo North $0 (2013: $87,000), Western Victoria Copper Project $1,144,950 (2013: $1,767,550) and Kingston $127,500 (2012: $520,500).

The Company currently has three exploration licence applications in process. If those licences are granted, there will be minimum expenditure commitments applicable to those tenements. The amount of those commitments is currently unknown.

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements. These obligations are expected to be fulfilled in the normal course of operations. Exploration interests may be relinquished or joint ventured to reduce this amount. The Victorian State Government has the authority to defer, waive or amend the minimum expenditure requirements.

(b) Contingencies

There are no contingent liabilities.

NOTE 19: RELATED PARTY DISCLOSURES

Subsidiaries

The consolidated financial statements include the financial statements of Navarre Minerals Limited and the following subsidiary:

	Country of Incorporation	% Entity Interest 2014 %	2013 %
Black Range Metals Pty Ltd	Australia	100	100

Compensation of key management personnel by category:

	Consolidated 2014 $	2013 $
Short term employee benefits	628,025	664,484
Post-employment benefits	79,131	55,685
Share-based payments	31,622	95,487
	738,778	815,656

Details of compensation of individual key management personnel are set out in the Remuneration Report.

During the year fees for consulting services were paid by the Group to entities controlled by directors as follows:

Director	Consulting Fees Paid 2014 $	Outstanding at Balance Date 2014 $	Consulting Fees Paid 2013 $	Outstanding at Balance Date 2013 $
J Dorward	-	-	5,000	-

NOTE 20: SHARE BASED PAYMENT PLANS

Navarre Minerals Limited Option Plan

Share options may be granted to senior employees and non-executive directors under the Navarre Minerals Limited Option Plan. There were 275,000 options granted to senior employees during the financial year (2013: 1,890,000 options).

Movements in share options on issue during the year:

	2014 Options	2013 Options
Outstanding at the beginning of the year	4,190,000	2,600,000
Granted during the year	275,000	1,890,000
Lapsed during the year	(250,000)	(300,000)
Exercised during the year	-	-
	4,215,000	4,190,000

NOTE 20: SHARE BASED PAYMENT PLANS (cont.)

- On 31 January 2014, 100,000 share options were granted to a senior employee of the Company. The options are exercisable at a price of 15 cents per option on or before 31 December 2017. The options vest in three tranches, when the Company's closing share price exceeds the exercise price of the options for ten consecutive trading days after the relevant vesting date (being 31 January 2014 for the first tranche, 1 January 2015 for the second tranche and 1 January 2016 for the third tranche).

  The fair value of the options at date of grant is estimated to be 0.0397 cents for the first tranche, 0.0406 cents for the second tranche and 0.0432 cents for the third tranche. The fair value was determined using a Binomial pricing model, taking into account the terms and conditions upon which the options were granted, and using the following inputs to the model:

Expected volatility	84%	Contractual life	4 years
Risk-free interest rate	2.965%	Dividend yield	0%

  The total amount expensed in the year relating to these share options was $2,252.

  The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future.

- On 31 January 2014, 175,000 share options were granted to senior employees of the Company. The options are exercisable at a price of 10 cents per option on or before 31 December 2018. The options vest in three tranches, when the Company's closing share price exceeds the exercise price of the options for ten consecutive trading days after the relevant vesting date (being 1 January 2015 for the first tranche, 1 January 2016 for the second tranche and 1 January 2017 for the third tranche).

  The fair value of the options at date of grant is estimated to be 0.0496 cents for the first tranche, 0.0534 cents for the second tranche and 0.0564 cents for the third tranche. The fair value was determined using a Binomial pricing model, taking into account the terms and conditions upon which the options were granted, and using the following inputs to the model:

Expected volatility	84%	Contractual life	5 years
Risk-free interest rate	3.080%	Dividend yield	0%

  The total amount expensed in the year relating to these share options was $2,462.

  The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future.

NOTE 21: AUDITOR'S REMUNERATION

	Consolidated	
	2014	**2013**
	$	**$**
Amounts received or due and receivable by the auditor for:		
Audit or review of the financial reports:		
RSM Bird Cameron Partners	23,967	23,500
	23,967	23,500

NOTE 22: PARENT ENTITY INFORMATION

	2014 $	2013 $
Information relating to Navarre Minerals Limited		
Current assets	1,495,576	2,098,738
Total assets	**6,648,180**	**6,604,693**
Current liabilities	241,238	462,874
Total liabilities	**241,238**	**462,874**
Issued capital	9,129,833	8,303,049
Share based payment reserve	302,485	265,501
Accumulated losses	(3,025,376)	(2,426,731)
Total shareholders' equity	**6,406,942**	**6,141,819**
(Loss) of the parent entity	(602,345)	(601,516)
Total comprehensive (loss) of the parent entity	(602,345)	(601,516)
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	n/a	n/a
Details of any contingent liabilities of the parent entity	n/a	n/a
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment	n/a	n/a

NOTE 23: EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the balance date, Navarre completed the transaction with Catalyst as described in paragraph 4.4(d) of the Directors Report. On 12 September 2014, Catalyst paid Navarre $50,000 cash and issued to Navarre 250,000 fully paid ordinary shares in Catalyst. In accordance with the terms of Navarre's agreement with Catalyst, Navarre expects Catalyst to issue a further 250,000 Catalyst shares to Navarre on 12 September 2015.

The Company currently has three exploration licence applications in process. If those licences are granted, there will be minimum expenditure commitments applicable to those tenements. The amount of those commitments is currently unknown.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or state of affairs of the Group, in future financial years.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Navarre Minerals Limited, I state that:

In the opinion of the Directors:

(a) The financial statements and notes of Navarre Minerals Limited for the financial year ending 30 June 2014 are in accordance with the *Corporations Act* 2001, including:

  (i) Giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2014.

  (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations* 2001.

(b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a)(i).

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

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 2014.

On behalf of the Board

G McDermott
Managing Director
Stawell, 19 September 2014

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

NAVARRE MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Navarre Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 of the consolidated entity comprising 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 statements comply 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 entity'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 entity'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.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Navarre Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Navarre Minerals 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 2014 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 at pages 17 to 27 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion the Remuneration Report of Navarre Minerals Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

J S CROALL
Partner

Dated: 19 September 2014
Melbourne, Victoria

Navarre Minerals Limited

ABN 66 125 140 105

ADDITIONAL SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 17 September 2014.

1. Listing Information

The Company is listed, and all of the Company's issued shares are quoted on, the Australian Securities Exchange (ASX).

2. Distribution of Shareholders

(i) Analysis of number of shareholders by size of holding:

Ranges	Holders	Total Units	% IC
1 – 1000	17	3,711	0.005
1,001 – 5,000	85	290,326	0.400
5,001 – 10,000	181	1,511,235	2.081
10,001 – 100,000	419	14,599,983	20.108
>100,001	109	56,202,398	77.406
Totals	**811**	**72,607,653**	**100.000**

(ii) The number of shareholders holding less than a marketable parcel of shares was 196, holding a total of 938,389 shares.

3. 20 Largest Shareholders

The following table sets out the top 20 holders of the Company's shares (when multiple holdings are grouped together by registered holder):

Shareholder	Number of shares	% Issued capital
Crocodile Gold Australia Pty Ltd	9,802,606	13.5%
Mr Kevin John Wilson	4,697,944	6.5%
Mr John Darroch, Mrs Gloria Darroch, Mr Richard Darroch & Ms Helen Darroch	3,186,158	4.3%
New Chum Holdings Pty Ltd	2,695,642	3.7%
Kautag Pty Ltd	2,470,770	3.4%
Mrs Catherine McDermott	2,254,437	3.1%
Lujeta Pty Ltd	2,100,000	2.9%
Mr Colin Henry Naylor & Mrs Anne Naylor	1,960,770	2.7%
Mambat Pty Ltd	1,330,770	1.8%
Mad Fish Management Pty Ltd	1,130,000	1.6%
Mr Trevor James Shard & Ms Lidia Lee Merzel	1,060,000	1.5%
Mr Wayne Daryl King & Mr Craig Alan King	1,030,499	1.4%
Ms Katherine Griffin	1,010,000	1.4%
Yavern Creek Holdings Pty Ltd	950,000	1.3%
Mrs Karrina Mitchell	900,000	1.2%
Mr Kevin Philip Wilkie & Mrs Kerry Wilkie	894,000	1.2%
Michael Thomas Hajnik	800,000	1.1%
Dalregal Pty Ltd	780,361	1.1%
Skeew Pty Ltd	603,847	0.9%
Rivermore Pty Ltd	526,000	0.7%
	40,183,804	**55.3%**

ADDITIONAL SHAREHOLDER INFORMATION

4. Substantial Shareholders

The substantial holders were as follows:

Shareholder	No of shares	%
Crocodile Gold Australia Pty Ltd	9,802,606	13.5%
Mr Geoffrey McDermott (including New Chum Holdings Pty Ltd & others)	5,055,013	7.0%
Mr Kevin John Wilson	4,697,944	6.5%

5. Voting Rights

At a general meeting of shareholders:

(i) On a show of hands, each person who is a member or sole proxy has one vote.

(ii) On a poll, each shareholder is entitled to one vote for each fully paid share.

TENEMENT INFORMATION (as at 17 September 2014)

Project	Tenement Details[1]	Group Interest
Bendigo North		
Tandarra[2]	EL 4897	100%
Castlemaine Gold JV		
Raydarra[3]	EL 5266	0%
Sebastian 1[3]	EL 4536	0%
Sebastian 2[3]	EL 4974	0%
Landsborough Fault		
Kingston	EL 5280	100%
Western Victoria Copper Project		
Black Range	EL 4590	100%
Stavely	EL 5425	100%
Cherrypool	EL 5426	100%
Glenlyle	ELA 5497	0%
Stawell Corridor		
Ararat	ELA 5476	0%
Tatyoon	ELA 5480	0%

Notes [1] EL = Exploration Licence; ELA = Exploration Licence Application.
[2] Catalyst Metals Ltd is entitled to earn a 51% interest under a farm-out agreement with Navarre.
[3] Navarre has transferred its interest in these tenements to Catalyst Metals Ltd. Navarre is entitled to a 1% royalty on Catalyst's share of proceeds from future production from these tenements.