



NAVARRE MINERALS LIMITED

ABN 66 125 140 105

Annual Report 2016

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

Registered Office & Principal Operations Office

40-44 Wimmera Street
PO Box 385
Stawell Victoria 3380 Australia
Telephone +61 (3) 5358 8625
Email info@navarre.com.au
Website www.navarre.com.au

Share Registrar

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000 Australia
Telephone +61 (2) 9290 9600
Facsimile +61 (3) 9279 0664

Auditor

RSM Australia Partners
Level 21
55 Collins Street
Melbourne Victoria 3000 Australia

Stock Exchange Listing

ASX Limited
Level 4, North Tower, Rialto
525 Collins Street
Melbourne Victoria 3000 Australia
ASX Code: NML

Incorporated 30 April 2007

Victoria, Australia

Contents

Chairman's Report	2
Managing Director's Review of Operations	3
Directors' Report	11
Auditor's Independence Declaration	18
Remuneration Report	19
Consolidated Statement of Comprehensive Income	28
Consolidated Statement of Financial Position	29
Consolidated Statement of Changes in Equity	30
Consolidated Statement of Cash Flows	31
Notes to the Consolidated Financial Statements	32
Directors' Declaration	52
Independent Auditor's Review Report	53
Additional Shareholder Information	55

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.

Navarre Minerals Limited

ABN 66 125 140 105

CHAIRMAN'S REPORT

Dear Fellow Shareholder,

On behalf of the Directors, it is my pleasure to present Navarre Minerals Limited's Annual Report for the year ending 30 June 2016.

This year saw a continuation of challenges brought about by global uncertainty in the first half of the year but signs of improvement towards the end of the year suggest the resources industry is now on a more positive course.

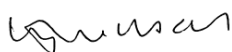
The review of operations, which follows my report, highlights the advancement of promising gold prospects near Ararat which form part of our Stawell Corridor Gold Project. Although approximately one million ounces of dominantly alluvial gold has been extracted from the area historically, there has been minimal modern exploration. Our preliminary investigations indicate these prospects to be analogous to the Stawell's Magdala Gold Mine some 15km to the north. During the year, a program of mapping and geophysics is preparing our Ararat gold prospects for drilling in late 2016 and 2017. The proposed exploration program at Ararat was successful in attracting co-funding under the Victorian Government's TARGET financing scheme, a program designed to encourage innovative and technically sound greenfield exploration in the State. We congratulate the Victorian Government on establishing its visionary TARGET program and are delighted to receive a co-funding grant of up to \$626,150. The TARGET funding has been complemented by funds of approximately \$1.4 million raised in September 2016 through a placement and a fully underwritten entitlement offer.

Elsewhere, our Bendigo North (Tandarra) Gold Project was advanced by Catalyst Metals Limited who are earning into the project by spending \$3 million over four years. Catalyst completed a reconnaissance and infill drilling program at Tandarra delivering some excellent high-grade intersections. Further drilling is anticipated in the coming year.

In addition to the two gold exploration programs underway in Victoria we continue to examine opportunities to expand the company's activities, including gold and other minerals in projects at different levels of maturity.

Finally, on behalf of the Board, I would like to thank our small management team for their commitment during the year and to thank our shareholders for their support and encouragement. In particular, we thank both the existing shareholders and the new investors who participated in the recent capital raising.

Kind regards



Kevin Wilson
Chairman

28 September 2016

Navarre Minerals Limited

ABN 66 125 140 105

MANAGING DIRECTOR’S REVIEW OF OPERATIONS 2016

In the financial year ending 30 June 2016 Navarre Minerals continued its exploration program with a strong focus on gold. Programs of work were undertaken on Navarre’s Stawell Corridor Gold Project in western Victoria and also at Tandarra as part of our Bendigo North Gold Project, Victoria in collaboration with project operator Catalyst Metals Limited (earning a 51% interest by spending \$3 million over 4 years to September 2018) (see Figure 1).

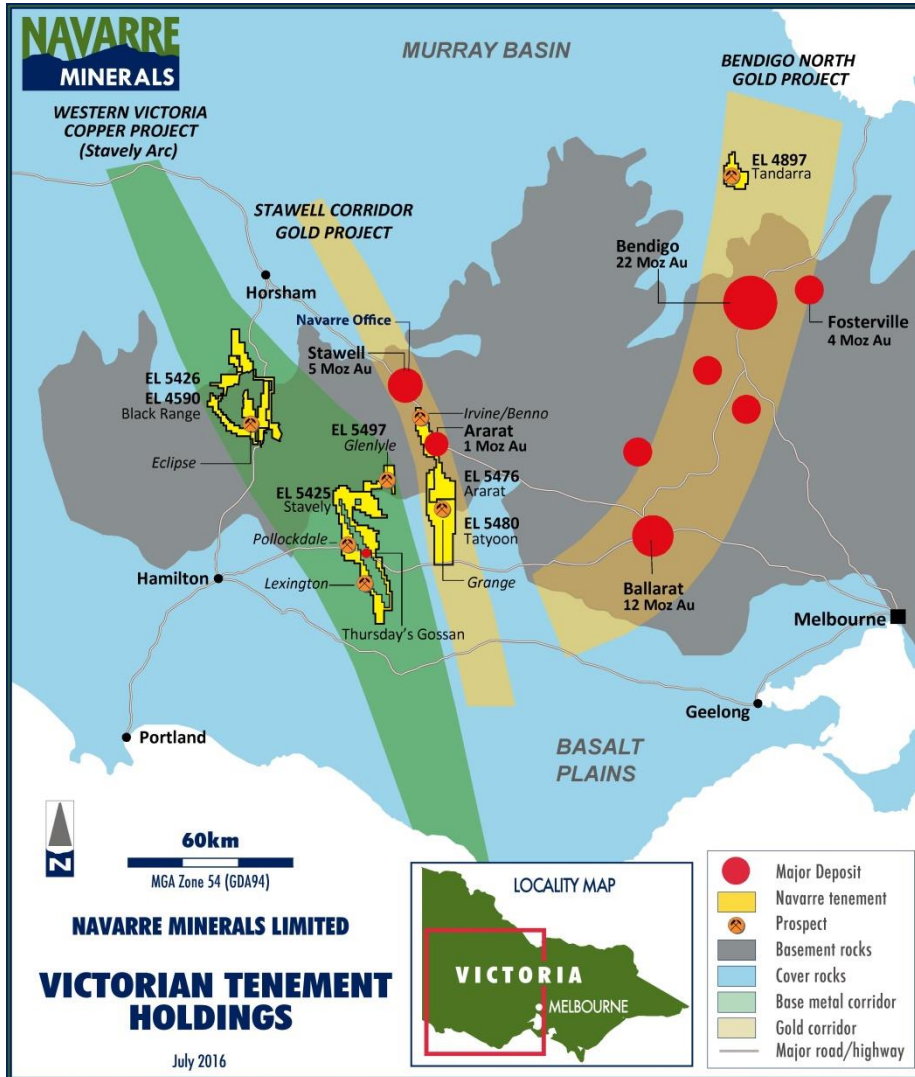


Figure 1: Location of Navarre’s Victorian mineral projects.

STAWELL CORRIDOR GOLD PROJECT (EL 5476 & EL 5480)

The Stawell Corridor Gold Project comprises two exploration licences, Tatyoon and Ararat, which includes the historic 1Moz Ararat Goldfield. It is located between 10 and 70 kilometres south of the Stawell Gold Mine which is owned by Navarre’s largest shareholder Newmarket Gold Inc. (Figure 2).

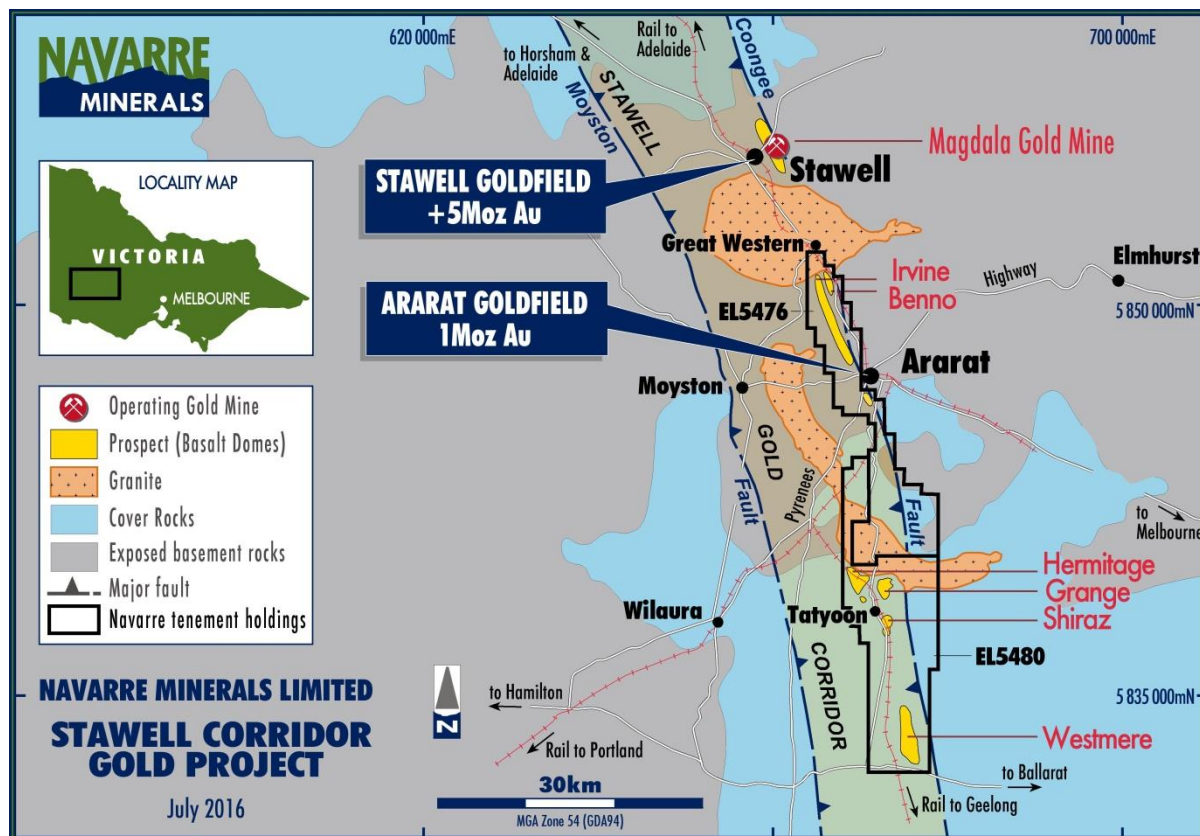


Figure 2: Stawell Corridor Gold Project location map.

Approximately 6 million ounces of historic and modern gold production has occurred between Ararat and Stawell.

The Irvine and Benno prospects are located 15 kilometres south of Stawell’s Magdala Gold Mine (refer Figure 2) and were identified in 2015 (NML ASX release 12 June 2015). Both prospects occupy the northern end of the Ararat Goldfield, which is estimated to have produced approximately one million ounces of gold mainly from alluvial and deep lead production during the period 1854 to 1925.

Production of primary hard-rock gold from the Ararat Goldfield was low given the richness of the alluvial deposits, in contrast to the Stawell Goldfield, and is one of the reasons why Navarre is searching for economic primary gold mineralisation in the vicinity of the richest alluvial gold deposits.

The largest gold mine along the Stawell Corridor is the Magdala Gold Mine, which is producing gold from a deposit that has been mined to depths in excess of 1,600 metres. Modern gold mining at Stawell has been continuous since 1982 with the Magdala gold deposit contributing more than 4 million ounces of the total 5 million ounces of gold produced to date from the Stawell Goldfield.

Gold mineralisation of the Stawell style occurs proximal to the margins of large basalt structures or domes. The basalt structures are rigid and do not deform as much as the surrounding sediments. The deformation leads to the creation of voids allowing quartz veining and gold mineralisation to form on the basalt margins.

Ararat (EL 5476)

Irvine & Benno gold prospects

The Company continued to advance exploration on the Stawell-style Irvine and Benno gold prospects.

Work completed during the year included:

- prospect-scale geological mapping and rock-chip sampling;
- a gravity survey in collaboration with Monash University to aid mapping of the relative dense basalt domes of Irvine and Benno. Results from the gravity survey show two north-northwest trending gravity highs corresponding to mapped basalt float, truncated to the north by the Stawell Granite and predicted to extend several kilometres south of the survey area;

Navarre Minerals Limited

ABN 66 125 140 105

- re-processing and integration of new and vintage gravity survey data into a single model indicates the Irvine Basalt extends beyond the limits previously mapped and may be up to 7 kilometres long;
- re-processing of magnetic data to assist with geological interpretation and target definition;
- historical research of alluvial and reef mining of the Ararat Goldfield; and
- planning and preparation for an Induced Polarisation (IP) geophysical survey over the Irvine Basalt dome.

Integration of the above geological mapping, geophysical, geochemical and historical mining data is indicating that the Irvine Basalt dome may be spatially coincident with the source of many east-draining, historically mined alluvial gold workings (Figure 3).

Reconnaissance field investigation about the margins of the Irvine Basalt has revealed up to four apparent lines of iron-manganese-rich gossans, mineralised quartzites or laminated quartz veins that are interpreted to occur parallel to the basalt contact. These observations compare well with the Magdala gold deposit predictive model where over 4 million ounces of gold has been produced from an area between the basalt contact and the parallel Stawell Fault (Figure 3).

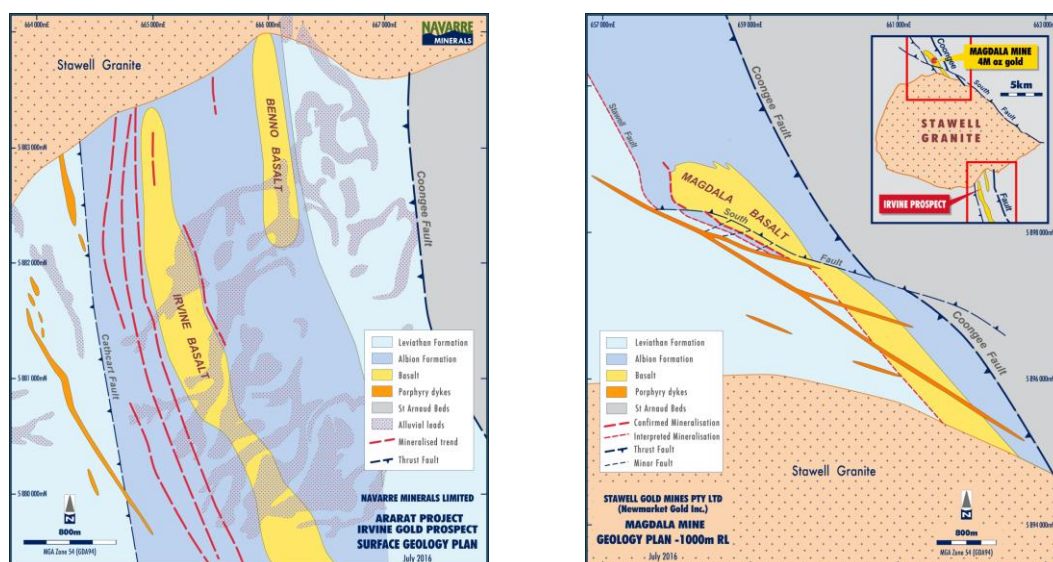


Figure 3: Comparison of Stawell's Magdala Gold Mine with the Irvine gold prospect (right-hand diagram modified from diagram obtained from Newmarket Gold Inc. website).

Subsequent to year end, the Company commenced the first stage of its TARGET co-funded exploration program (see "Corporate" section below) involving an Induced Polarisation (IP) geophysics survey over the Irvine and Benno prospects with the aim of identifying anomalies potentially associated with gold mineralisation along the margins of the basalt domes. The IP geophysics program was completed in September 2016 with results to inform drill site selection. Air-core and diamond drilling (which comprise the second and third milestones of the TARGET-funded program) are planned to follow.

Tatyoan (EL 5480)

A gravity survey, in collaboration with Monash University researchers, has been acquired over the Grange and Shiraz basalt dome targets which are located beneath recent cover sequences. The Company is yet to complete its appraisal of the geology and structure of the prospects to advance to the next stage of exploration.

TANDARRA GOLD PROJECT (EL 4897) (Navarre free carried, Catalyst Metals Ltd earning 51%)

The Tandarra Gold Project is a greenfields gold discovery under shallow cover, 40km north of the 22 million ounce Bendigo Goldfield (Figures 1 & 4). Under a 2014 Heads of Agreement, project manager Catalyst Metals Limited ("Catalyst") has the right to earn a 51% equity interest in the Tandarra Gold Project by incurring exploration expenditure of \$3 million over four years to September 2018.

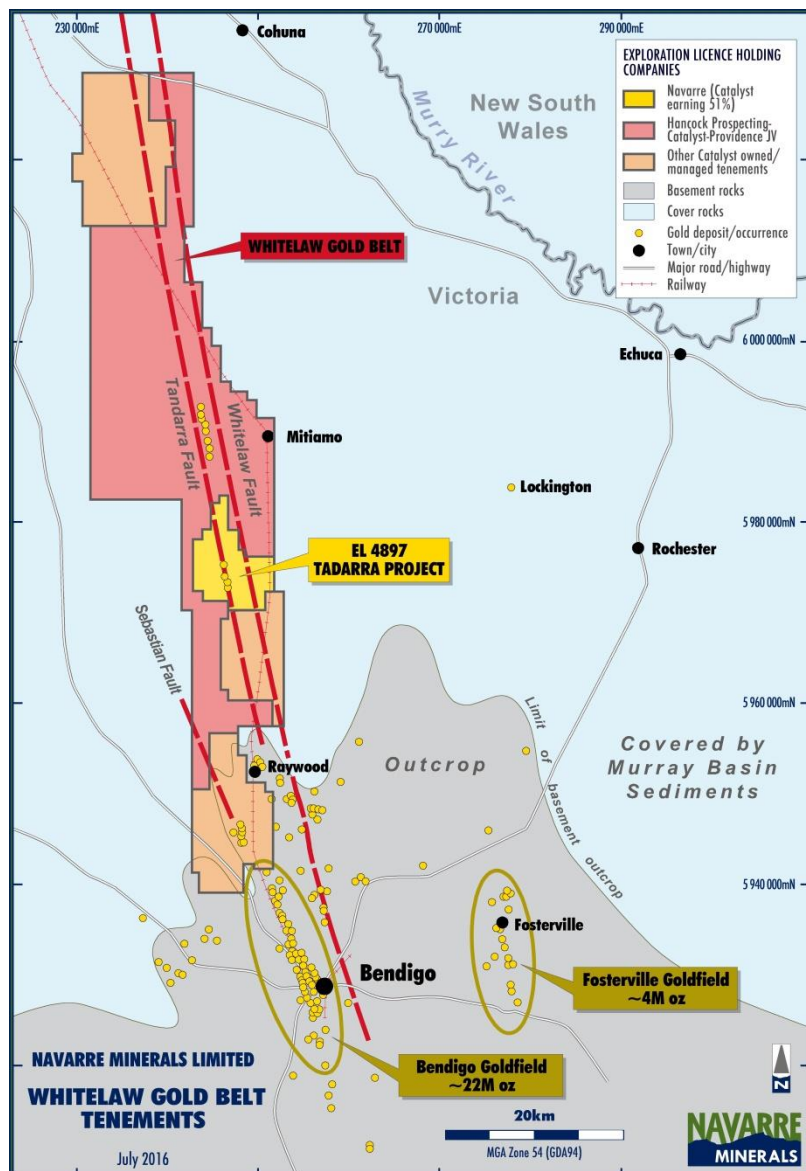


Figure 4: Plan of Tandarra Gold Project and licence holdings along the controlling Whitelaw - Tandarra Faults

On 29 July 2015 Catalyst reported that it had completed its first reconnaissance air-core drilling program at Tandarra, which comprised 3,853 metres of reconnaissance air-core drilling in 31 holes on 3 drill traverses (refer Catalyst ASX release 29 July 2015).

The highlight of the drilling was an intersection of high-grade gold and another significant zone of mineralisation, approximately 500 metres apart:

- **2.0m @ 33.1 g/t Au including 1.0 m @ 65.6g/t Au from 129 metres (ACT221)**
- **5.0m @ 0.5 g/t Au from 78 metres (ACT202)**

These intersections are located about seven kilometres north on strike of the main zone of high grade gold mineralisation at the Tomorrow Prospect and approximately seven kilometres south of Catalyst’s Four Eagles Gold Project (Figure 5). This new zone of mineralisation is virtually untested over a 14 kilometre strike and will require considerably more air-core drilling to evaluate the potential.

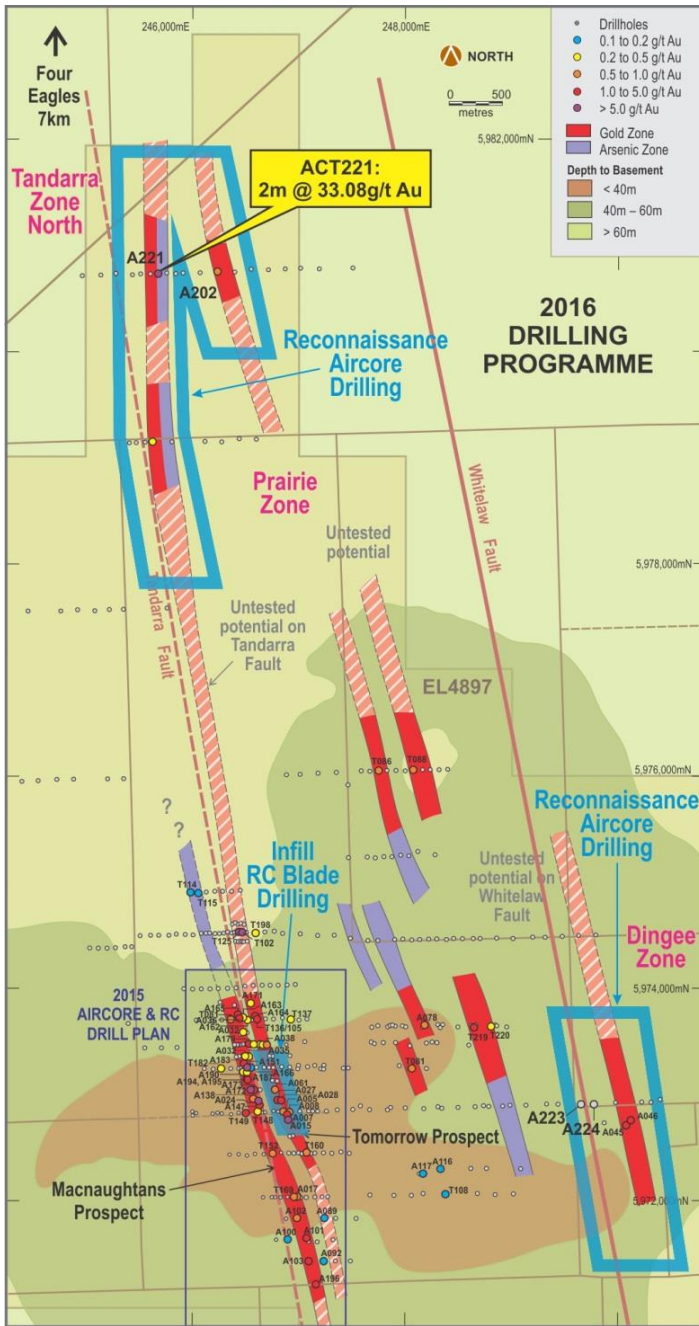


Figure 5: Plan of the Tandarra Gold Project showing interpreted gold zones and planned 2016 drilling (figure courtesy of Catalyst Metals Limited).

In April and May 2016, Catalyst undertook an RC Blade drill program comprising 39 drill holes for a total of 4,000 metres aimed at testing the continuity of gold mineralisation in the shallow high-grade Tomorrow and Macnaughtan prospects at Tandarra (Figures 5). Thirty-four holes in eight (east-west orientated) drill traverses were completed across the Tomorrow prospect over a strike length of 800 metres to test the quartz reef structure down to a vertical depth of approximately 80 metres.

On 20 July 2016, Catalyst released assay results for 34 drill holes. Each of the eight Tomorrow prospect drill traverses contained at least one significant high-grade gold intersection (see Figure 6). Six holes on two drill traverses were also completed over the Macnaughtan prospect and assays for 5 of these holes are yet to be received. The highlights of the drill program include*:

- **5m @ 17.0 g/t Au** from 106m (RCT107)
- **11m @ 6.2 g/t Au** from 74m & **23m @ 1.92 g/t** from 90m (RCT111)
- **6m @ 6.1 g/t Au** from 51m (RCT136)

Navarre Minerals Limited

ABN 66 125 140 105

- **4m @ 7.9 g/t Au** from 54m (RCT104)
- **2m @ 14.3 g/t Au** from 54m & **5.0m @ 5.9 g/t Au** from 84m (RCT132)
- **2m @ 6.9 g/t Au** from 61m (RCT102)
- **2m @ 13.9 g/t Au** from 79m (RCT115)
- **7m @ 3.2 g/t Au** from 73m (RCT119)
- **1m @ 11.2 g/t Au** from 62m (RCT124)
- **1m @ 34.3 g/t Au** from 82m (RCT 126)
- **3m @ 6.0 g/t Au** from 64m (RCT131)

* Refer to Catalyst Metals Ltd ASX release of 20 July 2016 for further details about the latest drill results.

Interpretation and modelling of the gold mineralisation is expected to be finalised in the coming weeks following receipt of outstanding assays.

Navarre is pleased with the outcome of the program so far and encourages its Tandarra partner to continue to advance exploration and evaluation in the project area.

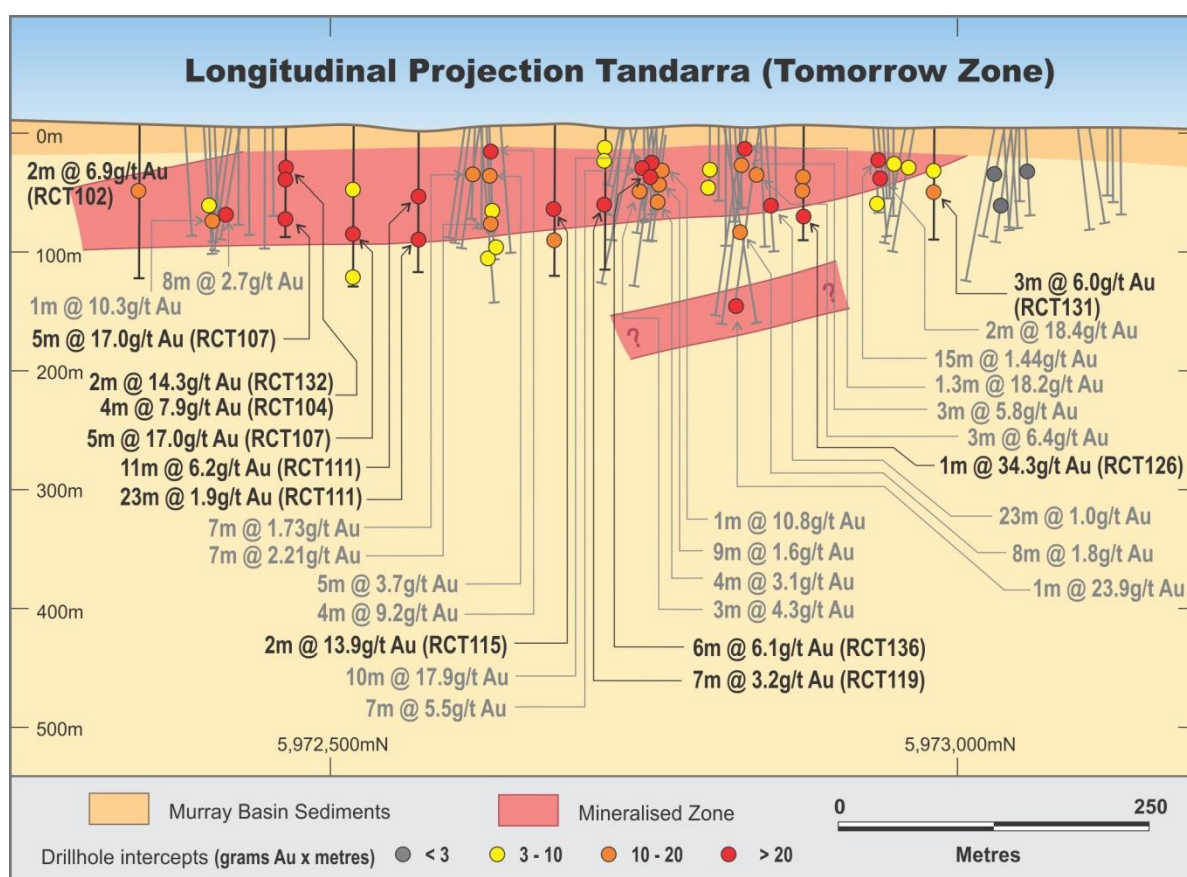


Figure 6: Longitudinal Projection of the Tomorrow gold prospect showing location of new 2016 RC drill intercepts in bold type (diagram courtesy of Catalyst Metals Limited).

WESTERN VICTORIA COPPER PROJECT (ELs 4590, 5425, 5426 & 5497)

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

Navarre is targeting large volcanic massive sulphide, porphyry-copper and gold deposits.

The geology of the Stavely Arc is presently being examined and re-interpreted at a regional scale by the Geological Survey of Victoria in collaboration with Geoscience Australia. New information collected by this initiative is being prepared for release to assist explorers understand the geological framework of this prospective terrain.

Navarre Minerals Limited

ABN 66 125 140 105

No significant activity was undertaken during the year pending the release of the new government data.

CORPORATE

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

In September 2015, Navarre was issued 250,000 fully paid ordinary Catalyst shares in accordance with the terms of the Heads of Agreement entered into between Navarre and Catalyst in June 2014, pursuant to which Navarre granted Catalyst the right to earn a 51% equity interest in the Tandarra Gold Project (EL 4897). The 250,000 Catalyst shares issued to Navarre in September 2015 comprised the second and final tranche of the shares that Catalyst agreed to issue to Navarre under the Heads of Agreement. In January 2016, Navarre received \$140,109 (before costs) for the sale of its 500,000 Catalyst shares.

Cost management and control

The Company is mindful of the external economic conditions currently affecting the resource industry and is continuing to implement a range of considered and methodical cost control measures while retaining the ability to undertake further exploration on its premier exploration assets, in particular the Irvine and Benno prospects. As part of the Company's response to these challenging conditions, all staff agreed to reductions in salary or hours of work, including a 40% salary reduction for the Managing Director, and the Company's non-executive directors agreed to defer payment of directors' fees. It is expected that these measures will be in place until such time as the Company's cash position improves significantly as the result of improved economic conditions, exploration success and/or better access to equity markets. In accordance with the Company's remuneration philosophy, the Company is considering issuing equity, such as shares or share options, in lieu of salary forgone by senior management or directors. Shareholder approval will be required for any equity to be granted to directors. The Company also implemented a number of additional cost cutting measures, including reductions in staffing levels and overheads. As part of these measures, the Company made the position of Exploration Manager redundant in September 2015 and reassigned the responsibilities of the role within the Company.

Capital raising

In November 2015, the Company completed a Share Purchase Plan ("SPP") offer to eligible shareholders, which closed on 16 November 2016. The Company issued 5,766,674 new ordinary shares at an issue price of \$0.03 per new share, raising \$173,000 before costs.

Conclusion of compliance review of Research & Development Tax Incentive Registration

In May 2016, Navarre was notified that AusIndustry had discontinued its compliance review of the Company's registration of research and development ("R&D") activities conducted in the 2011/12 and 2012/13 tax years, following receipt of additional information from the Company. AusIndustry is the government agency responsible for administering the Federal Government's R&D Tax Incentive program.

Victorian Government's TARGET Minerals Exploration Initiative– co-funding grant awarded to Navarre

In June 2016, the Victorian Government announced Navarre's selection as the recipient of a co-funding grant of up to \$626,150 for exploration on the Irvine and Benno prospects. The grant was awarded under the Victorian Government's TARGET Minerals Exploration Initiative ("TARGET"), a co-funding scheme designed to stimulate exploration activities in the State. The TARGET grant funding for Irvine and Benno will contribute approximately 50% towards the total cost of an expected \$1.2 million program comprising geophysics, aircore and diamond drilling. Navarre has signed a funding agreement with the Victorian Government that includes three milestones that will trigger the staged release of funds to Navarre on completion of each phase of exploration activity.

Exploration Development Incentive – exploration credits issued to Navarre shareholders

During the year, Navarre participated in a new Federal Government initiative, the Exploration Development Incentive ("EDI"), which enables eligible exploration companies to create exploration credits by giving up a portion of their tax losses from eligible exploration expenditure and distributing these exploration credits to equity shareholders. The scheme is intended to encourage shareholder investment in exploration companies undertaking greenfields mineral exploration in Australia. Australian resident shareholders issued with exploration credits will generally be entitled to a refundable tax offset (for individual shareholders or superannuation funds) or franking credits (for companies). Non-resident shareholders receive the exploration credits but cannot use them.

Navarre Minerals Limited

ABN 66 125 140 105

Navarre determined that, based on Navarre's eligible greenfields mineral exploration expenditure during the 2014-15 tax year, exploration credits of up to \$228,003 were available for distribution on a pro rata basis to Navarre shareholders who were on Navarre's share register as at 7.00pm (Melbourne time) on Friday 27 May 2016 ("Record Date"). The exploration credits were issued on 27 June 2016 to eligible shareholders. With 98,346,946 shares on issue at the Record Date, the final distribution of exploration credits equated to 0.231835 cents per share. A statement of exploration credit entitlements was mailed to each eligible Navarre shareholder by Navarre's share registry after the issue was completed on 27 June 2016.



Geoff McDermott
Managing Director

28 September 2016

Competent Person Declaration

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

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

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 2016. 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	<i>BSc (Hons), ARSM, MBA</i> Mr Wilson has over 30 years' experience in the minerals and finance industries. He was the Managing Director of Rey Resources Limited, an Australian energy exploration company, from 2008 to 2016 and Leviathan Resources Limited, a Victorian gold mining company, from its initial public offering in 2005 through to its sale in 2006. He has prior experience as a geologist with the Anglo American Group in Africa and North America and as a stockbroking analyst and investment banker with CS First Boston and Merrill Lynch in Australia and USA.	None	Chairman of the Board Chairman of the Remuneration & Nomination Committee Member of the Audit Committee
Geoff McDermott Appointed 19 May 2008	Managing Director Executive	<i>BSc (Hons), MAIG</i> Mr McDermott is a geologist with 30 years' industry experience working in surface and underground metalliferous mining operations, in mineral exploration and as a consultant to the minerals industry. Mr McDermott has a broad range of international experience having worked as a geologist in Canada, Fiji and Australia for companies such as Western Mining Corporation 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	<i>BComm (Hons), GradDipAppFin, CFA</i> Mr Dorward is currently President, Chief Executive Officer and Director of Roxgold Inc., a TSX listed gold explorer. 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.	Roxgold Inc. (ongoing)	Member of the Audit Committee Member of the Remuneration & Nomination Committee
Colin Naylor Appointed 5 November 2010	Director Non-executive Independent	<i>B.Bus (Acc), FCPA</i> 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 was previously 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

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

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	Options issued pursuant to participation in 2016 entitlement offer	NED Options	MD Options
K Wilson	8,921,404	1,274,487	-	-
G McDermott	7,870,929	480,876	-	100,000
J Dorward	6,621,599	945,943	-	-
C H Naylor	3,209,584	129,311	-	-

The terms of these options are set out in Note 21 to the consolidated financial statements.

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 (2015: 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 6 employees at 30 June 2016 including directors (2015: 7).

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 2016 financial year was \$210,196.

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 2016, which forms part of and is included earlier in this Annual Report.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.3 Review of operations (cont.)

(a) Stawell Corridor Gold Project (Ararat (EL 5476) & Tatyoon (EL 5480))

Ararat (EL 5476)

The Company continued to advance exploration on the Ararat Gold Project's Stawell-style Irvine and Benno gold prospects.

Work completed during the year included:

- prospect-scale geological mapping and rock-chip sampling;
- a gravity survey in collaboration with Monash University to aid mapping of the relative dense basalt domes of Irvine and Benno. Results from the gravity survey show two north-northwest trending gravity highs corresponding to mapped basalt float, truncated to the north by the Stawell Granite and predicted to extend several kilometres south of the survey area;
- re-processing and integration of new and vintage gravity survey data into a single model indicates the Irvine Basalt extend beyond the limits previously mapped and may be up to 7 kilometres long;
- re-processing of magnetic data to assist with geological interpretation and target definition;
- historical research of alluvial and reef mining of the Ararat Goldfield; and
- planning and preparation for an Induced Polarisation (IP) geophysical survey over the Irvine Basalt dome.

Subsequent to year end, the Company commenced the planned IP geophysical survey as part of the first stage of its TARGET co-funded exploration program for the Irvine and Benno gold prospects. The survey is expected to be completed by the end of September 2016, with air-core and diamond drilling planned to follow.

Tatyoon (EL 5480)

A gravity survey, in collaboration with Monash University researchers, has been acquired over the Grange and Shiraz basalt dome targets which are located beneath recent cover sequences. The Company is yet to complete its appraisal of the geology and structure of the prospects to advance to the next stage of exploration.

(b) Tandarra Gold Project (EL 4897)

Under a 2014 Heads of Agreement, project manager Catalyst Metals Limited ("Catalyst") has the right to earn a 51% equity interest in Tandarra by incurring exploration expenditure of \$3 million over four years to September 2018.

On 29 July 2015, Catalyst reported that it had completed its first reconnaissance air-core drilling program at Tandarra, which comprised 3,853 metres of reconnaissance air-core drilling in 31 holes on 3 drill traverses. The highlight of the drilling was an intersection of high-grade gold and another significant zone of mineralisation, approximately 500 metres apart (refer Catalyst ASX release 29 July 2015).

In April and May 2016, Catalyst undertook an RC Blade drill program comprising 39 drill holes for a total of 4,000 metres aimed at testing the continuity of gold mineralisation in the shallow high-grade Tomorrow and Macnaughtan prospects at Tandarra. Thirty-four holes in eight (east-west orientated) drill traverses were completed across the Tomorrow prospect over a strike length of 800 metres to test the quartz reef structure down to a vertical depth of approximately 80 metres.

On 20 July 2016, Catalyst released assay results for 34 drill holes (refer Catalyst ASX release 20 July 2016). Each of the eight Tomorrow prospect drill traverses contained at least one significant high-grade gold intersection. Six holes on two drill traverses were also completed over the Macnaughtan prospect and assays for 5 of these holes are yet to be received. Interpretation and modelling of the gold mineralisation is expected to be finalised in the coming weeks following receipt of outstanding assays.

(c) Landsborough Fault Gold Project (Kingston) (EL 5280)

Exploration licence EL 5280 was surrendered during the year.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.3 Review of operations (cont.)

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

No significant activity was undertaken during the year pending the release of new government data about the Stavely Arc. The geology of the Stavely Arc is presently being examined and re-interpreted at a regional scale by the Geological Survey of Victoria in collaboration with Geoscience Australia. New information collected by this initiative is being prepared for release to assist explorers understand the geological framework of this prospective terrain.

4.4 Review of financial position

(a) Results for the year

The net loss for the financial year, after provision for income tax, was \$2,672,020 (2015: loss after tax of \$505,344).

(b) Review of financial condition at the balance date

At balance date the Group held cash and cash equivalents of \$305,872. During the year the Group decreased the cash balance by \$192,167 following net proceeds from share issues of \$153,473, interest received of \$8,349, proceeds from sale of available-for-sale financial assets of \$141,484 and proceeds from sale of plant and equipment of \$15,000 which was used to partially meet exploration cash outflows of \$217,382 and corporate costs of \$293,091.

(c) Share issues

In November 2015, Navarre raised \$173,000 (before transaction costs) from issuing 5,766,674 new ordinary shares at a price of \$0.03 per new share through a share purchase plan.

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

- (i) In September 2015, in accordance with the terms of the Heads of Agreement entered into between Navarre and Catalyst Metals Limited ("Catalyst") in June 2014, Navarre was issued 250,000 fully paid ordinary shares in Catalyst (bringing to 500,000 the total number of Catalyst shares issued to Navarre to, as part of the consideration for Navarre granting Catalyst the right to earn a 51% equity interest in the Tandarra Gold Project (EL 4897)).
- (ii) In January 2016, Navarre completed the sale of 500,000 fully paid ordinary shares in Catalyst. Navarre received proceeds of \$140,109 (before transaction costs) from the sale of its Catalyst shares.
- (iii) In May 2016, following receipt of additional information from Navarre, AusIndustry discontinued its compliance review of the Company's registration of research and development ("R&D") activities conducted in the 2011/12 and 2012/13 tax years. AusIndustry is the government agency responsible for administering the Federal Government's R&D Tax Incentive program.
- (iv) In June 2016, the Victorian Government announced Navarre's selection as the recipient of a co-funding grant of up to \$626,150 for exploration on the Irvine and Benno prospects, part of Navarre's Stawell Corridor Gold Project. The grant was awarded under the Victorian Government's TARGET Minerals Exploration Initiative ("TARGET"), a co-funding scheme designed to stimulate exploration activities in the State. The TARGET grant funding for Irvine and Benno will contribute approximately 50% towards the total cost of an expected \$1.2 million program comprising geophysics, aircore and diamond drilling. Navarre has signed a funding agreement with the Victorian Government that includes three milestones that will trigger the staged release of funds to Navarre.

(e) Significant events after the balance date

In September 2016, Navarre raised \$285,070 (before transaction costs) from a placement to sophisticated and professional investors, resulting in the issue of 9,830,000 ordinary shares at an issue price of \$0.029 per share, together with 4,915,000 free attaching unlisted options (exercise price \$0.05, expiry date 31 March 2018) on the basis of one option for every two new shares subscribed for and issued. Navarre also raised \$1,140,824 (before transaction costs) from a fully underwritten 2-for-5 non-renounceable pro rata entitlement offer, resulting in the issue of 39,338,779 ordinary shares at an issue price of \$0.029 per share, together with 19,669,402 free attaching unlisted options (exercise price \$0.05, expiry date 31 March 2018) on the basis of one option for every two new shares subscribed for and issued.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.4 Review of financial position

(e) Significant events after the balance date

Subsequent to year end, the Company commenced the first stage of its TARGET co-funded exploration program involving an Induced Polarisation (IP) geophysics survey over the Irvine and Benno prospects with the aim of identifying anomalies potentially associated with gold mineralisation along the margins of the basalt domes. The IP geophysics program was completed in September 2016 with results to inform drill site selection. Air-core and diamond drilling (which comprise the second and third milestones of the TARGET-funded program) are planned to follow.

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.

(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 opportunities in which the Group may wish to participate.

The Group has responded to the external economic conditions affecting the resource industry 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, reductions in overheads and cessation of work programs not linked to advancing the Group's key prospects.

In June/July 2015, the Company implemented a new program of cost reduction measures including reductions in staffing levels, notably, termination of the Exploration Manager due to redundancy. All staff have agreed to reductions in salary or hours of work, including a 40% salary reduction for the Managing Director, and the Company's non-executive directors have agreed to defer payment of directors' fees.

Together, these measures are expected to deliver a significant reduction in corporate overheads and the measures will remain in place until such time as the Company's cash position improves significantly as the result of improved economic conditions, exploration success and/or better access to equity markets.

In accordance with the Company's remuneration philosophy, the Company is considering issuing equity, such as shares or share options, in lieu of salary forgone by senior management or directors. Shareholder approval will be required for any grants of equity to directors.

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 or on the Group's Ararat Exploration Licence (EL 5476). Opportunities for growth through acquisition are also being considered.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.5 Business strategy and prospects for future financial years

(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) 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;
- (ii) 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 continued to be characterised by 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, including significant reductions in executive salaries or hours of work and reductions in staffing levels. 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 will continue to consider capital raising initiatives, as required, including possible corporate opportunities; and
- (iii) 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 closely monitors its compliance with licence conditions, including expenditure commitments and rents, 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 expired during the financial year

350,000 share options held by a senior employee of the Company expired on 18 September 2015. 250,000 share options held by the Managing Director and 800,000 share options held by non-executive directors expired on 31 December 2015.

Unissued shares under option

At the date of this report, there were 25,434,402 unissued ordinary shares of the Company under option. The terms of these options are as follows:

Expiry Date	Exercise Price	Number
31 December 2016	\$0.30	150,000
31 December 2017	\$0.15	300,000
31 March 2018	\$0.05	24,584,402
31 December 2018	\$0.10	250,000
31 December 2019	\$0.04	150,000

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

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.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

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	6	7	4	4	2	2
G McDermott	7	7	-	-	2	2
J Dorward	7	7	3	4	2	2
C H Naylor	5	7	4	4	1	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 Australia Partners, set out on page 18.

Non Audit Services

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

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

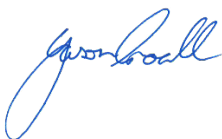
T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Navarre Minerals Limited for the year ended 30 June 2016, 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 AUSTRALIA PARTNERS****J S CROALL**

Partner

Dated: 28 September 2016
Melbourne, Victoria

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

9. REMUNERATION REPORT (Audited)

The Remuneration Report for the year ended 30 June 2016 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 2016

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 (ceased employment 18 September 2015)
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.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

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, is entitled to receive a base fee of \$40,000 per annum (excluding statutory superannuation) and the other non-executive directors are entitled to receive \$30,000 per annum (excluding statutory superannuation). As part of the Company's implementation of a range of cost reduction measures in 2015, the non-executive directors have agreed to defer payment of directors' fees until such time as the Company's cash position improves significantly as the result of improved economic conditions, exploration success and/or better access to equity markets. Accordingly, the non-executive directors' fees for the years ended 30 June 2015 and 30 June 2016 remain unpaid to date. In accordance with the Company's remuneration philosophy, the Company may consider issuing equity in the Company, such as shares or share options, in lieu of non-executive directors' unpaid fees. Shareholder approval will be required for any equity to be issued to non-executive directors.

In addition to directors' fees, 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 2016 and 30 June 2015 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 operating, there were no increases to base salaries for executives for calendar year 2015 and the Company subsequently agreed with all staff to reduce salaries or hours of work, as part of a range of cost reduction measures designed to ensure that the Company manages its cash position while retaining the ability to undertake further exploration. These measures included, with effect from 1 July 2015, salary reductions of 40% for each of the Managing Director and Exploration Manager (prior to termination of his employment in September 2015). It is expected that these reductions will be in place until such time as the Company's cash position improves significantly as the result of improved economic conditions, exploration success and/or better access to equity markets. In accordance with the Company's remuneration philosophy, the Company may consider issuing equity in the Company, such as shares or share options, in lieu of salary forgone by senior management. Shareholder approval will be required for any equity to be issued to the Managing Director.

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.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

9. REMUNERATION REPORT (Audited) (cont.)

9.4 Executive remuneration arrangements (cont.)

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.

Short term incentives

In light of the Company's cash position during the year under review, there is no short term incentive in the form of a cash payment as part of the Managing Director's remuneration package for calendar year 2015 or calendar year 2016. Similarly, prior to the termination of his employment, the Exploration Manager's remuneration package for calendar year 2015 also did not include a short term incentive in the form of a cash payment.

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 2015 included a long term incentive in the form of a grant of up to 500,000 share options, to be granted subject to achievement of agreed KPIs. The KPIs related to improvement in the Company's share price during the 2015 calendar year, relative to the prevailing share price when the KPIs were set by the Board (excluding the Managing Director) in February 2015. The Managing Director was eligible to receive 250,000 options if the volume weighted average price (VWAP) of the Company's shares in December 2015 was 4 cents or higher, and a further 250,000 options if the VWAP was 6 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 2015 AGM. In February 2016, the R&N Committee (excluding the Managing Director) determined that none of the KPIs applicable to the Managing Director's long term incentive options had been met and therefore, no options were granted to the Managing Director in respect of calendar year 2015.

In light of the financial position of the Company at the beginning of 2016, although draft KPIs for the year were considered by the R&N Committee in February 2016, no long-term incentive arrangements were implemented for the calendar year 2016. Before the Company's Annual General Meeting in November 2016, the Board will determine whether it is appropriate to seek shareholder approval for a grant of options to the Managing Director by way of long-term incentive. No incentive options will be granted to the Managing Director unless shareholder approval is obtained.

- *Exploration Manager*

The Exploration Manager's remuneration package for calendar year 2015 included a long term incentive in the form of a grant of up to 500,000 share options, to be granted subject to achievement of agreed KPIs. As the Exploration Manager's employment was terminated in September 2015, none of the options comprising the long-term incentive for the Exploration Manager were granted.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

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 and July 2015):-

- **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 plus statutory superannuation. This is reviewed by the R&N Committee (excluding the Managing Director) on an annual basis. Effective 1 July 2015, Mr McDermott's base salary was reduced to \$147,562 per annum (plus superannuation of \$14,018) as part of a broader program of cost reduction measures. Mr McDermott's base salary will revert to its previous level of \$245,936 per annum plus superannuation once the Company's cash balance returns to \$1.5 million for more than 90 days, or sooner if the Board (excluding Mr McDermott) determines that circumstances are appropriate to do so.
- **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). However, in light of the Company's limited cash resources, no short-term incentive payment was included in Mr McDermott's remuneration package for calendar year 2016.
- **Long-term incentive:** Subject to receiving 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. In light of the financial position of the Company at the beginning of 2016, no long-term incentive arrangements were implemented for the calendar year 2016.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

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 six months' total fixed remuneration (to be calculated by reference to Mr McDermott's total fixed remuneration prior to the reduction effected from 1 July 2015).

- *Exploration Manager*

Mr Wessley Edgar entered into an executive service agreement dated 13 August 2012 (as amended in March 2013 and July 2015). The Company terminated Mr Edgar's employment due to redundancy.

- *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.

9.6 Remuneration of Key Management Personnel of the Company

Table 1: Remuneration for the year ended 30 June 2016

	Short term			Post Employment	Share-based Payment	Long term	Total	Performance Related
	Directors fees ² \$	Salary \$	STI cash bonus \$	Superannuation benefits \$	Option plan ¹ \$	Long service leave \$	\$	%
Non-executive directors								
K Wilson	40,000	-	-	3,800	-	-	43,800 ²	-
J Dorward	30,000	-	-	2,850	-	-	32,850 ²	-
C H Naylor	30,000	-	-	2,850	-	-	32,850 ²	-
Sub-total non-executive directors	100,000	-	-	9,500	-	-	109,500²	-
Executive director								
G McDermott	-	132,219	-	35,000	119	-	167,338	0.1
Other key management personnel								
W Edgar	-	79,399	-	2,888	-	-	82,287	-
J Nosworthy	-	33,377	-	3,171	2,194	-	38,742	5.7
Sub-total executive KMP	-	244,995	-	41,059	2,313	-	288,367	0.8
TOTAL	100,000	244,995	-	50,559	2,313	-	397,867	0.6

¹Refer Note 21 to the consolidated financial statements for fair value calculation of options.

²As noted in Section 9.3 above, payment of these fees has been deferred as part of the implementation of a range of cost reduction measures.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

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 2015

	Short term			Post Employment	Share-based Payment	Long term	Total	Performance Related
	Directors fees ² \$	Salary \$	STI cash bonus \$	Superannuation benefits \$	Option plan ¹ \$	Long service leave \$	\$	%
Non– executive directors								
K Wilson	40,000	-	-	3,800	-	-	43,800 ²	-
J Dorward	30,000	-	-	2,850	-	-	32,850 ²	-
C H Naylor	30,000	-	-	2,850	-	-	32,850 ²	-
Sub-total non-executive directors	100,000	-	-	9,500	-	-	109,500²	-
Executive director								
G McDermott	-	229,719	18,000	35,000	-	-	282,719	6.4
Other key management personnel								
W Edgar	-	202,742	12,000	26,545	2,099	-	243,386	5.8
J Nosworthy	-	50,636	-	4,811	6,679	-	62,126	10.7
Sub-total executive KMP	-	483,097	30,000	66,356	8,778	-	588,231	6.6
TOTAL	100,000	483,097	30,000	75,856	8,778	-	697,731	5.7

¹Refer Note 21 to the consolidated financial statements for fair value calculation of options.

²As noted in Section 9.3 above, payment of these fees has been deferred as part of the implementation of a range of cost reduction measures.

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 2016

	% of Total Remuneration		
	Fixed remuneration %	Performance-based remuneration	
		Short Term Incentive %	Long Term Incentive %
Executives			
G McDermott	99.9	-	0.1
W Edgar	100.0	-	-
J Nosworthy	94.3	-	5.7

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

9. REMUNERATION REPORT (Audited) (cont.)

9.8 Equity instruments

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

	Number of options granted during 2016	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry Date	Vest Date	Number of options vested during 2016	Number of options lapsed during 2016
Directors								
K Wilson	-	30 Nov 12	-	-	31 Dec 15	-	-	300,000
G McDermott	-	30 Nov 12	-	-	31 Dec 15	-	-	250,000
J Dorward	-	30 Nov 12	-	-	31 Dec 15	-	-	250,000
C H Naylor	-	30 Nov 12	-	-	31 Dec 15	-	-	250,000
Executives								
W Edgar	-	29 Oct 12	-	-	31 Dec 16	-	-	150,000
W Edgar	-	31 Jan 14	-	-	31 Dec 17	-	-	100,000
W Edgar	-	16 Feb 15	-	-	31 Dec 18	-	-	100,000

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	-	-	10,110
G McDermott	-	-	10,892
J Dorward	-	-	8,425
C H Naylor	-	-	8,425
Executives			
W Edgar	-	-	10,957
J Nosworthy	-	-	-

For details on the valuation of options, including models and assumptions used, please refer to Note 21 to the consolidated financial statements.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

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 2016	Held at 1 July 2015	Purchases	Received on Exercise of Options	Sales	Held at 30 June 2016
Shares held in Navarre Minerals Limited (number)					
Directors					
K Wilson	5,872,431	500,000	-	-	6,372,431
G McDermott	6,418,346	500,000	-	-	6,909,180 ¹
J Dorward	4,229,713	500,000	-	-	4,729,713
C H Naylor	2,450,963	500,000	-	-	2,950,963
Executives					
W Edgar	600,000	-	-	-	600,000
J Nosworthy	125,000	-	-	-	125,000

¹ Previously, 18,333 Navarre shares were held by Glenelg Mining Pty Ltd, a company of which Mr McDermott is a director and in which he holds a beneficial interest. In August 2015, Mr McDermott advised that those shares had been split 50:50 between Glenelg's two directors, with 9,167 shares transferred to New Chum Holdings Pty Ltd <New Chum Superannuation A/C> and 9,166 shares transferred to Mr McDermott's co-director of Glenelg Mining Pty Ltd. The transfer of Navarre shares did not constitute either a sale or purchase, but Mr McDermott's holding of Navarre shares as at 30 June 2016 reflects the fact that he no longer holds any interest in the 9,166 shares transferred to his Glenelg Mining co-director.

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 2015	Granted as Remuneration	Options Exercised	Options Lapsed	Held at 30 June 2016	Vested in 2016	Vested and exercisable at 30 June 2016
Options held in Navarre Minerals Limited (number)							
Directors							
K Wilson	300,000	-	-	300,000	-	-	-
G McDermott	350,000	-	-	250,000	100,000	-	-
J Dorward	250,000	-	-	250,000	-	-	-
C H Naylor	250,000	-	-	250,000	-	-	-
Executives							
W Edgar	350,000	-	-	350,000	-	-	-
J Nosworthy	525,000	-	-	-	525,000	-	100,000

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 who has long-term incentives linked to improvements in the Company's share price over the course of the calendar year.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

9. REMUNERATION REPORT (Audited) (cont.)

9.10 Company performance (cont.)

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

	2016	2015	2014	2013	2012
Net profit/(loss) - \$000	(2,672)	(505)	(603)	(611)	(843)
Basic earnings/(loss) per share – cents per share	(2.78)	(0.65)	(0.94)	(0.79)	(1.57)
Share price at the beginning of year - \$	0.024	0.069	0.045	0.15	0.26
Share price at end of year - \$	0.034	0.024	0.069	0.045	0.15
Dividends per share – cents	Nil	Nil	Nil	Nil	Nil

*** End of Remuneration Report ***

10. CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the year ended 30 June 2016, ASX Appendix 4G (Key to Disclosure of Corporate Governance Principles and Recommendations) and other ancillary corporate governance related documents may be accessed from the Company's website at <http://www.navarre.com.au/corporate-governance>.

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, 28 September 2016

Navarre Minerals Limited

ABN 66 125 140 105

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
Interest income		7,846	20,961
Gain on disposal of fixed assets		10,809	-
Income		18,655	20,961
Net administration expenses	4	(452,689)	(523,300)
Realised loss on available-for-sale financial assets		(8,515)	-
Exploration expenditure written-off		(2,229,471)	(3,005)
Loss before income tax		(2,672,020)	(505,344)
Income tax expense	5	-	-
Net loss for the period		(2,672,020)	(505,344)
Other comprehensive income			
Net fair value gains / (loss) on available-for-sale financial assets		(40,000)	40,000
Other comprehensive income for the period, net of tax		(40,000)	40,000
Total comprehensive loss for the period		(2,712,020)	(465,344)
Basic loss per share (cents per share)	6	(2.78)	(0.65)
Diluted loss per share (cents per share)	6	(2.78)	(0.65)

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 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	7	305,872	498,039
Trade and other receivables	8	154,279	62,721
Available-for-sale financial assets	10	-	105,000
TOTAL CURRENT ASSETS		460,151	665,760
NON-CURRENT ASSETS			
Other financial assets	9	50,000	40,000
Property, plant and equipment	11	21,884	56,025
Leasehold improvements	12	-	1,308
Exploration and evaluation costs	13	3,721,571	5,957,382
TOTAL NON-CURRENT ASSETS		3,793,455	6,054,715
TOTAL ASSETS		4,253,606	6,720,475
CURRENT LIABILITIES			
Trade and other payables	14	263,300	179,908
Provisions	15	15,220	26,051
TOTAL CURRENT LIABILITIES		278,520	205,959
NON-CURRENT LIABILITIES			
Provisions	15	17,188	-
TOTAL NON-CURRENT LIABILITIES		17,188	-
TOTAL LIABILITIES		295,708	205,959
NET ASSETS		3,957,898	6,514,516
EQUITY			
Contributed equity	16	9,860,557	9,707,084
Share based payments reserve	16	51,670	97,109
Net unrealised gains reserve	16	-	40,000
Accumulated losses	16	(5,954,329)	(3,329,677)
TOTAL EQUITY		3,957,898	6,514,516

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 2016

	Issued Capital	Share Based Payments Reserve	Net Unrealised Gains Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2015	9,707,084	97,109	40,000	(3,329,677)	6,514,516
Net loss for the period			-	(2,672,020)	(2,672,020)
Other comprehensive loss	-	-	(40,000)	-	(40,000)
Total comprehensive loss for the year			(40,000)	(2,672,020)	(2,712,020)
Transactions with owners in their capacity as owners:					
Cost of share based payments	-	1,929	-	-	1,929
Share issues	173,000	-	-	-	173,000
Costs of issues	(19,527)	-	-	-	(19,527)
Transfer of equity instruments lapsed	-	(47,368)	-	47,368	-
At 30 June 2016	9,860,557	51,670	-	(5,954,329)	3,957,898
	Issued Capital	Share Based Payments Reserve	Net Unrealised Gains Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2014	9,129,833	302,485	-	(3,034,967)	6,397,351
Net loss for the period			-	(505,344)	(505,344)
Other comprehensive income	-	-	40,000	-	40,000
Total comprehensive loss for the year			40,000	(505,344)	(465,344)
Transactions with owners in their capacity as owners:					
Cost of share based payments	-	5,258	-	-	5,258
Share issues	599,178	-	-	-	599,178
Costs of issues	(21,927)	-	-	-	(21,927)
Transfer of equity instruments lapsed	-	(210,634)	-	210,634	-
At 30 June 2015	9,707,084	97,109	40,000	(3,329,677)	6,514,516

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 2016

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(293,091)	(460,958)
Interest received	8,349	22,803
Net cash (used in) operating activities (Note 17)	(284,742)	(438,155)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of plant and equipment	15,000	-
Proceeds from sale of available-for-sale financial assets	141,484	-
Expenditure on exploration tenements	(217,382)	(845,814)
Net cash (used in) / from investing activities	(60,898)	(845,814)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	173,000	599,178
Transaction costs on issue of shares	(19,527)	(24,346)
Net cash from financing activities	153,473	574,832
Net (decrease) in cash and cash equivalents	(192,167)	(709,137)
Cash and cash equivalents at beginning of period	498,039	1,207,176
Cash and cash equivalents at end of period (Note 7)	305,872	498,039

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

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: CORPORATE INFORMATION

The financial report of Navarre Minerals Limited (“Navarre Minerals”, or the “Company”) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 28 September 2016.

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, as appropriate for for-profit orientated entities, 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 2015. Adoption of these standards did not have a material effect on the financial position or performance of the Group.

Standard	Summary
AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	This Standard completes the AASB’s project to remove Australian guidance on materiality from Australian Accounting Standards.

(c) New Accounting Standards for Application in Future Periods

There have been no standards and interpretations issued by the AASB for application in future periods that are expected to have a material effect on the financial position or performance of the Group. However, the position will be further reviewed during FY2016 – 2017.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Navarre Minerals Limited and its subsidiaries as at 30 June 2016 and the results of all the subsidiaries for the year then ended (“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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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 21.

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 2016, 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) Investment and Other Financial Assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Available-for-sale (AFS) Financial Investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised as Other Comprehensive Income (OCI) and credited in the net unrealised gains reserve until the investment is de-recognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the net unrealised gains reserve to the statement of profit or loss.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

(g) Investment and Other Financial Assets (cont.)

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

Impairment of Financial Assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(h) 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.

(i) 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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

(i) Exploration and evaluation costs (cont.)

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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

(m) Provisions (cont.)

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.

(n) 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.

(o) 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.

(p) 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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

(q) 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.

(r) 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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

(s) 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.

(t) 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 \$2,672,020 and had net cash outflows from operating and investing activities of \$284,742 and \$60,898, respectively, and net cash inflows from financing activities of \$153,473, for the year ended 30 June 2016. The Group's cash reserves have decreased from \$498,039 as at 30 June 2015 to \$305,872 as at 30 June 2016. The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- (i) As indicated in Note 24, post 30 June 2016, the Group raised \$1,425,894 (before transaction costs) from issuing a total of 49,168,779 ordinary shares at an issue price of \$0.029 per share, together with 24,584,402 free attaching unlisted options (exercise price \$0.05, expiry 31 March 2018), through a placement and a fully underwritten, pro rata, non-renounceable entitlement offer.
- (ii) 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.
- (iii) 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 sale of all or part of the Group's interests or farm-out of the Group's exploration interests, the latter course of action being part of the Group's current overall strategy.

Based on the above, the Directors are of the opinion that the Group will be able to continue as a going concern and the use of the going concern basis of accounting is appropriate.

(u) Parent entity financial information

The financial information for the parent entity, Navarre Minerals Limited, disclosed in Note 23 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 within Australia.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 4: NET ADMINISTRATION EXPENSES

	Consolidated	
	2016	2015
	\$	\$
Net administration expenses		
Consultants fees and expenses	20,100	12,440
Directors remuneration (non-executive)	109,500	109,500
Salaries and on-costs	293,077	629,354
Redundancy payment	49,000	-
Share based payments	1,929	5,258
Investor relations	5,000	30,737
Motor vehicle expenses	8,331	15,663
Audit costs	25,730	24,720
Stock exchange registry and reporting costs	35,922	35,559
Travel costs	4,606	3,553
Depreciation and amortisation	31,258	50,393
Other administration expenses	49,954	63,715
Gross administration expenses	634,407	980,892
Allocated to exploration licences	(181,718)	(457,592)
Net administration expenses	452,689	523,300

NOTE 5: INCOME TAX

	Consolidated	
	2016	2015
	\$	\$
Statement of Comprehensive Income		
<i>Current income tax</i>		
Current income tax credit	880,881	149,961
Tax losses not recognised as probable	(880,881)	(149,961)
	-	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	660,268	(198,509)
Tax losses brought to account offsetting reversal of temporary differences	(660,268)	198,509
	-	-
Income tax expense reported in the consolidated statement of comprehensive income	-	-

	Consolidated	
	2016	2015
	\$	\$
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:		
Accounting loss before tax	(2,672,020)	(505,344)
At the statutory 30% tax rate (2015: 30%)	801,606	151,603
Share based payment expense	(579)	(1,577)
Non-deductible expenses	(146)	(65)
Tax losses not brought to account	(800,881)	(149,961)
Income tax expense reported in the consolidated statement of comprehensive income	-	-

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: INCOME TAX (cont.)

Deferred Income Tax	Statement of Financial Position		Income Statement	
	2016 \$	2015 \$	2016 \$	2015 \$
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
<i>Deferred tax liabilities</i>				
Interest receivable	(204)	(355)	151	553
Exploration and evaluation costs	(1,116,472)	(1,787,215)	670,743	(220,515)
Gross deferred income tax liabilities	<u>(1,116,676)</u>	<u>(1,787,570)</u>		
<i>Deferred tax assets</i>				
Accruals	66,783	39,856	26,927	27,241
Provisions	9,723	7,815	1,908	(5,789)
Share issue costs	5,858	6,578	-	-
Temporary differences not recognised as not probable	(5,858)	(6,578)	-	-
Tax losses brought to account to offset net deferred tax liability	1,040,170	1,739,899	(699,729)	198,510
Gross deferred income tax assets	<u>1,116,676</u>	<u>1,787,570</u>		
Net Deferred Tax Asset	-	-		
Deferred tax expense			<u>-</u>	<u>-</u>

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 \$10,650,000 (2015: \$10,847,000) 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.

In 2016, the Company participated in the first year of the Federal Government's Exploration Development Incentive ("EDI"), which enables eligible exploration companies to create exploration credits by giving up a portion of their tax losses from greenfields minerals expenditure and distributing these exploration credits to equity shareholders. On 27 June 2016, the Company issued exploration credits to shareholders to the value of 0.231835 cents per share held on the record date of 27 May 2016, resulting in a total issue of exploration credits of \$228,002. Accordingly, the Company has given up tax losses to the value of \$760,008 in respect of the 2014-15 income year.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 2016 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	
	2016	2015
	\$	\$
Net loss	(2,672,020)	(505,344)
	Shares	Shares
Weighted average number of ordinary shares used in calculation of basic and diluted loss per share	96,093,847	77,328,237

Other than the issue of 49,168,779 ordinary shares and 24,584,402 free attaching unlisted options (exercise price \$0.05, expiry 31 March 2018) in September 2016, 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 financial statements.

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated	
	2016	2015
	\$	\$
Cash at bank and in hand	305,872	498,039
	305,872	498,039

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

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2016	2015
	\$	\$
Research and development tax incentive refund	131,536	-
Goods and services tax refund	5,804	40,571
Interest receivable	681	1,184
Other	16,258	20,966
	154,279	62,721

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 18.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9: OTHER FINANCIAL ASSETS

	Consolidated	
	2016	2015
	\$	\$
Non-current		
Bank Guarantees – Exploration Permits	50,000	40,000
	<hr/>	<hr/>
	50,000	40,000
	<hr/>	<hr/>

NOTE 10: AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated	
	2016	2015
	\$	\$
At fair value		
Shares – Australian listed	-	105,000
	<hr/>	<hr/>
	-	105,000
	<hr/>	<hr/>

Available-for-sale financial assets consist of investment in ordinary shares, and therefore have no fixed maturity date or coupon rate.

Listed Shares

The Available-for-sale financial asset is an investment of shares in a listed company. The fair value of the equity shares is determined by reference to published price quotations in an active market.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2016	2015
	\$	\$
At cost	188,856	233,926
Accumulated depreciation	(166,972)	(177,901)
	<hr/>	<hr/>
	21,884	56,025
	<hr/>	<hr/>

Movement in Plant and Equipment

Net carrying amount at beginning of year	56,025	116,845
Disposals [net written down value]	(4,191)	(11,948)
Depreciation	(29,950)	(48,872)
	<hr/>	<hr/>
Net carrying amount at end of year	21,884	56,025
	<hr/>	<hr/>

The useful life of the plant and equipment is estimated for 2015 as 3 to 5 years.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 12: LEASEHOLD IMPROVEMENTS

	Consolidated	
	2016	2015
	\$	\$
At cost	7,602	7,602
Accumulated depreciation	(7,602)	(6,294)
	<u>-</u>	<u>1,308</u>
<i>Movement in Leasehold Improvements</i>		
Net carrying amount at beginning of year	1,308	2,829
Depreciation	(1,308)	(1,521)
	<u>-</u>	<u>1,308</u>

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

NOTE 13: EXPLORATION AND EVALUATION COSTS

	Consolidated	
	2016	2015
	\$	\$
Balance at beginning of year	5,957,382	5,222,334
Expenditure for the year	210,196	853,053
Expenditure written-off during the year	(2,229,471)	(3,005)
Cash consideration paid by Catalyst Metals Ltd as part of Bendigo North farm-out	-	(50,000)
Non-cash consideration paid by Catalyst Metals Ltd as part of Bendigo North farm-out	(85,000)	(65,000)
Research and development tax incentive refund	(131,536)	-
	<u>3,721,571</u>	<u>5,957,382</u>

Capitalised exploration and evaluation costs at 30 June 2016 are \$3,721,571 (2015: \$5,957,382) which relate to Bendigo North \$3,128,167 (2015: \$3,332,215), Western Victoria Copper Project \$357,092 (2015: \$1,543,801), Kingston \$0 (2015: \$426,058) and Stawell Corridor \$236,312 (2015: \$655,308).

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated	
	2016	2015
	\$	\$
Trade Creditors ¹	44,300	70,408
Deferred non-executive directors fees ²	219,000	109,500
	<u>263,300</u>	<u>179,908</u>

¹ Trade payables are non-interest bearing and are normally settled on 30 day terms.

² Amounts are inclusive of statutory superannuation. Refer to Section 9.3 above for more details about the deferral of non-executive directors' fees.

NOTE 15: PROVISIONS

	Consolidated	
	2016	2015
	\$	\$
Current		
Annual leave entitlement	<u>15,220</u>	<u>26,051</u>
Non-current		
Long service leave entitlement	<u>17,188</u>	<u>-</u>

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16: CONTRIBUTED EQUITY AND RESERVES

	2016	Consolidated		2015
	Shares	2016	2015	2015
		\$	Shares	\$
ISSUED AND PAID UP CAPITAL				
Ordinary shares	98,346,946	9,860,557	92,580,272	9,707,084
	<u>98,346,946</u>	<u>9,860,557</u>	<u>92,580,272</u>	<u>9,707,084</u>
Movements in Ordinary Shares				
Balance at beginning of year	92,580,272	9,707,084	72,607,653	9,129,833
<i>Share Issues:</i>				
Share placement at \$0.03	-	-	5,833,333	175,000
Entitlement offer and shortfall placement at \$0.03	-	-	14,139,286	424,178
Share purchase plan at \$0.03	5,766,674	173,000	-	-
Transaction costs	-	(19,527)	-	(21,927)
	<u>98,346,946</u>	<u>9,860,557</u>	<u>92,580,272</u>	<u>9,707,084</u>

(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 2016, 850,000 options over unissued shares granted to senior employees were outstanding. The options are granted pursuant to the Navarre Minerals Limited Option Plan, details of which are set out in Note 21.

(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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16: CONTRIBUTED EQUITY AND RESERVES (cont.)

(c) Capital Management (cont.)

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 21).

	Consolidated	
	2016	2015
	\$	\$
Balance at beginning of year	97,109	302,485
Cost of share based payments	1,929	5,258
Cost of expired equity instruments transferred to accumulated losses	(47,368)	(210,634)
Balance at end of year	51,670	97,109

Net unrealised gains reserve

	Consolidated	
	2016	2015
	\$	\$
Balance at beginning of year	40,000	-
Net fair value gain/(loss) on available-for-sale financial assets	(40,000)	40,000
Balance at end of year	-	40,000

ACCUMULATED LOSSES

	Consolidated	
	2016	2015
	\$	\$
Balance at beginning of year	(3,329,677)	(3,034,967)
Net loss for the year	(2,672,020)	(505,344)
Cost of equity instruments expired	47,368	210,634
Balance at end of year	(5,954,329)	(3,329,677)

NOTE 17: STATEMENT OF CASH FLOWS RECONCILIATION

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

	Consolidated	
	2016	2015
	\$	\$
Net loss	(2,672,020)	(505,344)
<i>Adjustments for:</i>		
Gain on sale of property, plant and equipment	(10,809)	-
Loss on available-for-sale financial assets	8,515	-
Loss on property, plant and equipment written-off	-	11,948
Exploration expenditure written-off	2,229,471	3,005
Depreciation and amortisation (net of allocation to exploration licences)	2,462	4,529
Share based payments (net of allocation to exploration licences)	2,418	5,975
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in trade and other receivables	36,304	(16,763)
Increase in trade and other payables	112,487	68,572
(Decrease)/Increase in provisions (net of allocation to exploration licences)	6,430	(10,077)
Net cash flows used in operating activities	(284,742)	(438,155)

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: 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.

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. The impact of a 1.0% change in the market interest rates will not have a material impact on the Group's financial position.

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 \$263,300 of financial liabilities consisting of trade and other payables. All financial liabilities will mature within 12 months.

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 19: COMMITMENTS AND CONTINGENCIES

(a) Commitments

	2016	2015
	\$	\$
Operating Lease		
Future minimum rentals payable under operating lease for office premises at balance date:		
Payable not later than one year	2,390	2,390
	<u>2,390</u>	<u>2,390</u>

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 19: COMMITMENTS AND CONTINGENCIES (cont.)

(a) Commitments (cont.)

	2016	2015
	\$	\$
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	422,800	455,000
Payable later than one year but not later than five years	564,000	986,800
	<u>986,800</u>	<u>1,441,800</u>

Exploration commitments at 30 June 2016 relate to, Western Victoria Copper Project \$525,700 (2015: \$803,100), Kingston \$0 (2015: \$46,200) and Stawell Corridor \$461,100 (2015: \$592,500).

Responsibility for exploration commitments for the Tandarra Gold Project (EL 4897) during the reporting period was assumed by Catalyst Metals Limited under a farm-out agreement, pursuant to which Catalyst may earn a 51% interest in the Tandarra Gold Project.

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 expense to the Group. The Victorian State Government has the authority to defer, waive or amend the minimum expenditure requirements.

NOTE 20: 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	
		2016	2015
		%	%
Black Range Metals Pty Ltd	Australia	100	100

Compensation of key management personnel by category:

	Consolidated	
	2016	2015
	\$	\$
Short term employee benefits	344,995	613,097
Post-employment benefits	50,559	75,856
Share-based payments	2,313	8,778
	<u>397,867</u>	<u>697,731</u>

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

During the year, no fees for consulting services were paid by the Group to entities controlled by directors.

NOTE 21: 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 no options granted to senior employees during the financial year (2015: 350,000 options).

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21: SHARE BASED PAYMENT PLANS (cont.)

Movements in share options on issue during the year:

	2016 Options	2015 Options
Outstanding at the beginning of the year	2,250,000	4,215,000
Granted during the year	-	350,000
Lapsed during the year	(1,400,000)	(2,315,000)
Exercised during the year	-	-
	<u>850,000</u>	<u>2,250,000</u>

- On 19 March 2012, 250,000 share options were granted to senior employees of the Company exercisable at a price of 30 cents per option on or before 31 December 2016. The options vested in three tranches, one third on 1 January 2013, one third on 1 January 2014 and one third on 1 January 2015.

During FY2013 100,000 options lapsed.

The fair value of the options at date of grant was estimated to be 17.54 cents for the first tranche, 18.67 cents for the second tranche and 19.63 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	120%	Contractual life	5 years
Risk-free interest rate	3.79%	Dividend yield	0%

There was no expense in the year relating to these options (2015: \$1,758)

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 29 October 2012, 150,000 share options were granted to a senior employee of the Company. These options were exercisable at a price of 30 cents per option on or before 31 December 2016. During the FY2016 these options lapsed.

There was no expense in the year relating to these options (2015: \$609)

- On 30 November 2012, following approval by shareholders at the 2012 Annual General Meeting, 800,000 share options were granted to the non-executive directors. These options were exercisable at a price of 30 cents for one half and 35 cents for the second half on or before 31 December 2015. During FY2016 these options lapsed.
- On 30 November 2012, following approval by shareholders at the 2012 Annual General Meeting, 250,000 share options were granted to the Managing Director. These options were exercisable at a price of 25 cents per option on or before 31 December 2015. During FY2016 these options lapsed.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21: SHARE BASED PAYMENT PLANS (cont.)

- On 12 March 2013, 400,000 share options were granted to senior employees 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 1 January 2014 for the first tranche, 1 January 2015 for the second tranche and 1 January 2016 for the third tranche).

During FY2015, 100,000 options lapsed.

The fair value of the options at date of grant is estimated to be 4.88 cents for the first tranche, 5.34 cents for the second tranche and 5.76 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	71%	Contractual life	5 years
Risk-free interest rate	2.57%	Dividend yield	0%

The total amount expensed in the year relating to these share options was \$1,047 (2015: \$4,594).

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, 100,000 share options were granted to a senior employee of the Company. The options were exercisable at a price of 15 cents per option on or before 31 December 2017. During FY2016 these options lapsed.

There was no expense in the year relating to these options (2015: \$1,490).

- 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).

During FY2015, 25,000 options lapsed.

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 \$1,663 (2015: \$3,361).

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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21: SHARE BASED PAYMENT PLANS (cont.)

- On 16 February 2015, 200,000 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 16 February 2015 for the first tranche, 1 January 2016 for the second tranche and 1 January 2017 for the third tranche).

During FY2016 100,000 options lapsed.

The fair value of the options at date of grant is estimated to be 0.29 cents for the first tranche, 0.55 cents for the second tranche and 0.75 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	70%	Contractual life	4 years
Risk-free interest rate	2.68%	Dividend yield	0%

The total amount expensed in the year relating to these share options was \$119 (2015: \$0).

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 23 June 2015, 150,000 share options were granted to senior employees of the Company. The options are exercisable at a price of 4 cents per option on or before 31 December 2019. The options vest when the Company's closing share price exceeds the exercise price of the options for ten consecutive trading days after vesting date (being 1 January 2016).

The fair value of the options at date of grant is estimated to be 0.87 cents. 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	70%	Contractual life	5 years
Risk-free interest rate	2.68%	Dividend yield	0%

The total amount expensed in the year relating to these share options was \$164 (2015:\$0).

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 22: AUDITOR'S REMUNERATION

	Consolidated	
	2016	2015
	\$	\$
Amounts received or due and receivable by the auditor for:		
Audit or review of the financial reports:		
RSM Australia Partners	25,730	24,720
	<u>25,730</u>	<u>24,720</u>

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 23: PARENT ENTITY INFORMATION

	2016	2015
	\$	\$
Information relating to Navarre Minerals Limited		
Current assets	780,036	971,710
Total assets	2,470,851	6,730,309
Current liabilities	278,520	205,959
Total liabilities	295,708	205,959
Issued capital	9,860,557	9,707,084
Share based payment reserve	51,670	97,109
Net unrealised gains reserve	-	40,000
Accumulated losses	(5,737,084)	(3,319,843)
Total shareholders' equity	6,524,350	6,524,350
(Loss) of the parent entity	(2,464,610)	(505,101)
Total comprehensive (loss) of the parent entity	(2,504,610)	(465,101)
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 24: EVENTS SUBSEQUENT TO BALANCE DATE

In September 2016, Navarre raised \$285,070 (before transaction costs) from a placement to sophisticated and professional investors, resulting in the issue of 9,830,000 ordinary shares at an issue price of \$0.029 per share, together with 4,915,000 free attaching unlisted options (exercise price \$0.05, expiry date 31 March 2018) on the basis of one option for every two new shares subscribed for and issued. Navarre also raised \$1,140,824 (before transaction costs) from a fully underwritten 2-for-5 non-renounceable pro rata entitlement offer, resulting in the issue of 39,338,779 ordinary shares at an issue price of \$0.029 per share, together with 19,669,402 free attaching unlisted options (exercise price \$0.05, expiry date 31 March 2018) on the basis of one option for every two new shares subscribed for and issued.

Subsequent to year end, the Company commenced the first stage of its TARGET co-funded exploration program involving an Induced Polarisation (IP) geophysics survey over the Irvine and Benno prospects with the aim of identifying anomalies potentially associated with gold mineralisation along the margins of the basalt domes. The IP geophysics program was completed in September 2016 with results to inform drill site selection. Air-core and diamond drilling (Stages 2 & 3, respectively) are planned to follow.

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 2016 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 2016.
 - (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 2016.

On behalf of the Board



G McDermott
Managing Director
Stawell, 28 September 2016

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 2016, 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 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.



RSM AUSTRALIA PARTNERS



J S CROALL

Partner

Dated: 28 September 2016
Melbourne, Victoria

Navarre Minerals Limited

ABN 66 125 140 105

ADDITIONAL SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 19 September 2016.

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	21	2,555	0.002
1,001 – 5,000	70	237,268	0.219
5,001 – 10,000	130	1,108,846	1.025
10,001 – 100,000	363	12,750,363	11.787
>100,001	138	94,077,914	86.967
Totals	722	108,176,946	100.000

(ii) The number of shareholders holding less than a marketable parcel of shares was 307, holding a total of 2,492,045 shares.

3. 20 Largest Shareholders

The following table sets out the top 20 holders of the Company's shares:

Shareholder	Number of shares	% Issued capital
Crocodile Gold Australia Pty Ltd	18,469,272	17.1%
Mr Kevin John Wilson <Lincoln Superfund No 1 A/C>	6,372,431	5.9%
Tattersfield Securities Limited	4,700,000	4.3%
New Chum Holdings Pty Ltd <New Chum Superannuation A/C>	4,495,642	4.2%
Mr Colin Henry Naylor & Mrs Anne Naylor <Quamby Super Fund A/C>	2,950,963	2.7%
Mrs Catherine Lee McDermott	2,287,770	2.1%
Lujeta Pty Ltd <The Margaret Account>	2,100,000	1.9%
Rivermore Pty Limited	2,099,554	1.9%
Kautag Pty Ltd	1,800,000	1.7%
Kautag Pty Ltd <Dorward Super Fund A/C>	1,788,463	1.7%
Darroch Family Pty Ltd <JN Darroch Private Super A/C>	1,733,655	1.6%
Veritas Securities Limited	1,530,000	1.4%
Mr John Darroch	1,157,827	1.1%
Mad Fish Management Pty Ltd <Mad Fish Super Fund A/C>	1,150,000	1.1%
Phillip McAulay Superannuation Pty Ltd <Phillip McAulay S/F A/C>	1,116,380	1.0%
Yavern Creek Holdings Pty Ltd	1,033,578	1.0%
Mr Rodney John Hanson	1,033,342	1.0%
Mr Steven John O'Bree	1,030,000	1.0%
Ms Katherine Griffin	1,010,000	0.9%
Bluestar Management Pty Ltd	1,000,000	0.9%
	58,858,877	54.5%

Navarre Minerals Limited

ABN 66 125 140 105

ADDITIONAL SHAREHOLDER INFORMATION

4. Substantial Shareholders

The substantial holders were as follows:

Shareholder	No of shares	% Issued Capital
Crocodile Gold Australia Pty Ltd	18,469,272	17.1
Mr Geoffrey McDermott & family (including New Chum Holdings Pty Ltd)	6,909,180	6.4
Mr Kevin John Wilson	6,372,431	5.9

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 19 September 2016)

Project	Tenement Details ^{1 2}	Group Interest
Bendigo North		
Tandarra ³	EL 4897	100%
Western Victoria Copper Project		
Black Range	EL 4590	100%
Stavely	EL 5425	100%
Cherry pool	EL 5426	100%
Glenlyle	EL 5497	100%
Stawell Corridor		
Ararat	EL 5476	100%
Tatyoan	EL 5480	100%

Notes ¹ EL = Exploration Licence

² All tenements are located in Victoria.

³ Catalyst Metals Ltd is entitled to earn a 51% interest under a farm-out agreement with Navarre. In addition to its ownership of the Tandarra licence in the Bendigo North area, Navarre is entitled to a 1% royalty on Catalyst's share of proceeds from future production from part of the area covered by exploration licences EL 5266 (Raydarra) and EL 5533 (Sebastian).