



NAVARRE MINERALS LIMITED

ABN 66 125 140 105

Annual Report 2017

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	16
Auditor's Independence Declaration	24
Remuneration Report	25
Consolidated Statement of Comprehensive Income	34
Consolidated Statement of Financial Position	35
Consolidated Statement of Changes in Equity	36
Consolidated Statement of Cash Flows	37
Notes to the Consolidated Financial Statements	38
Directors' Declaration	58
Independent Auditor's Review Report	59
Additional Shareholder Information	62

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 2017.

The positive signs seen for the resources industry towards the end of the previous year continued during the current year resulting in an improved operating environment for mineral exploration companies. This assisted us to finance drill programs in the Ararat region which led to the discovery of primary gold at the Irvine Gold Project and this project advancing to become the firm's flagship project.

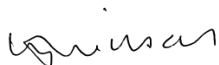
In addition, our Tandarra Gold Project was advanced by our partners Catalyst Metals Limited who are earning into the project by spending \$3 million over four years. Further infill drilling programs at Tandarra delivered excellent high-grade gold intersections.

The review of operations, which follows my report, highlights the advancement of these two promising gold projects. Both are in Victoria and close to the major historic mining centres of Stawell/Ararat and Bendigo/Fosterville respectively. Both of these regions are seeing increased gold exploration activity in what seems to be a renaissance for the industry in this State. As shareholders we enjoy significant exposure to both districts and its pleasing to state that we look forward to continued drilling success in both during 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.

On behalf of the Board I would like to again thank our management team for their commitment during the year, and congratulate them on the discovery at Ararat, and our shareholders for their continued support, in particular those who participated in the capital raisings during the year. Finally, I thank the communities in which we operate for extending their support, without which we would not have achieved the results of the past year.

The Board looks forward to an exciting 2018 financial year ahead as the Company continues to build on the momentum and achievements realised this year.



Kevin Wilson
Chairman

5 September 2017

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MANAGING DIRECTOR'S REVIEW OF OPERATIONS

The 2017 financial year was defined by two significant events involving both our flagship Victorian gold projects: a new primary gold discovery at the Irvine Gold Project as a potential source to historically mined alluvial gold from the Ararat Goldfield; and the continued success of drilling at the Tandarra Gold Project with further broad, high-grade gold zones intersected close to surface.

Programs of work were undertaken at the 100%-owned Irvine Gold Project in western Victoria and at the Tandarra Gold Project in central 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).

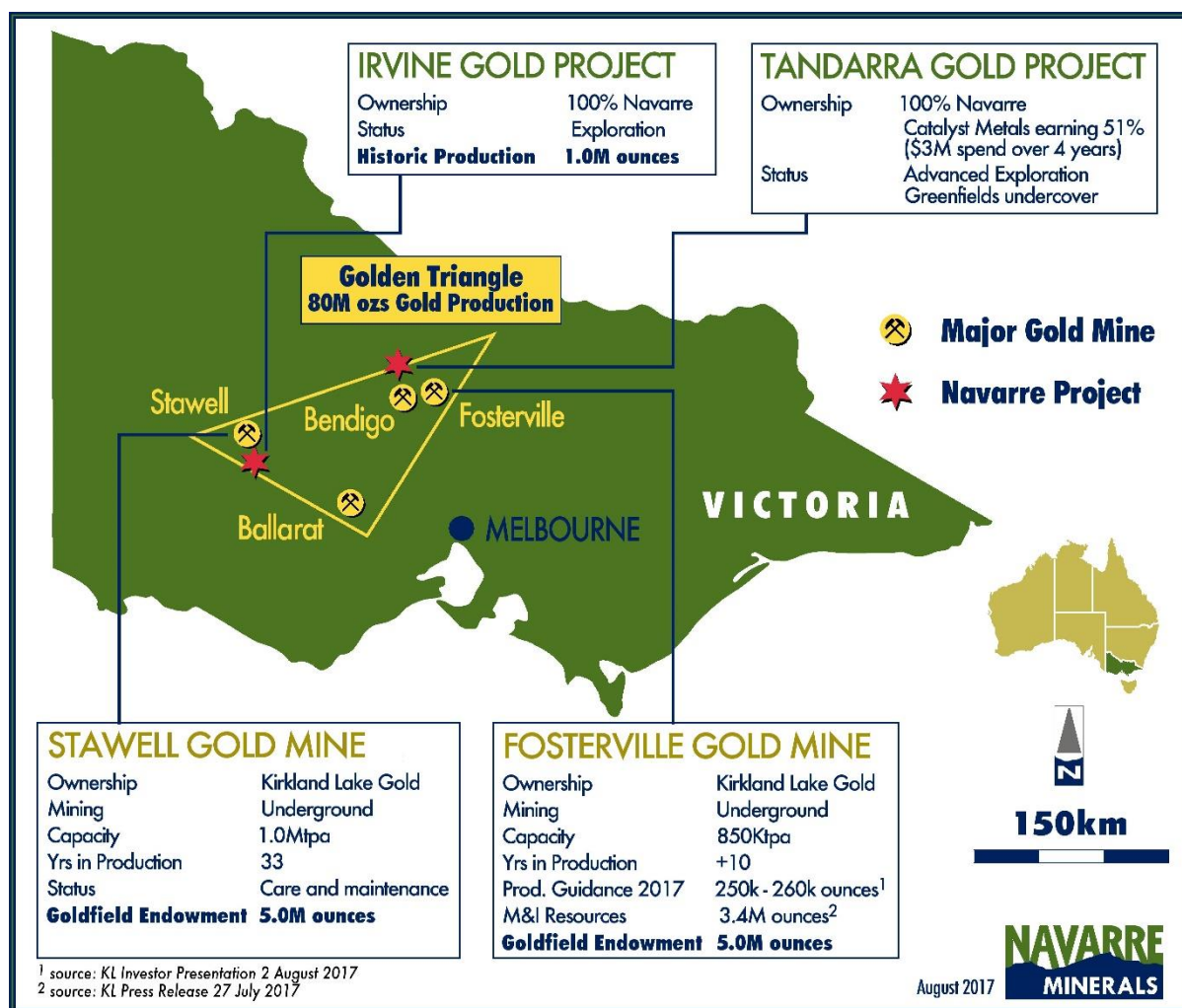


Figure 1: Location of Navarre's two flagship Victorian gold projects and their proximity to existing gold operations within the 80 million ounce Golden Triangle.

STAWELL GOLD CORRIDOR (ELs 5476 & 5480, ELAs 006418, 006525, 006526, 006527, 006528, 006530)

Navarre controls a 70 kilometre section of the prospective Stawell Gold Corridor extending south from the four million-ounce Stawell Gold Mine which is owned by Navarre's largest shareholder Kirkland Lake Gold Ltd. The Company's tenure comprises 100%-ownership of two exploration licences, Tatyoon and Ararat, which includes the historic 1Moz Ararat Goldfield, and the Stawell Granite exploration licence application (Figure 2). The Company has also applied for five exploration licences (Long Gully (ELA 006525), Westgate (ELA 006526), Hospital Hill (ELA 006527), Napoleon (ELA 006528) and Snake Hill (ELA 006530)) covering key Crown land blocks within EL 5476 that were previously excised from the licence area.

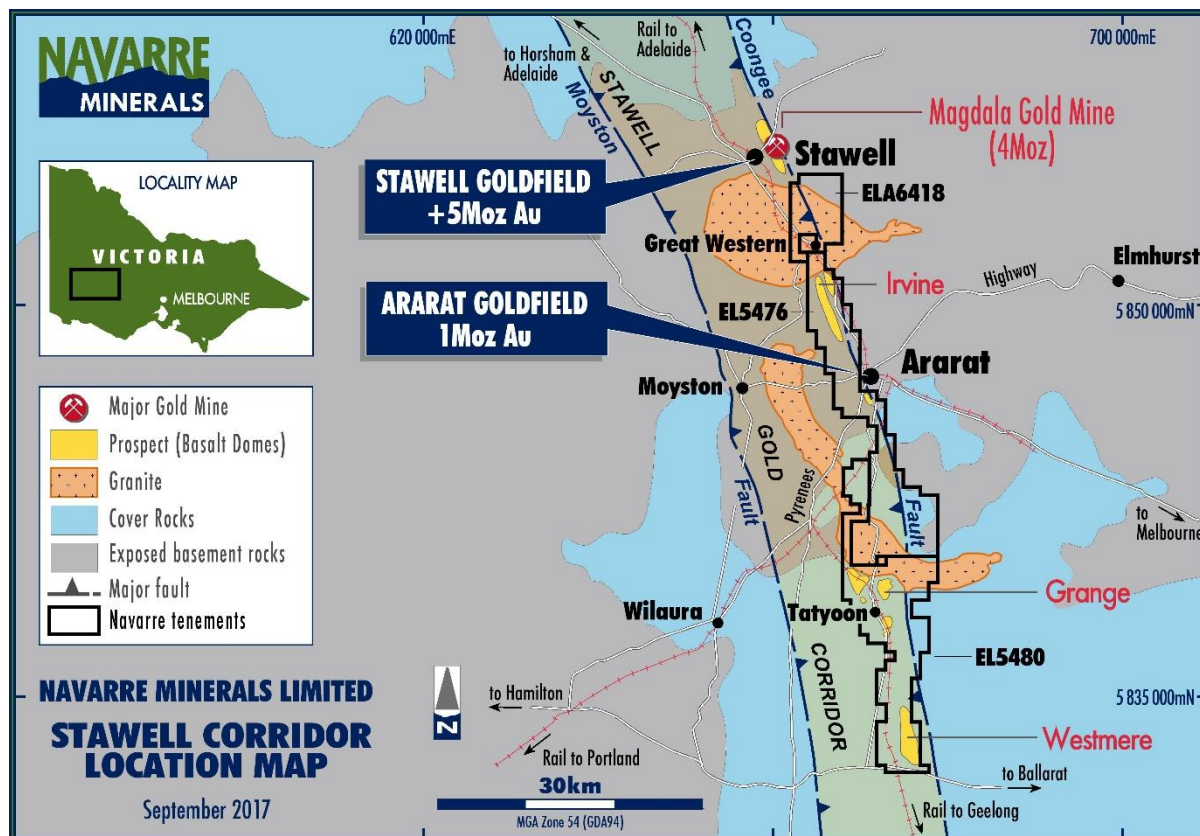


Figure 2: Navarre’s tenement position along 70kms of the prospective Stawell Gold Corridor.

Combined, the exposed 40 kilometres of basement rocks occurring between Ararat and Stawell have delivered approximately 6 million ounces of historic and modern gold production. The Stawell Corridor located north and south of this area is concealed under younger cover and is a prime exploration target.

The Irvine Gold Project is located 15 kilometres south of Stawell’s Magdala Gold Mine and was identified in 2015 (NML ASX release 12 June 2015). The project occupies 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, now on care and maintenance, which has produced gold from a deposit that has been mined to depths more than 1,600 metres below surface. Modern gold mining at Stawell was continuous for 33 years until December 2016 with the Magdala gold deposit contributing more than 4 million ounces of the total 5 million ounces of gold produced from the Stawell Goldfield.

Gold mineralisation of the Stawell style occurs proximal to the margins of large basalt dome structures. 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 around the basalt margins.

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ABN 66 125 140 105

Ararat (EL 5476)

Irvine Gold Project

Navarre had an extremely successful year making a new gold discovery, confirming two new gold prospects and identifying a further three drill targets along the +8km-long Irvine basalt dome, situated within the 100%-owned Ararat exploration licence, 15km south of Stawell (Figure 3).

After completing a maiden drill program of more than 10,000m of drilling in 166 holes at the Irvine Gold Project, the geometry, dimensions and tenor of the results are consistent with the shallow levels of the nearby 4Moz Magdala gold deposit in Stawell. The results validate Navarre's multi-lode exploration model and highlight the potential for the project to host a large gold deposit underlying shallow alluvial gold workings in a premier mining jurisdiction.

In the November 2016 to June 2017 period, the Company completed a total of 7,730m of air-core (AC) drilling and 2,490m of diamond core drilling (DD) at the Irvine Gold Project. This drilling resulted in the discovery of the Resolution Lode and confirmation of significant gold in first-pass drilling at the John Bull and Hospital Hill prospects.

Resolution Lode

During the year, the Company announced its first near-surface gold discovery at the Irvine Gold Project following an extensive program of mapping, geochemical sampling, geophysics, AC and DD drilling. The Resolution Lode, as it is now known, occurs on the north-east flank of the Irvine basalt dome and was the first prospect targeted in the drilling campaign (Figure 3). A shallow oxide gold zone was discovered with AC drilling, extending for over 800m, open to the north and at depth (Figures 4 and 5). Several impressive AC intercepts were reported including:

- **41.5 g/t gold** over 2m in hole IAC018;
- **6.3 g/t gold** over 6m from 66m, including **24.6 g/t gold** over 1m in hole IAC018; and
- **4.2 g/t gold** over 6m from 17m in hole IAC058

(see Navarre's ASX releases of 1 & 15 December 2016, 16 January 2017 and 20 February 2017).

A follow-up DD program comprising seven holes for 1,600m provided the first detailed structural and stratigraphic information about the Resolution Lode and confirmed significant primary gold mineralisation beneath the oxide gold zone similar in style to the nearby 4 million ounce Magdala gold deposit (Figure 5).

Best results from the DD program included:

- **12.9 g/t gold** over 2.9m from 79.7m, including **47.2 g/t gold** over 0.7m in hole RD001;
- **3.4 g/t gold** over 3.4m from 121.5m in hole RD001;
- **9.8 g/t gold** over 4.0m from 72m in hole RD002;
- **5.2 g/t gold** over 1.5m from 105.1m in hole RD005; and
- **7.1 g/t gold** over 18.7m from 196.3m, including **11.6 g/t gold** over 5.7m and **12.2 g/t gold** over 4.7m in hole RD006

(see Navarre's ASX releases of 24 April 2017 and 28 July 2017)

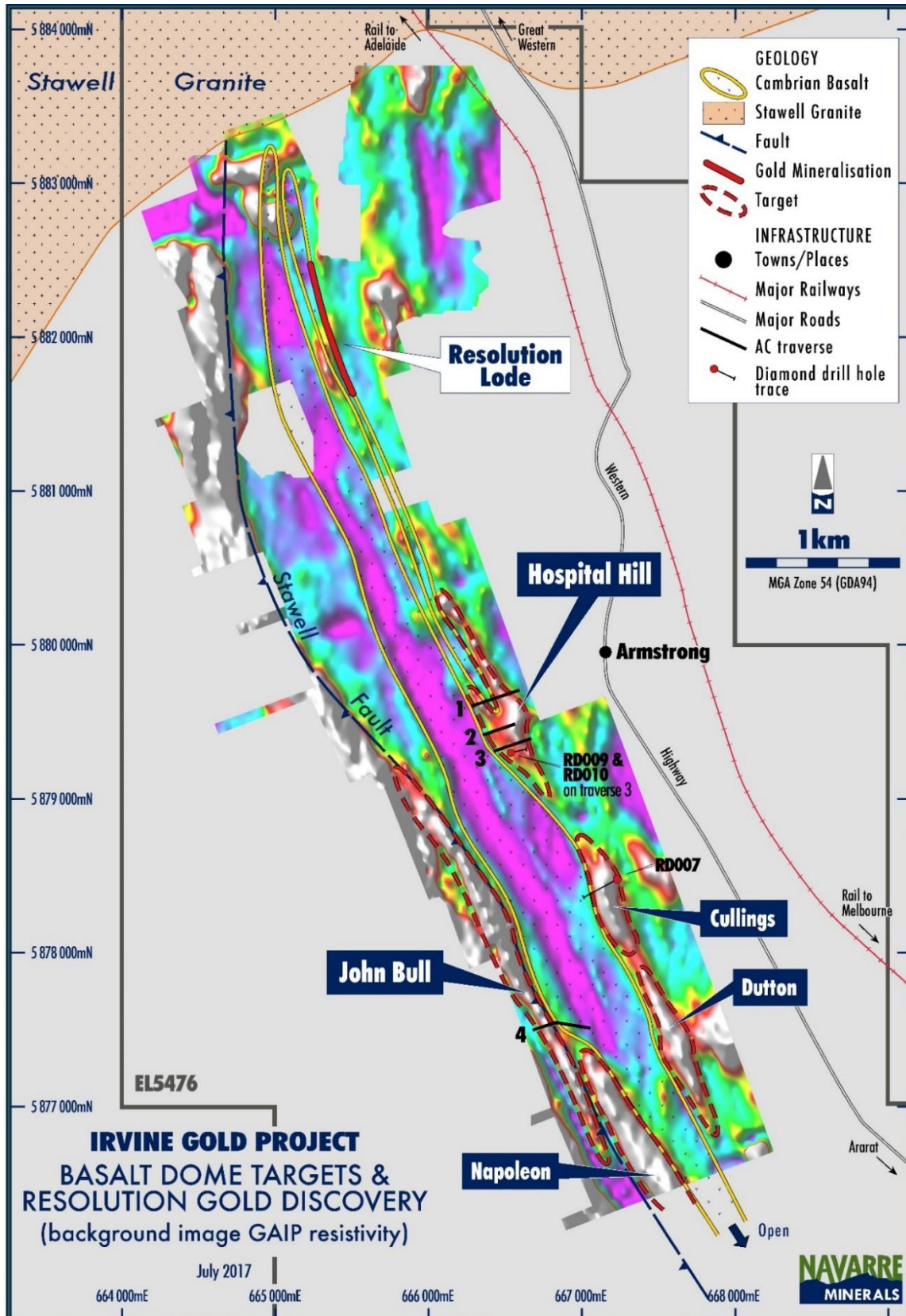


Figure 3: Geophysical image showing the Irvine basalt dome (yellow outline), the Resolution Lode gold discovery and location of key targets and prospects.

Gold mineralisation at the Resolution Lode appears to be controlled by a steeply inclined northwest trending shear zone. In the north, the shear zone appears to dip steeply east and as the shear extends further south, tends to dip steeply towards the west. The mineralised shear zone follows the outer eastern basalt layer but, locally also cross-cuts and mineralises the basalt. The mineralisation is associated with increased quartz veining, silica-chlorite-sericite alteration and sulphides consisting of arsenopyrite-pyrite±pyrrhotite.

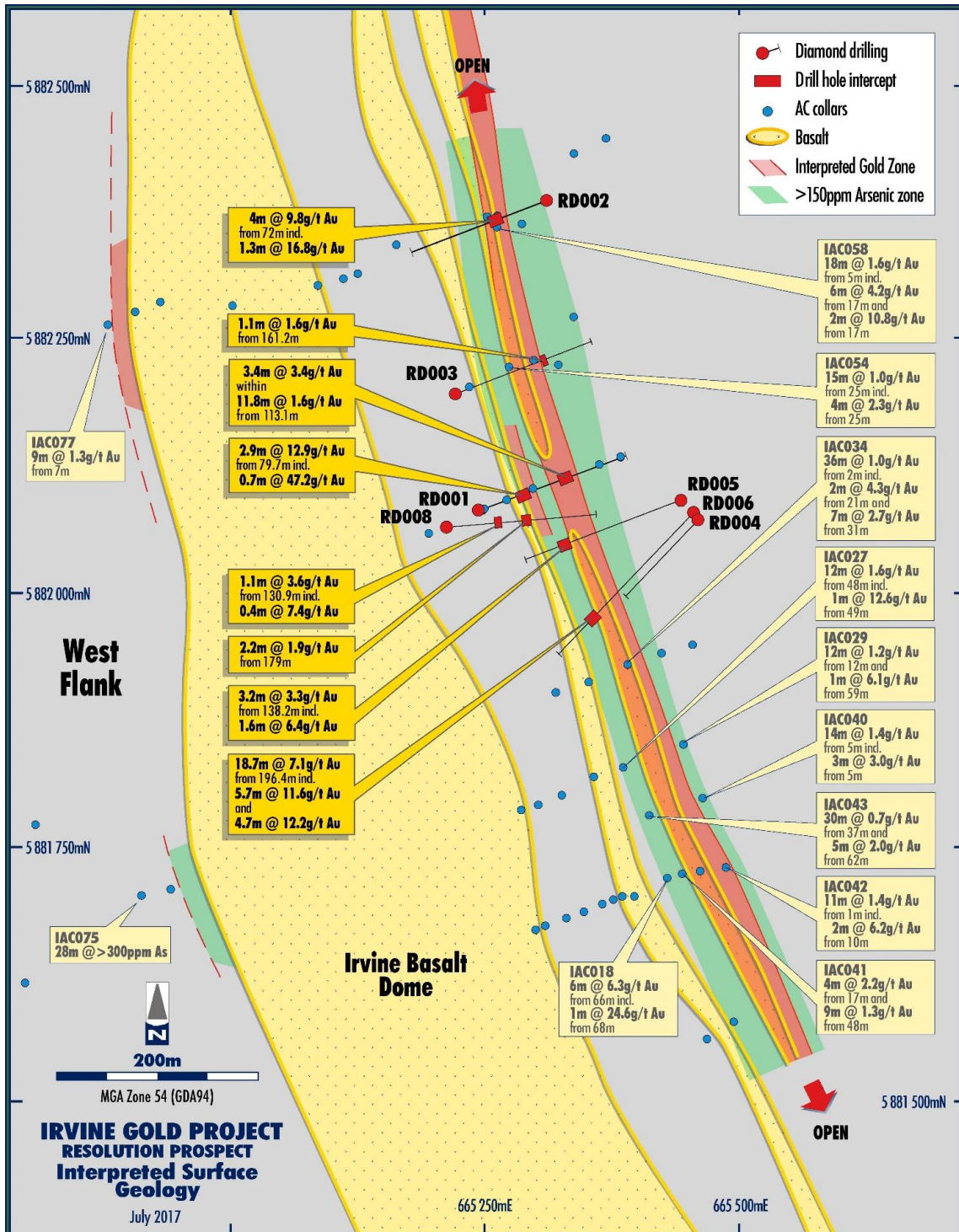


Figure 4: Plan view of the Resolution Lode showing recent diamond drill intercepts and interpreted basement geology at surface.

Gold mineralisation is present from surface where it has horizontal widths of up to 30m, reducing to between 1 and 10m at or below the base of oxidation. The tenor of gold grades identified from the near surface AC drilling correlate well with the tenor of grade intersected at depth in the diamond drilling. This may suggest that potential ore shoots have an overall steep plunge as shown in the long-section of Figure 5 and will be targeted for future drill programs.

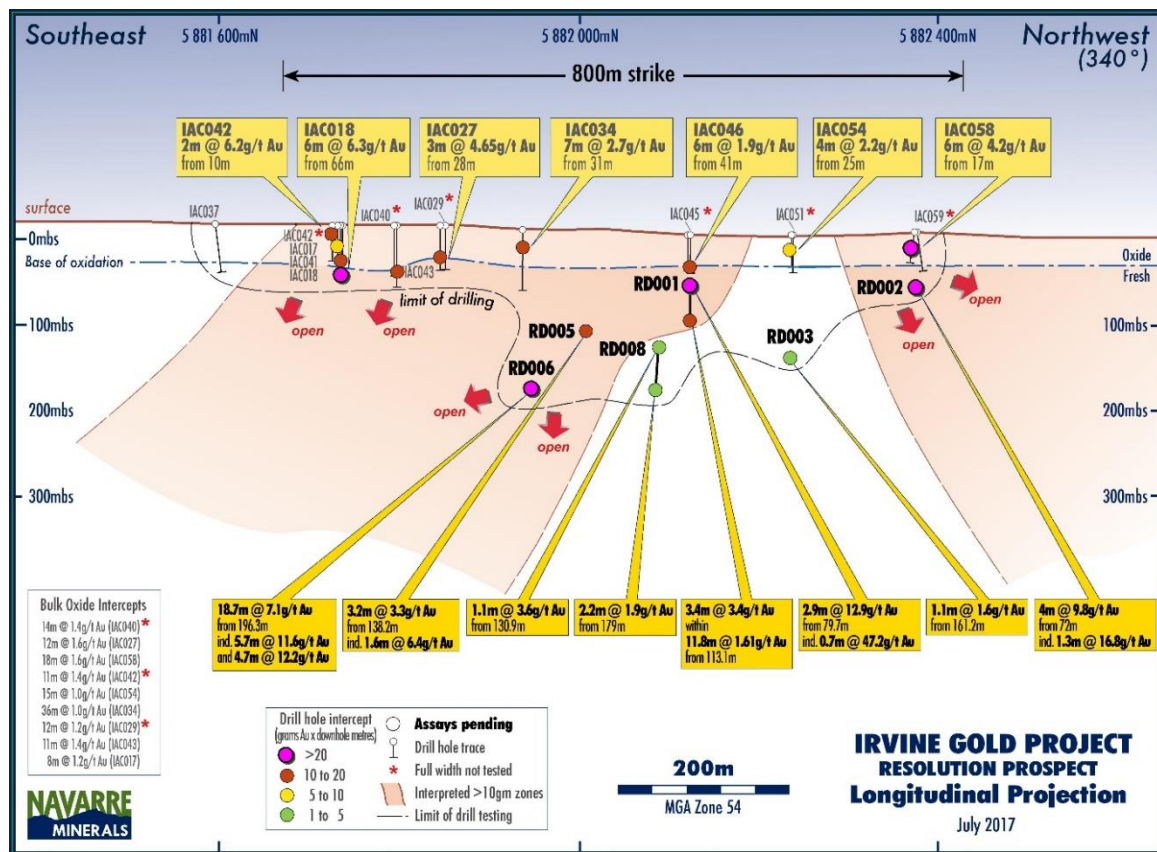


Figure 5: Longitudinal projection of the Resolution Lode showing diamond drill intercepts and the interpreted plunge of gold mineralisation (refer to Figure 4 for plan view of Resolution Lode).

The Resolution Lode remains the Company’s core prospect, and preparations are underway for the next phase of exploration, including drilling, to commence in the fourth quarter of 2017.

Irvine regional prospects and targets

South of the Resolution Lode, a first-pass ‘proof-of-concept’ drilling program was completed at the Irvine Project in June 2017.

Drilling targeted three coincident geochemical and geophysical anomalies identified from 2km south of the Resolution Lode. These targets had never been previously tested and included John Bull (west flank), Hospital Hill and Cullings (both on the east flank) (Figure 3). Another two targets further south, the Napoleon and Dutton targets, remain to be tested, which the Company plans to do in the upcoming drill season.

The AC program, comprising 4 traverses containing 51 drill holes for a total of 2,823m, tested two new targets with similar coincident geochemical and geophysical signatures to the Resolution Lode discovery. The AC drilling targeted the John Bull and Hospital Hill prospects located on the west and east side of the Irvine basalt dome respectively (Figure 3).

Three exploratory diamond holes were also drilled to better understand the geology and potential mineralised structures at the Cullings and Hospital Hill prospects.

The drilling at John Bull and at Hospital Hill intersected several important geological structures containing gold within broad zones of intense wall rock alteration, highlighting the presence of potential new mineralised gold shoots with significant strike extension. Multiple intersections better than 1 gram per tonne gold have been returned from shallow levels at both prospects (Figures 6 and 7).

The hydrothermal alteration containing quartz - sulphide mineralisation compares well to the nearby Resolution Lode, where these signatures are associated with strong gold grades. The broad zones of intense alteration are also typical at Stawell’s Magdala gold deposit.

At Cullings, a single diamond hole (RD007) failed to test a strong coincident apparent resistivity and chargeability anomaly located on the eastern edge of the Irvine Basalt (refer to Figure 3). An off-hole magnetic anomaly thought to represent pyrrhotite mineralisation at a depth of about 300m southwest of the drill hole was subsequently detected. Pyrrhotite is often associated with basalt-contact style gold mineralisation at the Magdala gold deposit. Further work is required to refine this target.

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ABN 66 125 140 105

The results of the drilling program were reported in the Company’s ASX announcement of 28 July 2017.

The results of the regional program were pleasing as it validates the Company’s exploration model at the Irvine Project, which is based on the existence of multiple ‘lodes’ or ‘pods’ of gold mineralisation along both flanks of the +8km long Irvine basalt dome.

There is good potential that the 2.8km long coincident geochemical and geophysical signature of the John Bull prospect could provide significant opportunity to target higher-grade and more extensive gold mineralisation in areas of flexure superimposed by the shape of the Irvine basalt.

The John Bull prospect remains open along strike and at depth and has now been confirmed as a priority drill target for follow-up AC drilling.

Like John Bull, the drilling at Hospital Hill has intersected a significant mineralised structure which requires further step-out drilling to define areas of more extensive gold mineralisation. Initial interpretation of results suggests the mineralised trend is strengthening to the south.

Assuming ongoing exploration success, these regional prospects have the potential to add significantly to Navarre’s goal of discovering a million-ounce gold deposit at the Irvine Gold Project.

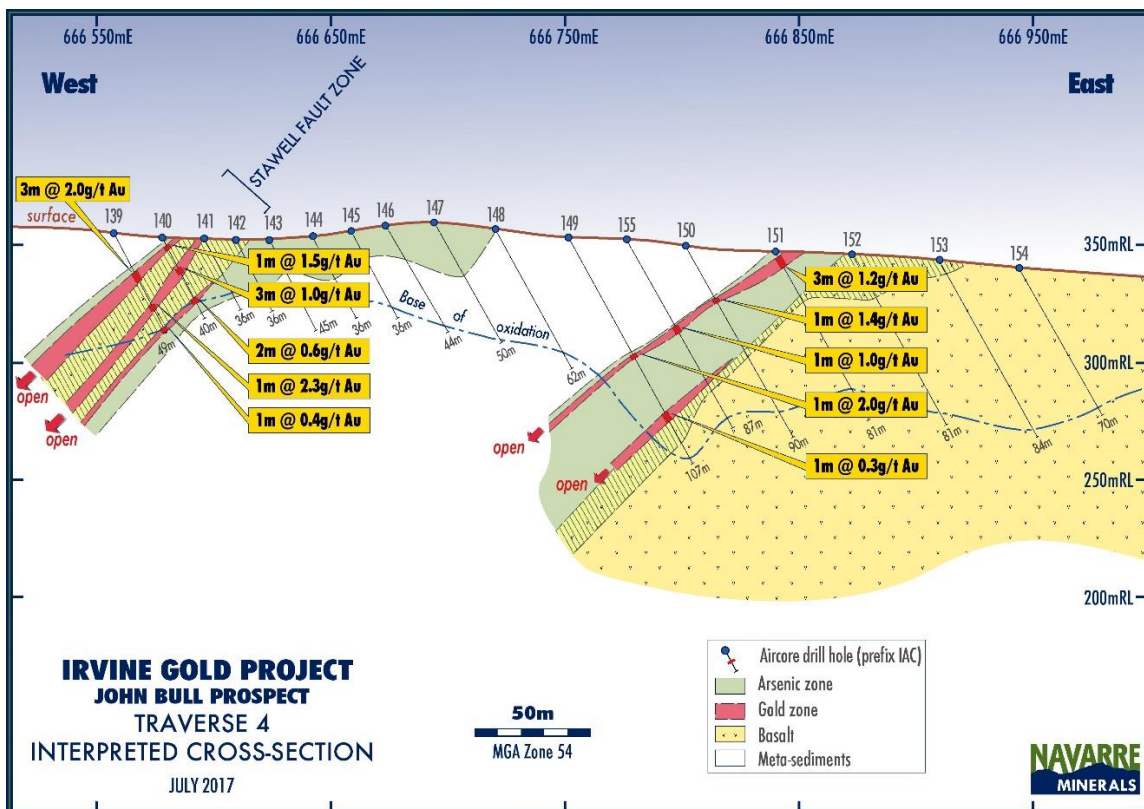


Figure 6: John Bull Prospect – AC Traverse 4 cross-section showing geology interpretation and key drill intercepts.

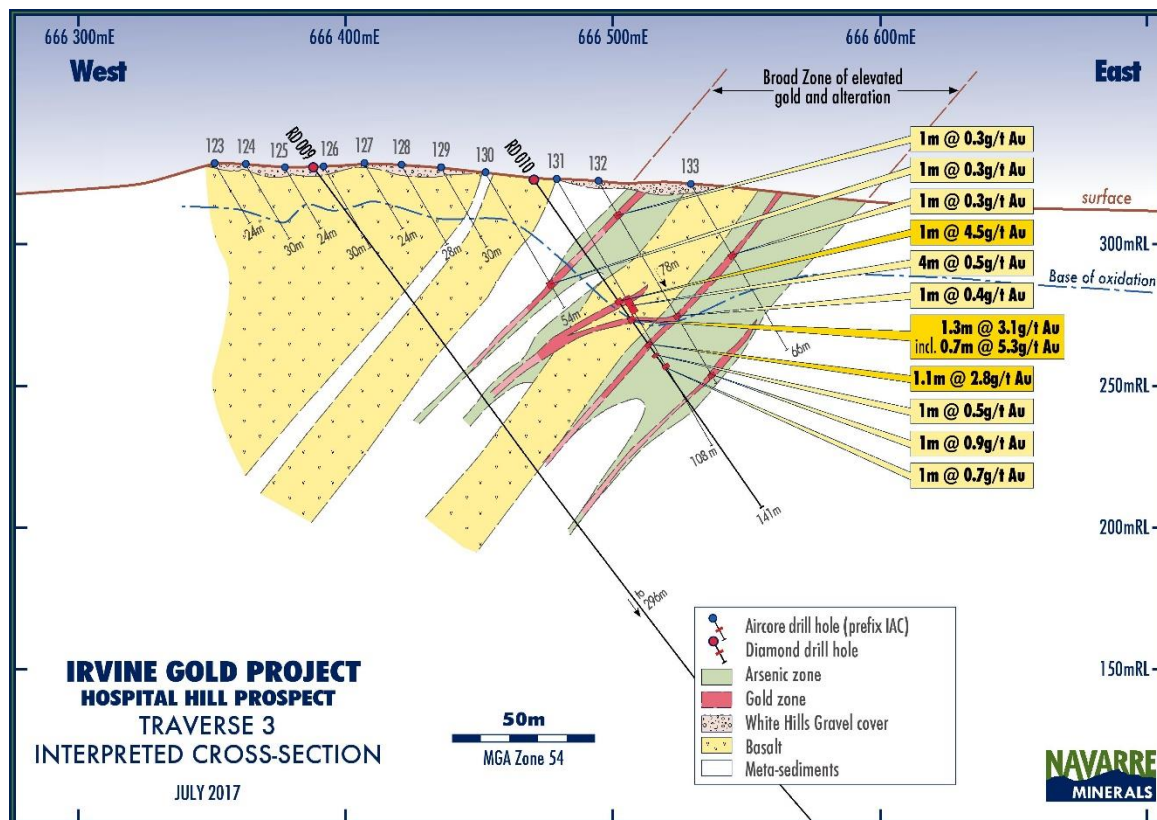


Figure 7: Hospital Hill Prospect – AC Traverse 3 cross-section showing geology interpretation, diamond drill holes, and key drill intercepts.

Tatyoan (EL 5480)

No significant activity was undertaken on the Tatyoan licence during the year while the Company’s resources were focused at the Irvine Gold Project.

Stawell Granite (ELA 006418)

The Company has recently applied for an exploration licence covering a ‘gap’ between the Stawell and Ararat goldfields (Figure 2).

A detailed assessment of the area was undertaken during the period and highlighted considerable potential for gold hosted in granite. The Coongee Fault is considered a major conduit for gold mineralisation in the adjoining Stawell and Ararat goldfields, which appears to have been reactivated post granite emplacement. Available data indicates the potential for a large-scale mineralisation system with multiple structural and geochemical targets apparent. The Company awaits the grant of licence, which is expected in the fourth quarter of 2017.

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 and 60km north-east of the 5 million ounce Fosterville Gold Mine, also owned and operated by Navarre’s largest shareholder, Kirkland Lake Gold Ltd (Figure 1). This advanced exploration project is a Bendigo analogue with confirmed high-grades of gold associated with several quartz reef structures. 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.

During the year, Catalyst completed an RC Blade drilling program at the Tomorrow Gold Prospect with a total of 3,819m being drilled in 64 holes (Figures 8, 9 & 10). The program was designed to test the continuity of the gold mineralisation that could be reasonably anticipated to be captured within a sampling test pit.

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The drilling intersected many outstanding wide, high-grade gold intercepts. Several drill holes confirmed gold mineralisation at depths of less than 20m from surface with **peak gold assays up to 98.4 g/t gold** and wider zones of gold averaging greater than 5g/t of gold. The best intersections returned were:

- **11m @ 17.8 g/t gold** from 47m in hole RCT172;
- **17m @ 6.6 g/t gold** from 30m in hole RCT173;
- **21m @ 6.9 g/t gold**, including **1.0m @ 98.4 g/t gold** from 27m in hole RCT177;
- **6m @ 5.5 g/t gold** from 34m in hole RCT155;
- **8m @ 5.2 g/t gold** from 42m in hole RCT156;
- **12m @ 1.3 g/t gold** from 67m in hole RCT169;
- **3m @ 5.0 g/t gold** from 31m in hole RCT170;
- **7m @ 8.9 g/t gold** from 67m in hole RCT174;
- **9m @ 2.1 g/t Au** from 44m in hole RCT178;
- **7m @ 7.0 g/t Au** from 22m in hole RCT184;
- **6m @ 2.6 g/t Au** from 40 m in hole RCT187;
- **6m @ 2.5 g/t Au** from 37m in hole RCT194; and
- **3m @ 8.4 g/t Au** from 57m in hole RCT197

(see CYL ASX release of 26 July 2017).

On 19 May 2017, Catalyst announced that, as operator of the Tandarra exploration licence, it had successfully applied for co-funding of up to \$224,700 for exploration activities at Tandarra (including geophysics and air-core drilling) under the second round of the Victorian Government's TARGET Minerals Exploration Initiative.

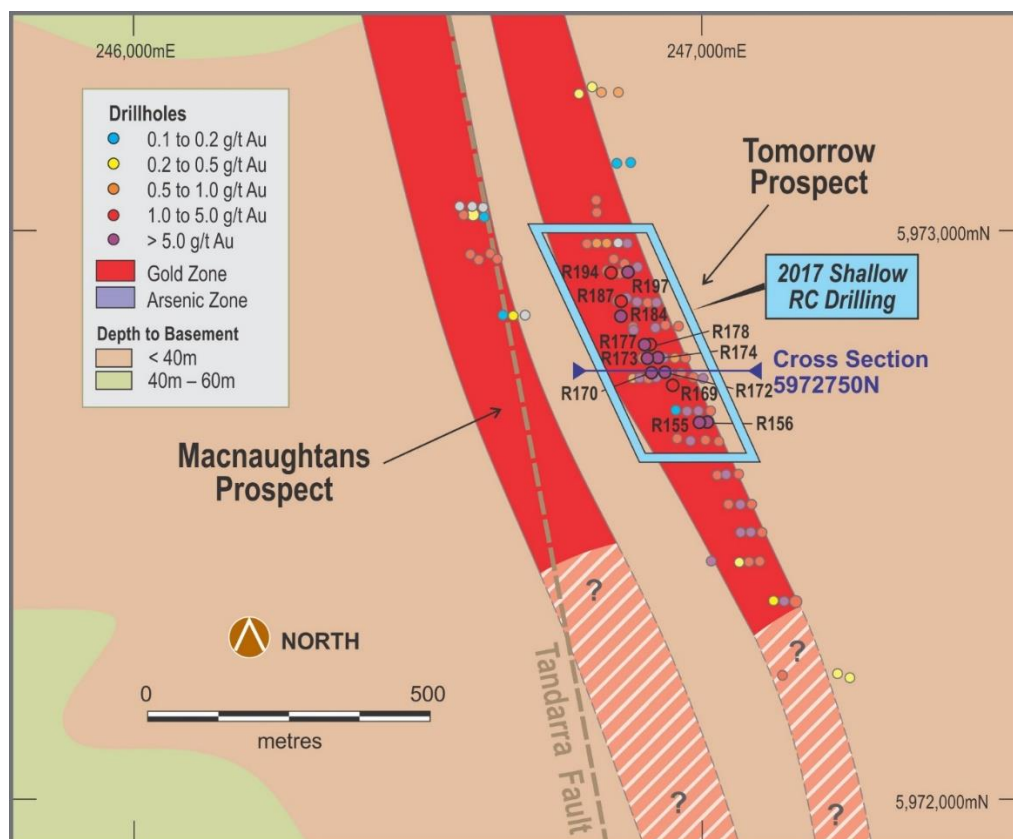
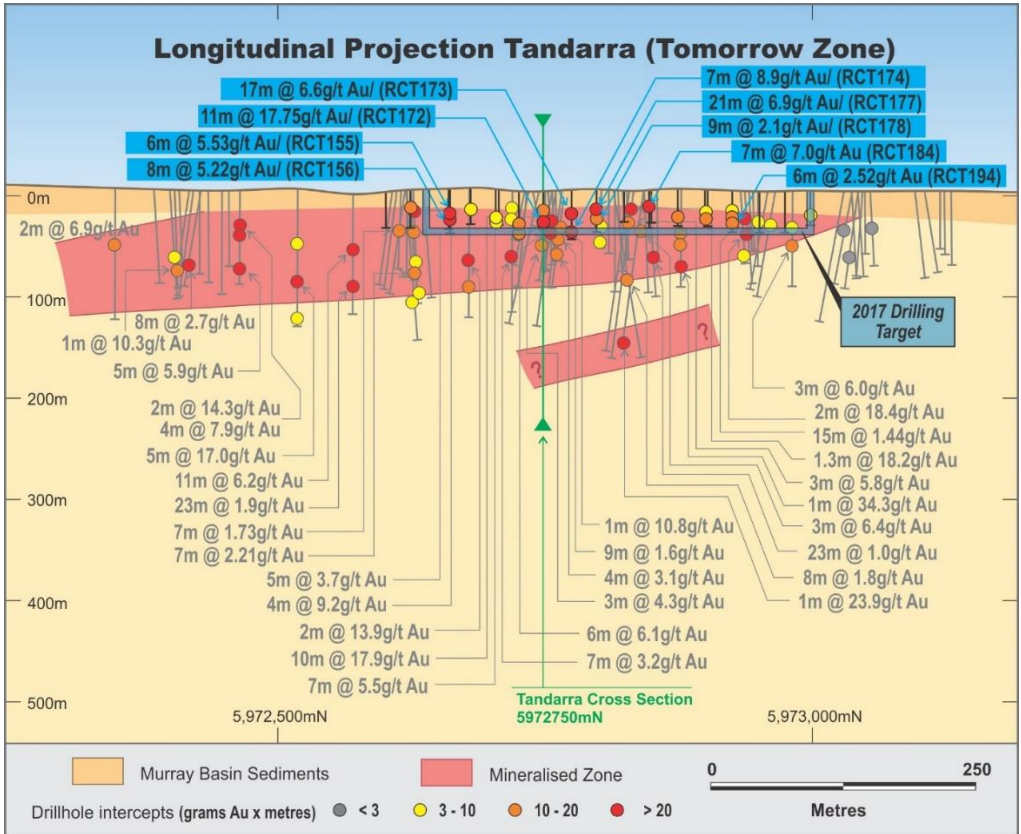


Figure 8: Plan showing area of recent drilling on the Tomorrow prospect (diagram courtesy of Catalyst Metals Limited, ASX 26 July 2017).



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In an ASX announcement on 23 August 2017, Catalyst announced that it had confirmed the high-grade gold drill intercepts at Tandarra using a bulk cyanide leach assay methodology. As expected, the bulk cyanide leach assays showed both positive and negative variations to the initial fire assay results. The best bulk cyanide leach assays were restated and include:

- **10m @ 14.0 g/t gold** from 47m in hole RCT172;
- **17m @ 7.1 g/t gold** from 30m in hole RCT173;
- **21m @ 6.5 g/t gold**, including **3.0m @ 33.3 g/t gold** from 27m in hole RCT177;
- **6m @ 6.1 g/t gold** from 34m in hole RCT155;
- **8m @ 5.2 g/t gold** from 42m in hole RCT156;
- **8m @ 1.4 g/t gold** from 59m in hole RCT169;
- **3m @ 5.6 g/t gold** from 31m in hole RCT170;
- **7m @ 5.6 g/t gold** from 67m in hole RCT174;
- **9m @ 2.2 g/t gold** from 44m in hole RCT178;
- **4m @ 7.0 g/t gold** from 36m in hole RCT183;
- **7m @ 2.8 g/t gold** from 22m in hole RCT184;
- **6m @ 2.6 g/t gold** from 40 m in hole RCT187;
- **6m @ 3.0 g/t gold** from 32m in hole RCT194;
- **2m @ 6.6 g/t gold** from 54m in hole RCT196;
- **2m @ 9.4 g/t gold** from 57m in hole RCT197;
- **13m @ 1.3 g/t gold** from 32m in hole RCT199; and
- **8m @ 3.1 g/t gold** from 31m in hole RCT204

(see CYL ASX release of 23 August 2017).

Recent results have been very encouraging and the Company looks forward to continuing to advance exploration and evaluation in the project area.

ST ARNAUD (ELA 6656)

In line with the Company's strategy of targeting gold mineralisation near multi-million ounce gold mines, an exploration licence application was submitted in August 2017 for an area of 479km² surrounding the historic St Arnaud Goldfield. Available data assessed by the geology team has highlighted considerable potential for a Fosterville-style high-grade gold mineralisation system containing multiple structural targets beneath shallow cover. Grant of licence is expected to occur in early 2018.

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 11), 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 (VMS), porphyry-copper and gold deposits.

At the Glenlyle Project (EL 5497) the Company has commenced a gravity survey in collaboration with Monash University to refine the geometry of a potential VMS target. The results of the program are expected to become available in the second half of 2017.

Outside of Glenlyle, no significant activity was undertaken during the year pending the release of new government data.

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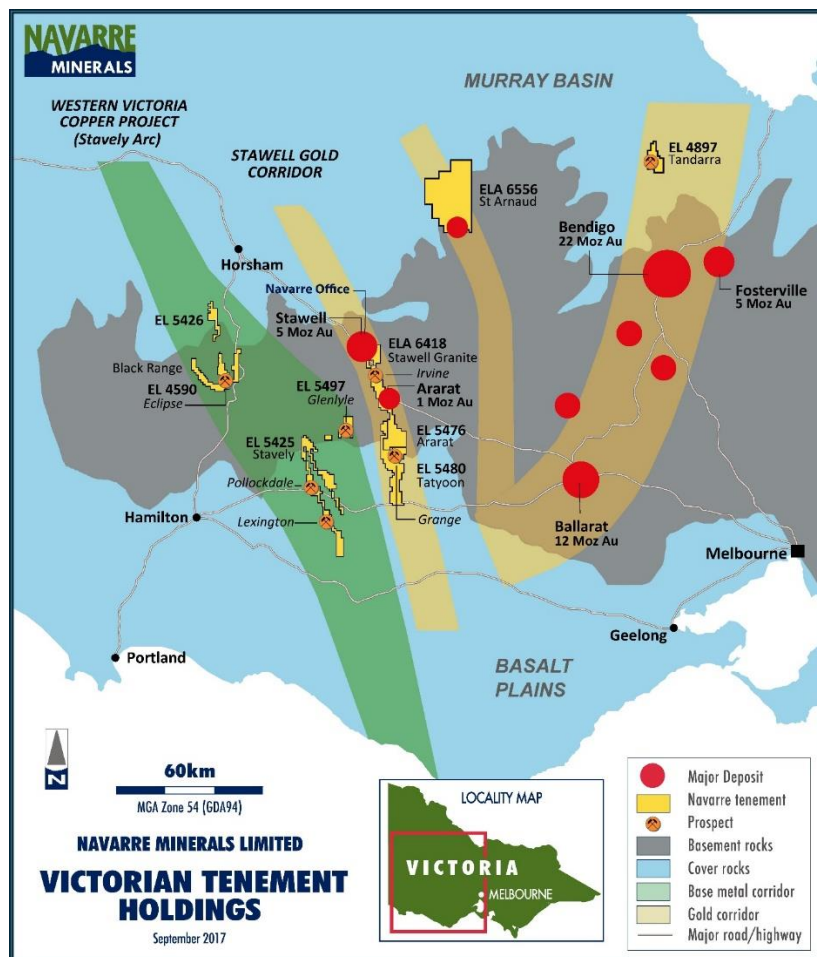


Figure 11: Location map of Navarre's Victorian projects

Corporate

Personnel

Navarre has made a significant investment in personnel during the period to support its field activities, particularly the Irvine Gold Project. The Company has introduced new senior managers to the leadership team in the areas of geology and community engagement, including Mr Shane Mele who was appointed as Exploration Manager in February 2017.

Capital raising

In September 2016, Navarre completed a capital raising underpinned by an underwritten entitlement offer to eligible shareholders at 2.9 cents per share and a placement to sophisticated and professional investors at the same issue price. Navarre issued approximately 49 million new shares pursuant to the entitlement offer and placement to raise \$1.42 million before costs. Navarre also issued 24.5 million attaching unlisted options (exercise price 5 cents, expiry 31 March 2018) to participants in the entitlement offer and placement on the basis of one option for every two new shares issued.

In November 2016, Navarre completed an additional placement of approximately 19.6 million shares to sophisticated and professional investors at 3.8 cents per share to raise \$747K before costs. Navarre also issued approximately 9.8 million attaching unlisted options (exercise price 5 cents, expiry 31 March 2018) to placement participants on the basis of one option for every two new shares issued.

Funds raised from the 2016 entitlement offer and placements were used to underpin the next phase of exploration, including a maiden drilling program, at the Company's Stawell Corridor Gold Project, and enabled Navarre to match the co-funding grant awarded by the Victorian Government under the TARGET Minerals Exploration Initiative in June 2016.

In June 2017, Navarre raised a further \$1.4 million through an entitlement offer to eligible shareholders at 3 cents per share, including placement of the entitlement offer shortfall to professional and sophisticated investors, and an additional placement to a new strategic investor. Navarre issued approximately 34.7 million new shares pursuant to the entitlement offer (including the shortfall placement) and a further 13.3 million shares pursuant to the additional placement. The funds were raised for future exploration and evaluation activities at the Company's Irvine Gold Project and ongoing corporate expenses.

Navarre Minerals Limited

ABN 66 125 140 105

Receipt of TARGET Minerals Exploration Initiative co-funding

During the year and subsequent to the year end, Navarre has received a total of \$193K from the Victorian Government by way of reimbursement of exploration expenditure at the Irvine Gold Project, following completion of the first two agreed milestones of Navarre's co-funding grant agreement pursuant to the TARGET Minerals Exploration Initiative.

In June 2016, Navarre was selected by the Victorian Government to receive a co-funding grant of up to \$626K for exploration in the Stawell Corridor. Navarre was one of five recipients of grant funding for nine projects under the first round of the TARGET Minerals Exploration Initiative. The grant funding is provided on an industry-matched basis to mineral exploration companies to further enhance the understanding of potential mineral deposits in western Victoria, with the view that the investment will generate jobs, economic and other flow-on benefits to the region. The TARGET grants cover up to half the cost of eligible exploration activities, with the companies funding the balance by their own means.

The Victorian Government has agreed to defer the completion date for the third and final agreed milestone to February 2018 to allow sufficient time for the Company to complete its planned diamond drilling at the Irvine Gold Project and submit its final report. On satisfactory completion of the third milestone of the TARGET grant agreement, Navarre is eligible to receive up to \$365K from the Victorian Government by way of reimbursement for exploration expenditure.

Geological modelling, geophysical surveys, air-core drilling and diamond drilling completed to date at the Irvine Gold Project have all formed part of the exploration activity covered by Navarre's TARGET grant agreement.

Exploration credits issued pursuant to the Exploration Development Incentive

In June 2017, Navarre distributed exploration credits of \$44,233 (30% of Navarre's 'eligible greenfields exploration expenditure' in the year ended 30 June 2016) to shareholders pursuant to the Federal Government's Exploration Development Incentive (EDI). The exploration credits were distributed to shareholders on a pro rata basis relative to the number of shares held and the total shares on issue (173,927,635) at the Record Date of 31 May 2017. The EDI enables eligible exploration companies to create exploration credits by giving up a portion of their carried forward losses from eligible exploration expenditure and distributing these exploration credits to equity shareholders. The EDI is intended to encourage shareholder investment in exploration companies undertaking greenfields mineral exploration expenditure in Australia.

Cash position

Navarre had a total of \$1.75 million cash on hand at the end of June 2017, with a further \$365K of Victorian Government co-funding available on completion of the third and final milestone of Navarre's TARGET grant agreement.

Outlook

Looking ahead, the management and the Board of Navarre will continue to invest in its core gold projects where momentum around discovery opportunities continue to exist and to drive shareholder value.



Geoff McDermott
Managing Director

5 September 2017

Competent Person Declaration

The information in this Annual Report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Shane Mele, who is a Member of The Australian Institute of Mining and Metallurgy and who is Exploration Manager of Navarre Minerals Limited. Mr Mele 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 Mele 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 2017

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 2017. 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 the Managing Director of Leviathan Resources Limited, a Victorian gold mining company, from its initial public offering in 2005 through to its sale in 2006. 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 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 and producer. 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) Contact Gold Corp. (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, Melbana Energy Limited. Before joining Melbana, 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 2017

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	12,031,598	1,274,487	-	-
G McDermott	11,797,692	480,876	-	100,000
J Dorward	8,760,599	945,943	-	-
C H Naylor	5,118,584	129,311	-	-

The terms of these options are set out in Note 20 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 (2016: 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 permanent employees at 30 June 2017, including directors (2016: 6).

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, and its exploration activities to date have had a low level of environmental impact.

The Group's exploration operations are subject to environmental and health and safety regulations under the various laws of Victoria and the Commonwealth. There were no reported Lost Time Injuries or environmental incidents during the year.

4.3 Review of operations

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

Direct exploration expenditure during the 2017 financial year was \$1,824,855.

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 2017, 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 2017

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.3 Review of operations (cont.)

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

The Stawell Corridor Gold Project comprises two 100%-owned exploration licences, Ararat and Tatyoon, and includes the historic Ararat Goldfield. It extends between 10 and 70 kilometres south-east of the Stawell Gold Mine, which is owned by Kirkland Lake Gold Ltd., the Company's largest shareholder. Approximately 6 million ounces of historic and modern gold production has occurred from Ararat and Stawell.

Ararat (EL 5476)

The focus of the Group's exploration activity during the year was the Irvine Gold Project, located 15 kilometres south of Stawell, on the Ararat tenement. In December 2016, the Group reported a new gold discovery (Resolution Lode) at the Irvine Gold Project following its maiden air-core ("AC") drilling program, which confirmed shallow broad zones of gold mineralisation of up to 30 metres wide over a strike length of 800 metres, remaining open to the north and at depth.

Work completed during the year on EL 5476 included the following:

- During the third quarter of 2016, the Group completed a geophysical survey comprising 75 line kilometres of gradient array Induced Polarisation ("GAIP") covering the northern half of the interpreted Irvine basalt dome, which generated several GAIP responses. Eight lines for a total of 13 line kilometres of dipole-dipole Induced Polarisation ("IP") geophysics were also run across many of the GAIP anomalies to refine the geometry and depth position for potential drill targeting;
- In mid-December 2016, the Group completed its maiden drilling program at the Irvine Gold Project, which comprised a total of 4,906 metres in 105 AC holes. This AC drill program confirmed the discovery of a potentially continuous zone of surface oxide gold mineralisation (the Resolution Lode), which occurs over a strike length of 800 metres and remains open to the north and at depth. The results also confirmed the presence of gold mineralisation along both flanks of the Irvine basalt dome. Best results from the AC drill program include 6 metres at 6.3 g/t gold (including 1 metre at 24.6g/t gold), 6 metres at 4.2 g/t gold (within broader 18 metres at 1.6 g/t gold), 2 metres at 41.5 g/t gold from surface and 7 metres at 2.7 g/t gold (within broader 36 metres at 1.0 g/t gold) (see ASX releases dated 1 December 2016, 15 December 2016 and 16 January 2017 for details);
- During the first quarter of 2017, the Group completed further geochemical mapping and sampling and additional GAIP and IP geophysics surveys on the southern extension of the Irvine basalt dome, which located several targets and anomalies;
- In March 2017, the Group commenced a diamond drilling ("DD") program focused mainly on the Resolution Lode. Ten DD holes were completed for a total of 2,488 metres of core drilling. When the program concluded for winter in June 2017, seven holes had been completed at the Resolution Lode and three exploratory holes drilled at targets south of Resolution Lode (Hospital Hill and Cullings prospects). Best results from the DD program at the Resolution Lode include 18.7 metres at 7.1 g/t gold, 4.0m at 9.8 g/t gold, 2.9 metres at 12.9 g/t gold, 3.4 metres at 3.4 g/t gold and 3.2m at 3.3 g/t gold (see ASX releases dated 24 April 2017, 15 May 2017 and 28 July 2017 for details); and
- During the second quarter of 2017, the Group completed a program of AC drilling aimed at testing three coincident geochemical and geophysical anomalies identified from 2 kilometres south of the Resolution Lode. The AC drilling comprised a total of 2,823 metres in 51 AC holes. Significant intercepts from this regional AC drilling include 3 metres at 2.0 g/t gold, 1 m at 2.3 g/t gold, 3m at 1.2 g/t gold, 3 metres at 1.5 g/t gold and 1 metre at 4.5 g/t gold (see ASX release dated 28 July 2017 for details).

The results of the most recent DD and AC drilling have continued to validate the Company's multi-lode exploration model at the Irvine Gold Project, which is premised on the existence of multiple 'lodes' or 'pods' of gold mineralisation along both flanks of the more than 8 kilometre long Irvine basalt dome. AC drilling successfully tested two new targets with similar coincident geochemical and geophysical signatures to the Resolution Lode discovery – John Bull and Hospital Hill.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.3 Review of operations (cont.)

The first IP geophysics program, the maiden AC drill program and the DD drilling completed to date are work covered by the Group's TARGET Minerals Exploration Initiative co-funding agreement with the Victorian Government that was entered into in June 2016.

In the second quarter of 2017, the Group applied for five exploration licences (ELA 006525 Long Gully, ELA 006526 Westgate, ELA 006527 Hospital Hill, ELA 006528 Napoleon and ELA 006530 Snake Hill) covering key Crown land blocks within EL 5476 that were previously excised from the licence area. The Group has also applied for a new exploration licence (ELA 006418 Stawell Granite) to the north of EL 5476.

Tatyoon (EL 5480)

There was no work undertaken on this exploration licence during the year.

(b) Tandarra Gold Project (EL 4897)

The Tandarra Gold Project is a gold discovery under shallow cover, 40 kilometres north of the 22 million ounce Bendigo Goldfield. This advanced exploration project is a Bendigo analogue with confirmed high grades of gold associated with several reef quartz structures.

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. In September 2016, Catalyst satisfied an initial two-year expenditure commitment by spending a minimum of \$800,000 on the Tandarra Gold Project.

In the second quarter of 2017, Catalyst completed a Reverse Circulation ("RC") Blade drilling program at the Tomorrow Gold Prospect with a total of 3,819 metres drilled in 64 holes. The program of angled, large diameter RC Blade drill holes was designed to test the continuity of the gold mineralisation that could reasonably be captured within a sampling test pit.

On 26 July 2017, Catalyst announced the intersection of several new thick, high-grade gold intercepts from this drilling (refer Catalyst ASX release 26 July 2017 for details). Several drill holes confirmed gold mineralisation at depths of less than 20 metres from surface with peak assays up to 98.4g/t of gold and wider zones averaging greater than 5g/t of gold.

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

The Group's 100%-owned Western Victoria Copper Project captures multiple, largely untested targets in 130 kilometres of Stavely Arc volcanics, 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.

Apart from a gravity survey in collaboration with Monash University on the Glenlyle prospect, no significant activity was undertaken during the year, pending the release of new government data about the geology of the Stavely Arc, which is being examined and re-interpreted at a regional scale by the Geological Survey of Victoria in collaboration with Geoscience Australia.

4.4 Review of financial position

(a) Results for the year

The net loss for the financial year, after provision for income tax, was \$702,844 (2016: loss after tax of \$2,672,020).

(b) Review of financial condition at the balance date

At balance date the Group held cash and cash equivalents of \$1,750,936. During the year the Group increased the cash balance by \$1,445,064 following net proceeds from share issues of \$3,402,967, interest received of \$18,563, Research and Development (R&D) tax refund of \$131,536 and TARGET Minerals Exploration Initiative – Milestone 1 grant of \$55,559 which was used to meet exploration and capital cash outflows of \$1,590,266 and corporate costs of \$573,295.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.4 Review of financial position (cont.)

(c) Share issues

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 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 \$1,140,825 (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 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.

In November 2016, Navarre raised \$747,704 (before transaction costs) from a placement to sophisticated and professional investors, resulting in the issue of 19,676,430 fully paid ordinary shares at an issue price of \$0.038 per share, together with 9,838,215 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.

In December 2016, pursuant to approval by shareholders at the 2016 Annual General Meeting, Navarre issued 1,960,480 fully paid ordinary shares at an issue price of \$0.05 per share to the Managing Director of the Company in lieu of total fixed remuneration forgone in respect of the period 1 July 2015 to 30 June 2016, and a total of 4,380,000 fully paid ordinary shares at an issue price of \$0.05 per share to the non-executive directors of the Company in lieu of unpaid directors' fees in respect of the period 1 July 2014 to 30 June 2016. The value of the fully paid ordinary shares issued to the Managing Director and non-executive directors of the Company totalled \$317,024.

In December 2016, Navarre raised \$18,750 (before transaction costs) from issuing 375,000 fully paid ordinary shares following the exercise of unlisted options (exercise price \$0.05, expiry date 31 March 2018).

In February 2017, Navarre raised \$1,000 (before transaction costs) from issuing 20,000 fully paid ordinary shares following the exercise of unlisted options (exercise price \$0.05, expiry date 31 March 2018).

In June 2017, Navarre raised \$1,043,565 (before transaction costs) from a 1-for-5 non-renounceable pro rata entitlement offer, including placement of entitlement offer shortfall, resulting in the issue of 34,785,527 ordinary shares at an issue price of \$0.03 per share. Navarre also raised \$400,000 (before transaction costs) from a placement to a sophisticated investor, resulting in the issue of 13,333,333 fully paid ordinary shares at an issue price of \$0.03 per share.

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

- (i) During the year, the Group raised \$3.6 million (before transaction costs) through capital raising initiatives, as detailed above (under the heading "Share Issues"). The purpose of the capital raisings was to advance exploration on the Ararat exploration licence. The capital raisings ensured the Group could match the co-funding grant of up to \$626,150 awarded to the Group by the Victorian Government in 2016 under the TARGET Minerals Exploration Initiative, and to provide the Group with flexibility to expand exploration programs at the Irvine Gold Project and at its other Victorian properties, to review new opportunities and to strengthen the Group's balance sheet and working capital.
- (ii) During the year, the Group received \$55,559 from the Victorian Government by way of reimbursement of exploration expenditure at the Irvine Gold Project, following satisfactory completion of the first agreed milestone of the TARGET Minerals Exploration Initiative co-funding grant agreement. The Group also submitted its report to the Victorian Government in relation to completion of the second agreed milestone of the TARGET grant agreement, and obtained the agreement of the Victorian Government to defer the third milestone deliverable date to February 2018 to allow sufficient time for the Group to complete planned exploration activities and submit final reporting to the Victorian Government in relation to the Irvine Gold Project. Upon satisfactory completion of the third milestone of the TARGET grant agreement, the Group is eligible to receive up to a further \$365,000 from the Victorian Government.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.4 Review of financial position (cont.)

(e) Significant events after the balance date

Subsequent to the balance date, the Group received a cash reimbursement of \$151,200 (including GST) from the Victorian Government for exploration expenditure incurred at the Irvine Gold Project, following satisfactory completion of the second agreed milestone of the TARGET Minerals Exploration Initiative co-funding agreement.

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

In recent years, the Group has responded to the external economic conditions affecting the resource industry with a considered and methodical program of cost reductions. The Group has sought to strike a balance between conserving cash resources and maintaining exploration activities at reduced expenditure levels. Strategies implemented included reductions in staffing levels, reductions in salary or hours of work, reductions in overheads, cessation of work programs not linked to advancing the Group's key prospects and, most recently, the issue of equity in lieu of unpaid director's fees and salary foregone by the Managing Director.

During the year under review, the Group conducted several successful capital raising initiatives as outlined in paragraph 4.4 above. Although the Group continues to focus on cost control, with its cash position significantly improved, the Group has increased its exploration activity with a particular focus on the Irvine Gold Project and wound back some elements of its cost reduction programs in relation to staffing levels and remuneration.

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.

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. This involves maximising the potential of our assets by unlocking their potential with carefully targeted exploration programs and identifying new opportunities to compete for capital.

The Group's goal is to define a mineral resource and to become a low cost Victorian mineral producer through exploration success. The Group undertakes an active exploration program within emerging and proven mineral corridors, with the objective of identifying economic gold and copper mineral deposits. The Group's strategy for the next twelve months is to focus its financial and managerial resources on development of its most prospective mineral opportunities within the Ararat Exploration Licence (EL 5476), and to continue supporting the Group's partner Catalyst Metals Limited in advancing the Tandarra Gold Project (EL 4897). Opportunities for growth through acquisition are also being considered.

(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;

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.5 Business strategy and prospects for future financial years

(b) Future prospects of the Group

- (ii) land access (including native title) – there is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with both native title claimants/holders and the owners/occupiers of private land are generally required before the Group can access land for exploration or mining activities. Inability to access, or delays experienced in accessing, the land may impact on the Group's activities;
- (iii) requirements for capital – as exploration costs reduce the Group's cash reserves, the Group will require additional capital to support the long term exploration and evaluation of its projects. If the Group is unable to obtain additional financing as needed, through equity, debt or joint venture financing, it may be required to scale back its exploration programs. The Group will continue to consider capital raising initiatives, as required, including possible corporate opportunities;
- (iv) tenement title – the Group could lose title to its mineral tenements if insufficient funds are available to meet the relevant annual expenditure commitments, as and when they arise. The Group 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; and
- (v) reliance on key personnel – the responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on the executive and non-executive Directors. There can be no assurance given that there will be no detrimental impact on the Company if one or more of the Directors, particularly the Managing Director, no longer acts as a Director.

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

Compensation options issued during the financial year

During the financial year, the Company issued 1,400,000 share options to senior employees of the Company.

Options expired during the financial year

150,000 unlisted employee share options in the Company expired on 31 December 2016.

Unissued shares under option

At the date of this report, there were 36,127,617 unissued ordinary shares of the Company under option. The terms of these options are as follows:

Expiry Date	Exercise Price	Number
31 December 2017	\$0.150	300,000
31 March 2018	\$0.050	34,027,617
31 December 2018	\$0.100	250,000
31 December 2019	\$0.040	150,000
31 December 2021	\$0.072	700,000
31 December 2021	\$0.090	700,000

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, the Company issued fully paid ordinary shares as a result of the exercise of options as follows:

Number of shares	Amount paid on each share
395,000	\$0.05

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

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	6	4	4	2	2
G McDermott	6	6	-	-	2	2
J Dorward	5	6	3	4	1	2
C H Naylor	6	6	4	4	2	2

A – Number of meetings attended

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

8. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors have received the independence declaration from the auditor, RSM Australia Partners, set out on page 24.

Non-Audit Services

Details of amounts paid to the auditor, RSM Australia Partners, for non-audit services provided during the year by the auditor are outlined in note 21 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of the non-audit services provided means that auditor independence was not compromised.

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

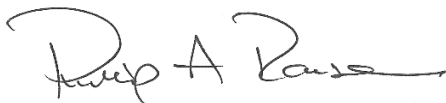
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Navarre Minerals Limited for the year ended 30 June 2017, 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



P A RANSOM

Partner

Dated: 5 September 2017
Melbourne, Victoria

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

9. REMUNERATION REPORT (Audited)

The Remuneration Report for the year ended 30 June 2017 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 2017

Directors

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

Executives

J Nosworthy	Company Secretary
S Mele	Exploration Manager (from 22 February 2017)

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 2017

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, usually 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"). Currently, the Chairman 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).

In 2015, as part of the Company's implementation of a range of cost reduction and cash conservation measures, the non-executive directors agreed to defer payment of their directors' fees until such time as the Company's cash position improved 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, it was agreed that the Company may consider issuing equity in the Company, such as shares or share options, in lieu of unpaid directors' fees, subject to shareholder approval. In December 2016, pursuant to the approval of shareholders given at the Company's 2016 Annual General Meeting, the Company issued a total of 4,830,000 fully paid ordinary shares, at a deemed issue price of \$0.05 per share, to the non-executive directors in lieu of unpaid directors' fees totalling \$219,000 in respect of the period 1 July 2014 to 30 June 2016. Following the Company's improved cash position during the year under review, the non-executive directors' fees for the period 1 July 2016 to 30 June 2017 were paid in cash during June 2017.

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 2017 and 30 June 2016 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:

- align the interests of executives with those of shareholders.;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards;

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.

Executives (other than the Exploration Manager, who is engaged as a consultant to the Company) receive statutory superannuation from the Company and may, in their discretion, make additional superannuation contributions by way of salary sacrifice.

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.

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 2017

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 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. Variable remuneration is also used to promote retention of high calibre staff, which the Company considers to be essential to the growth and success of the Company.

Variable remuneration may take the form of short-term incentives, such as payment of a cash bonus, or long-term incentives through participation 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. See page 31 for details of options granted to key management personnel during the 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.

9.5 Executive Contractual Arrangements

Remuneration arrangements for Key Management Personnel are formalised in employment or consultancy agreements (as applicable). Details of these contracts are provided below.

- *Managing Director*

Mr Geoff McDermott is employed by the Company on a full-time basis pursuant to an executive service agreement dated 10 December 2010, which contains the following major terms (including amendments made in March 2013, July 2015 and September 2016):-

- **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, but there is no guarantee of any increase in fixed remuneration.

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 and cash conservation measures implemented by the Company in response to the financial constraints within which the Company was operating. In December 2016, pursuant to shareholder approval at the Company's 2016 Annual General Meeting, Mr McDermott was issued with shares in the Company in lieu of total fixed remuneration foregone in the period from 1 July 2015 to 30 June 2016. Mr McDermott received 1,960,480 fully paid ordinary shares at a deemed issue price of \$0.05 per share in lieu of a total of \$98,024 of total fixed remuneration foregone.

It was agreed that Mr McDermott's base salary would revert to its previous level once the Company's cash balance returned to \$1.5 million for more than 90 days (or sooner if the Board (excluding Mr McDermott) determined that circumstances are appropriate to do so). As a result of the Company's improved cash position following capital raising initiatives in the first half of the year under review, Mr McDermott's base salary reverted to its previous level of \$245,936 per annum (plus superannuation) with effect from 1 February 2017.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

9. REMUNERATION REPORT (Audited) (cont.)

9.5 Executive Contractual Arrangements (cont.)

- **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).

In light of the financial position of the Company in early 2016, no short-term incentive was approved as part of the Managing Director's remuneration package for calendar year 2016.

In light of the Company's improved financial position in early 2017, the Managing Director's remuneration package for calendar year 2017 includes a short term incentive in the form of a cash payment of up to \$100,000, subject to achievement of agreed KPIs. Those KPIs comprise performance measures in relation to:

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

- **Long-term incentive:** Mr McDermott is eligible to participate in the Company's long-term incentive arrangements (as amended or replaced) on terms decided by the Board, subject to necessary shareholder approvals.

In light of the financial position of the Company in early 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 calendar year 2016.

In light of the Company's improved financial position in early 2017, the Managing Director's remuneration package for calendar year 2017 includes a long-term incentive in the form of a grant of up to 3,000,000 share options, subject to the achievement of agreed KPIs. The KPIs relate to improvement in the Company's share price during the 2017 calendar year, relative to the prevailing share price when the KPIs were set by the Board (excluding the Managing Director) in February 2017. The Managing Director will be eligible to receive 1,000,000 options if the volume weighted average price (**VWAP**) of the Company's shares in December 2017 is 7.2 cents or higher, and a further 2,000,000 options if the VWAP is 9 cents or higher. Shareholder approval for the grant of these options was obtained at the extraordinary general meeting of shareholders of the Company held on 7 April 2017. The Managing Director's performance against his 2017 long term incentive KPIs will be assessed by the R&N Committee (excluding the Managing Director) as its first meeting in 2018. No options will be granted to the Managing Director unless the applicable KPIs are met.

- **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*

The Exploration Manager, Mr Shane Mele, has been engaged by the Company since 18 May 2016 pursuant to a consultancy agreement to provide services as a consultant geologist on a part-time basis. Mr Mele was subsequently appointed as Exploration Manager of the Company with effect from 22 February 2017.

Under the current terms of his consultancy agreement with the Company, Mr Mele is remunerated for his services at a daily rate of \$800 (plus GST) for a minimum of three days per week. Mr Mele has been engaged by the Company for a period until 18 November 2017, subject to renewal of the consultancy agreement. Prior to that date, either the Company or Mr Mele may terminate the consultancy agreement by giving one month's written notice to the other party. Other than this entitlement to notice, Mr Mele has no termination entitlements or retirement benefits under the consultancy agreement.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

9. REMUNERATION REPORT (Audited) (cont.)

9.5 Executive Contractual Arrangements (cont.)

- *Company Secretary*

The Company Secretary, Ms Jane Nosworthy, is employed by the Company on a part-time basis pursuant to an executive employment agreement dated 2 April 2013, which replaced the agreement pursuant to which the Company Secretary was originally engaged by the Company. The Company may terminate the Company Secretary's employment agreement by giving three months' written notice or providing payment in lieu of the notice period. The Company may terminate the agreement at any time without notice if serious misconduct has occurred. The Company Secretary may terminate the agreement by three months' written notice to the Company. 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. 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 2017

	Short term				Post Employment	Share- based Payment	Long term	Total	Performance Related
	Directors fees \$	Salary / consulting fees \$	STI cash bonus \$	Shares \$	Super- annuation benefits \$	Option plan ¹ \$	Long service leave \$	\$	%
Non-executive directors									
K Wilson	40,000	-	-	-	3,800	-	-	43,800	-
J Dorward	30,000	-	-	-	-	-	-	30,000 ²	-
C H Naylor	30,000	-	-	-	2,850	-	-	32,850	-
Sub-total non-executive directors	100,000	-	-	-	6,650	-	-	106,650	-
Executive director									
G McDermott	-	169,902	-	98,024 ³	35,000	87	13,155	316,168	-
Other key management personnel									
J Nosworthy	-	84,131	-	-	7,993	6,753	358	99,235	6.8
S Mele ⁴	-	135,356 ⁵	-	-	-	-	-	135,356	-
Sub-total executive KMP	-	389,389	-	-	42,993	6,840	13,513	550,759	1.2
TOTAL	100,000	389,389	-	98,024	49,643	6,840	13,513	657,409	1.0

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

²As Mr Dorward is not an Australian resident for taxation purposes, he is not entitled to statutory superannuation.

³As noted in Section 9.5 above, effective 1 July 2015, Mr McDermott's total fixed remuneration was reduced as part of the implementation of a range of cost reduction measures. After receiving shareholder approval at the Company's 2016 Annual General Meeting, the Company issued shares to Mr McDermott, equivalent to \$98,024, in lieu of total fixed remuneration forgone for the FY2016.

⁴Appointed as Exploration Manager effective 22 February 2017.

⁵Includes consulting fees paid to Mr Mele by the Company during the year prior to his appointment as Exploration Manager.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

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 2016

	Short term				Post Employment	Share-based Payment	Long term	Total	Performance Related
	Directors fees ²	Salary / consulting fees	STI cash bonus	Shares ²	Super-annuation benefits	Option plan ¹	Long service leave		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors									
K Wilson	-	-	-	43,800	-	-	-	43,800 ²	-
J Dorward	-	-	-	32,850	-	-	-	32,850 ²	-
C H Naylor	-	-	-	32,850	-	-	-	32,850 ²	-
Sub-total non-executive directors	-	-	-	109,500	-	-	-	109,500²	-
Executive director									
G McDermott ³	-	132,219	-	-	35,000	119	12,608	179,946	0.1
Other key management personnel									
W Edgar ⁴	-	79,399	-	-	2,888	-	-	82,287	-
J Nosworthy	-	33,377	-	-	3,171	2,194	2,488	41,230	5.3
Sub-total executive KMP	-	244,995	-	-	41,059	2,313	15,096	303,463	0.8
TOTAL	-	244,995	-	109,500	41,059	2,313	15,096	412,963	0.6

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

²As noted in Section 9.3 above, payment of these fees had been deferred as part of the implementation of a range of cost reduction measures. After receiving shareholder approval at the Company's 2016 Annual General Meeting, the Company issued shares to the non-executive directors in lieu of these unpaid directors' fees.

³As noted in Section 9.5 above, effective 1 July 2015, Mr McDermott's total fixed remuneration was reduced as part of the implementation of a range of cost reduction measures. After receiving shareholder approval at the Company's 2016 Annual General Meeting, the Company issued shares to Mr McDermott in lieu of total fixed remuneration forgone for the FY2016. The amount of \$98,024, has been included in the FY2017 remuneration (see Table 1 above).

⁴Ceased employment 18 September 2015. Mr Edgar's salary included a redundancy payment of \$49,000.

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 and according to whether an executive is engaged as an employee or a contractor.

Table 3: Relative proportion and components of total remuneration packages for the year ended 30 June 2017

	% of Total Remuneration		
	Fixed remuneration %	Performance-based remuneration	
		Short Term Incentive %	Long Term Incentive %
Executives			
G McDermott	100.0	-	-
J Nosworthy	93.2	-	6.8
S Mele	100.0	-	-

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

9. REMUNERATION REPORT (Audited) (cont.)

9.8 Equity instruments

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

	Number of options granted during 2017	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry Date	Vest Date	Number of options vested during 2017	Number of options lapsed during 2016
Executives								
J Nosworthy	-	19 Mar 12	-	-	31 Dec 16	-	-	100,000
J Nosworthy	-	23 Jun 15	-	-	31 Dec 19	-	100,000	-
J Nosworthy	166,666	22 Feb 17	0.0333	0.072	31 Dec 21	22 Feb 17 ¹	-	-
J Nosworthy	166,667	22 Feb 17	0.0333	0.072	31 Dec 21	22 Feb 18 ¹	-	-
J Nosworthy	166,667	22 Feb 17	0.0333	0.072	31 Dec 21	22 Feb 19 ¹	-	-
J Nosworthy	166,666	22 Feb 17	0.0319	0.09	31 Dec 21	22 Feb 17 ¹	-	-
J Nosworthy	166,667	22 Feb 17	0.0319	0.09	31 Dec 21	22 Feb 18 ¹	-	-
J Nosworthy	166,667	22 Feb 17	0.0319	0.09	31 Dec 21	22 Feb 19 ¹	-	-

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

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

Table 5: Shares issued on exercise of options

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

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

	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$
Directors			
K Wilson	-	-	-
G McDermott	-	-	-
J Dorward	-	-	-
C H Naylor	-	-	-
Executives			
J Nosworthy	32,614	-	18,613
S Mele	-	-	-

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

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

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 2016	Purchases	Issued in lieu of TFR forgone	Issued in lieu of director fees	Received on Exercise of Options	Sales	Held at 30 June 2017
Shares held in Navarre Minerals Limited (number)							
Directors							
K Wilson	6,372,431	3,907,167 ¹	-	1,752,000 ³	-	-	12,031,598
G McDermott	6,909,180	2,928,032 ¹	1,960,480 ²	-	-	-	11,797,692
J Dorward	4,729,713	2,716,886 ¹	-	1,314,000 ³	-	-	8,760,599
C H Naylor	2,950,963	853,621 ¹	-	1,314,000 ³	-	-	5,118,584
Executives							
J Nosworthy	125,000	-	-	-	-	-	125,000
S Mele	-	60,435	-	-	-	-	60,435

¹ Issued as a result of participation in the Company's pro rata entitlement offers in September 2016 and June 2017

² Issued in lieu of the portion of total fixed remuneration (TFR) forgone by the Managing Director in the period 1 July 2015 to 30 June 2016, at a deemed issue price of \$0.05 per share, pursuant to shareholder approval given at the Company's 2016 Annual General Meeting

³ Issued in lieu of unpaid directors' fees for the period 1 July 2014 to 30 June 2016, at a deemed issue price of \$0.05 per share, pursuant to shareholder approval given at the Company's 2016 Annual General Meeting

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 2016	Granted as Remuneration	Options issued pursuant to participation in 2016 entitlement offer	Options Exercised	Options Lapsed	Held at 30 June 2017	Vested in 2017	Vested and exercisable at 30 June 2017
Options held in Navarre Minerals Limited (number)							
Directors							
K Wilson	-	-	1,274,487	-	-	1,274,487	-
G McDermott	100,000	-	480,876	-	-	580,876	-
J Dorward	-	-	945,943	-	-	945,943	-
C H Naylor	-	-	129,311	-	-	129,311	-
Executives							
J Nosworthy	525,000	1,000,000	-	-	100,000	1,425,000	100,000
S Mele	-	-	-	-	-	-	-

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 2017

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:

	2017	2016	2015	2014	2013
Net profit/(loss) - \$000	(703)	(2,672)	(505)	(603)	(611)
Basic earnings/(loss) per share – cents per share	(0.34)	(2.78)	(0.65)	(0.94)	(0.79)
Share price at the beginning of year - \$	0.034	0.024	0.069	0.045	0.15
Share price at end of year - \$	0.032	0.034	0.024	0.069	0.045
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 2017, 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, 5 September 2017

Navarre Minerals Limited

ABN 66 125 140 105

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017	2016
		\$	\$
Interest income		18,794	7,846
Gain on disposal of fixed assets		-	10,809
Income		18,794	18,655
Net administration expenses	4	(619,631)	(452,689)
Realised loss on available-for-sale financial assets		-	(8,515)
Exploration expenditure written-off		(102,007)	(2,229,471)
Loss before income tax		(702,844)	(2,672,020)
Income tax expense	5	-	-
Net loss for the period		(702,844)	(2,672,020)
Other comprehensive income			
Net fair value gains / (loss) on available-for-sale financial assets		-	(40,000)
Other comprehensive income for the period, net of tax		-	(40,000)
Total comprehensive loss for the period		(702,844)	(2,712,020)
Basic loss per share (cents per share)	6	(0.34)	(2.78)
Diluted loss per share (cents per share)	6	(0.34)	(2.78)

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 2017**

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	7	1,750,936	305,872
Trade and other receivables	8	252,753	154,279
TOTAL CURRENT ASSETS		<u>2,003,689</u>	<u>460,151</u>
NON-CURRENT ASSETS			
Other financial assets	9	60,000	50,000
Property, plant and equipment	10	45,039	21,884
Leasehold improvements	11	-	-
Exploration and evaluation costs	12	5,251,405	3,721,571
TOTAL NON-CURRENT ASSETS		<u>5,356,444</u>	<u>3,793,455</u>
TOTAL ASSETS		<u>7,360,133</u>	<u>4,253,606</u>
CURRENT LIABILITIES			
Trade and other payables	13	355,855	263,300
Provisions	14	25,329	15,220
TOTAL CURRENT LIABILITIES		<u>381,184</u>	<u>278,520</u>
NON-CURRENT LIABILITIES			
Provisions	14	30,972	17,188
TOTAL NON-CURRENT LIABILITIES		<u>30,972</u>	<u>17,188</u>
TOTAL LIABILITIES		<u>412,156</u>	<u>295,708</u>
NET ASSETS		<u>6,947,977</u>	<u>3,957,898</u>
EQUITY			
Contributed equity	15	13,543,218	9,860,557
Share based payments reserve	15	34,012	51,670
Accumulated losses	15	(6,629,253)	(5,954,329)
TOTAL EQUITY		<u>6,947,977</u>	<u>3,957,898</u>

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 2017

	Issued Capital	Share Based Payments Reserve	Net Unrealised Gains Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2016	9,860,557	51,670	-	(5,954,329)	3,957,898
Net loss for the period	-	-	-	(702,844)	(702,844)
Total comprehensive loss for the year	-	-	-	(702,844)	(702,844)
Transactions with owners in their capacity as owners:					
Cost of share based payments	-	10,262	-	-	10,262
Share issues	3,953,938	-	-	-	3,953,938
Costs of issues	(271,277)	-	-	-	(271,277)
Transfer of equity instruments lapsed	-	(27,920)	-	27,920	-
At 30 June 2017	13,543,218	34,012	-	(6,629,253)	6,947,977

	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

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 2017

	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(573,295)	(293,091)
Interest received	18,563	8,349
Net cash (used in) operating activities (Note 16)	(554,732)	(284,742)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on plant and equipment	(15,990)	-
Proceeds from sale of plant and equipment	-	15,000
Proceeds from sale of available-for-sale financial assets	-	141,484
Expenditure on exploration tenements	(1,574,276)	(217,382)
Research and development tax incentive	131,536	-
TARGET Minerals Exploration Initiative – Milestone 1 grants	55,559	-
Net cash (used in) / from investing activities	(1,403,171)	(60,898)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	3,636,914	173,000
Transaction costs on issue of shares	(233,947)	(19,527)
Net cash from financing activities	3,402,967	153,473
Net (decrease) in cash and cash equivalents	1,445,064	(192,167)
Cash and cash equivalents at beginning of period	305,872	498,039
Cash and cash equivalents at end of period (Note 7)	1,750,936	305,872

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 2017

NOTE 1: CORPORATE INFORMATION

The financial report of Navarre Minerals Limited (“Navarre Minerals”, or the “Company”) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 5 September 2017.

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 for Application in Future Periods

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards, amendments and interpretations early.

Standard	Summary
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions.	This Standard makes amendments to AASB 2 Share-based Payment (July 2015). This Standard applies to annual periods beginning on or after 1 January 2018.

(c) Other Standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. However, the position will be further reviewed during FY2017 – 2018.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Navarre Minerals Limited and its subsidiaries as at 30 June 2017 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 2017

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 20.

Exploration and evaluation costs

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

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

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. In the judgement of the Directors, at 30 June 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.

(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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

(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.

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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

(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.

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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

(n) Share-based payment transactions (cont.)

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.

(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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

(q) Income tax (cont.)

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.

(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 \$702,844 and had net cash outflows from operating and investing activities of \$554,732 and \$1,403,171, respectively, and net cash inflows from financing activities of \$3,402,967, for the year ended 30 June 2017. The Group's cash reserves have increased from \$305,872 as at 30 June 2016 to \$1,750,936 as at 30 June 2017. 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) During the year ended 30 June 2017, the Group raised approximately \$3.6 million (before transaction costs) through capital raising initiatives which has led to the group having cash reserves as at 30 June 2017 of \$1,750,936.
- (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 the Group be unable to raise further capital, some or all of the Group's operations would be either scaled down or suspended until further capital could be raised.
- (iv) 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 consistent with 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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

(u) Parent entity financial information

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

Investments in subsidiaries

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

NOTE 3: SEGMENT INFORMATION

The Group's reportable segment is confined to mineral exploration only within Australia.

NOTE 4: NET ADMINISTRATION EXPENSES

	Consolidated	
	2017	2016
	\$	\$
Net administration expenses		
Consultants fees and expenses	5,150	20,100
Directors remuneration (non-executive)	106,650	109,500
Salaries and on-costs	524,900	293,077
Shares in lieu of salary forgone	98,024	-
Redundancy payment	-	49,000
Share based payments	10,262	1,929
Investor relations	117,238	5,000
Motor vehicle expenses	6,142	8,331
Audit costs	26,494	25,730
Stock exchange registry and reporting costs	49,229	35,922
Travel costs	16,949	4,606
Depreciation and amortisation	13,367	31,258
Other administration expenses	57,346	49,954
Gross administration expenses	1,031,751	634,407
Allocated to exploration licences	(412,120)	(181,718)
Net administration expenses	619,631	452,689

NOTE 5: INCOME TAX

	Consolidated	
	2017	2016
	\$	\$
Statement of Comprehensive Income		
<i>Current income tax</i>		
Current income tax credit	207,189	800,881
Tax losses not recognised as probable	(207,189)	(800,881)
	-	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	512,181	660,268
Tax losses brought to account offsetting reversal of temporary differences	(512,181)	(660,268)
	-	-
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 2017

NOTE 5: INCOME TAX (cont.)

	Consolidated	
	2017	2016
	\$	\$
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	(702,844)	(2,672,020)
At the statutory 30% tax rate (2016: 30%)	210,853	801,606
Share based payment expense	(3,079)	(579)
Non-deductible expenses	(585)	(146)
Tax losses not brought to account	(207,189)	(800,881)
Income tax expense reported in the consolidated statement of comprehensive income	<u>-</u>	<u>-</u>

Deferred Income Tax	Statement of Financial Position		Income Statement	
	2017	2016	2017	2016
	\$	\$	\$	\$

Deferred income tax at 30 June relates to the following:

CONSOLIDATED

Deferred tax liabilities

Interest receivable	(274)	(204)	(70)	151
Exploration and evaluation costs	(1,575,421)	(1,116,472)	(458,949)	670,743
Gross deferred income tax liabilities	<u>(1,575,695)</u>	<u>(1,116,676)</u>		

Deferred tax assets

Accruals	6,454	66,783	(60,329)	26,927
Provisions	16,890	9,723	7,167	1,908
Share issue costs	81,383	5,858	-	-
Temporary differences not recognised as not probable	(81,383)	(5,858)	-	-
Tax losses brought to account to offset net deferred tax liability	1,552,351	1,040,170	512,181	(699,729)
Gross deferred income tax assets	<u>1,575,695</u>	<u>1,116,676</u>		
Net Deferred Tax Asset	<u>-</u>	<u>-</u>		
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*.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 5: INCOME TAX (cont.)

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 \$13,100,000 (2016: \$10,650,000) 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 2017, the Company participated in 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 30 June 2017, the Company issued exploration credits to shareholders to the value of \$44,233 (being 30% of the Company's eligible greenfields exploration expenditure in the financial year ending 30 June 2016) based on a record date of 31 May 2017. Accordingly, the Company has given up tax losses to the value of \$147,443 in respect of the 2016 financial year. At the record date, the total issued share capital of the Company was 173,927,635 fully paid ordinary shares, meaning that the distribution of exploration credits equated to approximately \$0.0254 cents per share.

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 2017 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	
	2017	2016
	\$	\$
Net loss	(702,844)	(2,672,020)
	Shares	Shares
Weighted average number of ordinary shares used in calculation of basic and diluted loss per share	206,420,256	96,093,847

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	2016
	\$	\$
Cash at bank and in hand	1,750,936	305,872
	<u>1,750,936</u>	<u>305,872</u>

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

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017	2016
	\$	\$
Research and development tax incentive refund	-	131,536
TARGET Minerals Exploration Initiative – Milestone 2 reimbursement	151,200	-
Goods and services tax refund	95,868	5,804
Interest receivable	913	681
Other	4,772	16,258
	<u>252,753</u>	<u>154,279</u>

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

NOTE 9: OTHER FINANCIAL ASSETS

	Consolidated	
	2017	2016
	\$	\$
Non-current		
Bank Guarantees – Exploration Permit bonds	<u>60,000</u>	<u>50,000</u>
	<u>60,000</u>	<u>50,000</u>

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2017	2016
	\$	\$
At cost	225,378	188,856
Accumulated depreciation	<u>(180,339)</u>	<u>(166,972)</u>
	<u>45,039</u>	<u>21,884</u>
<i>Movement in Plant and Equipment</i>		
Net carrying amount at beginning of year	21,884	56,025
Additions	36,522	-
Disposals [net written down value]	-	(4,191)
Depreciation	<u>(13,367)</u>	<u>(29,950)</u>
Net carrying amount at end of year	<u>45,039</u>	<u>21,884</u>

The useful life of the plant and equipment is estimated for 2017 at 3 to 5 years.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11: LEASEHOLD IMPROVEMENTS

	Consolidated	
	2017	2016
	\$	\$
At cost	-	7,602
Accumulated depreciation	-	(7,602)
	-	-
<i>Movement in Leasehold Improvements</i>		
Net carrying amount at beginning of year	-	1,308
Depreciation	-	(1,308)
Net carrying amount at end of year	-	-

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

NOTE 12: EXPLORATION AND EVALUATION COSTS

	Consolidated	
	2017	2016
	\$	\$
Balance at beginning of year	3,721,571	5,957,382
Expenditure for the year	1,824,855	210,196
TARGET Minerals Exploration Initiative – Milestone 1 and 2 grants	(193,014)	-
Expenditure written-off during the year	(102,007)	(2,229,471)
Non-cash consideration paid by Catalyst Metals Ltd as part of Bendigo North farm-out	-	(85,000)
Research and development tax incentive refund	-	(131,536)
	5,251,405	3,721,571

Capitalised exploration and evaluation costs at 30 June 2017 are \$5,251,405 (2016: \$3,721,571) which relate to Bendigo North \$3,132,708 (2016: \$3,128,167), Western Victoria Copper Project \$295,979 (2016: \$357,092) and Stawell Corridor \$1,822,718 (2016: \$236,312).

NOTE 13: TRADE AND OTHER PAYABLES

	Consolidated	
	2017	2016
	\$	\$
Trade Creditors ¹	355,855	44,300
Deferred non-executive directors' fees ²	-	219,000
	355,855	263,300

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 14: PROVISIONS

	Consolidated	
	2017	2016
	\$	\$
Current		
Annual leave entitlement	25,329	15,220
Non-current		
Long service leave entitlement	30,972	17,188

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 15: CONTRIBUTED EQUITY AND RESERVES

	2017	Consolidated		2016
	Shares	2017	2016	2016
		\$	Shares	\$
ISSUED AND PAID UP CAPITAL				
Ordinary shares	222,046,495	13,543,218	98,346,946	9,860,557
	<u>222,046,495</u>	<u>13,543,218</u>	<u>98,346,946</u>	<u>9,860,557</u>
Movements in Ordinary Shares				
Balance at beginning of year	98,346,946	9,860,557	92,580,272	9,707,084
<i>Share Issues:</i>				
Share placement at \$0.029	9,830,000	285,070	-	-
Entitlement offer and shortfall placement at \$0.029	39,338,779	1,140,825	-	-
Share placement at \$0.038	19,676,430	747,704	-	-
Shares issued to Managing Director and non-executive directors in lieu of total fixed remuneration and directors' fees forgone at deemed issue price of \$0.05	6,340,480	317,024	-	-
Exercise of options at \$0.05	395,000	19,750	-	-
Entitlement offer and shortfall placement at \$0.03	34,785,527	1,043,565	-	-
Share placement at \$0.03	13,333,333	400,000	-	-
Share purchase plan at \$0.03	-	-	5,766,674	173,000
Transaction costs	-	(271,277)	-	(19,527)
	<u>222,046,495</u>	<u>13,543,218</u>	<u>98,346,946</u>	<u>9,860,557</u>

(a) Terms and Conditions 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

Employee Options

At 30 June 2017, 2,100,000 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 20.

Other Options

As noted in 4.4(c) above, a total of 34,422,617 unlisted share options (exercise price \$0.05, expiry date 31 March 2018) in the Company were issued to subscribers for fully paid ordinary shares in the Company pursuant to the capital raisings conducted by the Company in September and November 2016. During the year, 395,000 unlisted share options (exercise price \$0.05, expiry date 31 March 2018) were exercised.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 15: CONTRIBUTED EQUITY AND RESERVES (cont.)

(c) Capital Management

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

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

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

OTHER RESERVES

Share Based Payments Reserve

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

	Consolidated	
	2017	2016
	\$	\$
Balance at beginning of year	51,670	97,109
Cost of share based payments	10,262	1,929
Cost of expired equity instruments transferred to accumulated losses	(27,920)	(47,368)
	<hr/>	<hr/>
Balance at end of year	34,012	51,670

Net unrealised gains reserve

	Consolidated	
	2017	2016
	\$	\$
Balance at beginning of year	-	40,000
Net fair value gain/(loss) on available-for-sale financial assets	-	40,000
	<hr/>	<hr/>
Balance at end of year	-	-

ACCUMULATED LOSSES

	Consolidated	
	2017	2016
	\$	\$
Balance at beginning of year	(5,954,329)	(3,329,677)
Net loss for the year	(702,844)	(2,672,020)
Cost of equity instruments expired	27,920	47,368
	<hr/>	<hr/>
Balance at end of year	(6,629,253)	(5,954,329)

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 16: STATEMENT OF CASH FLOWS RECONCILIATION

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

	Consolidated	
	2017	2016
	\$	\$
Net loss	(702,844)	(2,672,020)
<i>Adjustments for:</i>		
Gain on sale of property, plant and equipment	-	(10,809)
Loss on available-for-sale financial assets	-	8,515
Exploration expenditure written-off	102,007	2,229,471
Depreciation and amortisation (net of allocation to exploration licences)	882	2,462
Share based payments (net of allocation to exploration licences)	7,901	2,418
Shares in lieu of salary and directors' fees forgone (net of allocation to exploration licences)	252,348	-
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in trade and other receivables	(61,715)	36,304
(Decrease)/Increase in trade and other payables	(164,903)	112,487
Increase in provisions (net of allocation to exploration licences)	11,592	6,430
	<hr/>	<hr/>
Net cash flows used in operating activities	(554,732)	(284,742)

NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

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

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

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.

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

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 \$355,855 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 18: COMMITMENTS AND CONTINGENCIES

(a) Commitments

	2017	2016
	\$	\$
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>
	2017	2016
	\$	\$
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	303,300	422,800
Payable later than one year but not later than five years	521,600	564,000
	<u>824,900</u>	<u>986,800</u>

Exploration commitments at 30 June 2017 relate to, Western Victoria Copper Project \$539,700 (2016: \$525,700) and Stawell Corridor \$285,200 (2016: \$461,100).

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.

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

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

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 19: RELATED PARTY DISCLOSURES

Subsidiaries

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

	Country of Incorporation	Entity Interest	
		2017	2016
		%	%
Black Range Metals Pty Ltd	Australia	100	100

Compensation of key management personnel by category:

	Consolidated	
	2017	2016
	\$	\$
Short term employee benefits	587,413	354,495
Post-employment benefits	49,643	41,059
Share-based payments	6,840	2,313
Long service leave expense	13,513	15,096
	<u>657,409</u>	<u>412,963</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.

Key management personnel and director transactions:

In December 2016, pursuant to approval by shareholders at the 2016 Annual General Meeting, Navarre issued 1,960,480 fully paid ordinary shares at an issue price of \$0.05 per share to the Managing Director of the Company in lieu of total fixed remuneration forgone in respect of the period 1 July 2015 to 30 June 2016, and 4,380,000 fully paid ordinary shares at an issue price of \$0.05 per share to the non-executive directors of the Company in lieu of unpaid directors' fees in respect of the period 1 July 2014 to 30 June 2016. The value of the fully paid ordinary shares issued to the Managing Director and non-executive directors of the Company totalled \$317,024.

NOTE 20: SHARE BASED PAYMENT PLANS

Navarre Minerals Limited Option Plan

Share options may be granted to senior employees and non-executive directors under the Navarre Minerals Limited Option Plan. There were 1,400,000 options granted to senior employees during the financial year (2016: 0 options).

Movements in share options on issue during the year:

	2017	2016
	Options	Options
Outstanding at the beginning of the year	850,000	2,250,000
Granted during the year	1,400,000	-
Lapsed during the year	(150,000)	(1,400,000)
Exercised during the year	-	-
	<u>2,100,000</u>	<u>850,000</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 the 2017 financial year, 150,000 options lapsed (FY2013 100,000 options lapsed).

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 20: 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 the 2015 financial year, 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%

There was no expense in the year relating to these options (2016: \$1,047).

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

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

During the 2015 financial year, 25,000 options lapsed.

The fair value of the options at date of grant is estimated to be 4.96 cents for the first tranche, 5.34 cents for the second tranche and 5.64 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 \$483 (2016: \$1,663).

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 2017

NOTE 20: 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 the 2016 financial year 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 \$150 (2016: \$119).

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 \$328 (2016: \$164).

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 2017

NOTE 20: SHARE BASED PAYMENT PLANS (cont.)

- On 22 February 2017, 1,400,000 share options were granted to senior employees of the Company.

700,000 of these options are exercisable at a price of 7.2 cents per option on or before 31 December 2021. These options will 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 22 February 2017 for the first tranche, 22 February 2018 for the second tranche and 22 February 2019 for the third tranche).

The fair value of the options at date of grant is estimated to be 3.33 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	102%	Contractual life	5 years
Risk-free interest rate	2.29%	Dividend yield	0%

The other 700,000 options are exercisable at a price of 9 cents per option on or before 31 December 2021. These options will 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 22 February 2017 for the first tranche, 22 February 2018 for the second tranche and 22 February 2019 for the third tranche).

The fair value of the options at date of grant is estimated to be 3.19 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	102%	Contractual life	5 years
Risk-free interest rate	2.29%	Dividend yield	0%

The total amount expensed in the year relating to these share options was \$9,301.

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

NOTE 21: AUDITOR'S REMUNERATION

	Consolidated	
	2017	2016
	\$	\$
Amounts received or due and receivable by RSM Australia Partners for:		
Audit or review of the financial reports	26,090	25,730
Tax services in relation to the entity	1,000	-
	<u>27,090</u>	<u>25,730</u>

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 22: PARENT ENTITY INFORMATION

	2017	2016
	\$	\$
<i>Information relating to Navarre Minerals Limited</i>		
Current assets	2,342,344	780,036
Total assets	7,673,589	2,470,851
Current liabilities	381,184	278,520
Total liabilities	412,156	295,708
Issued capital	13,543,218	9,860,557
Share based payment reserve	34,012	51,670
Accumulated losses	(6,316,046)	(5,737,084)
Total shareholders' equity	7,261,433	4,175,143
(Loss) of the parent entity	(606,633)	(2,464,610)
Total comprehensive (loss) of the parent entity	(606,633)	(2,504,610)
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	n/a	n/a
Details of any contingent liabilities of the parent entity	n/a	n/a
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment	n/a	n/a

NOTE 23: EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the balance date, the Group received a cash reimbursement of \$151,200 (including GST) for exploration expenditure incurred at the Irvine Gold Project, following satisfactory completion of the second agreed milestone of the TARGET Minerals Exploration Initiative co-funding agreement.

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 2017 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 2017.
 - (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 2017.

On behalf of the Board



G McDermott
Managing Director
Stawell, 5 September 2017

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NAVARRE MINERALS LIMITED**

Opinion

We have audited the financial report of Navarre Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Key Audit Matter	How our audit addressed this matter
Carrying Value of Capitalised Exploration Expenditure Refer to Note 12 in the financial statements	
<p>The Group has capitalised exploration and evaluation expenditure, with a carrying value of \$5,251,405 as at 30 June 2017.</p> <p>Under AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to test the exploration and evaluation asset for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount. We determined this to be a key audit matter due to the significant management judgment involved in assessing the carrying value of the asset.</p>	<p>Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included:</p> <ul style="list-style-type: none"> • obtaining evidence that the Group has valid rights to explore in the specific areas of interest; • enquiring with management and reviewing the basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage where it can be concluded that no commercially viable quantities of mineral resources exists; • enquiring with management and reviewing budgets and plans to determine that the Group will incur substantive expenditure on further exploration for and evaluation of mineral resources in the specific areas of interest; • reviewing whether management has received sufficient data to conclude that the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and • reviewing minutes of director meetings and Australian Securities and Investments Commission announcements to ensure that the Group has not resolved to discontinue activities in the specific area of interest.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Navarre Minerals Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

A stylized, handwritten signature of the letters "RSM" in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads "P A Ransom".

P A RANSOM

Partner

Dated: 5 September 2017
Melbourne, Victoria

Navarre Minerals Limited

ABN 66 125 140 105

ADDITIONAL SHAREHOLDER INFORMATION

The information set out below was compiled as at 28 August 2017.

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 Equity Securities

(i) Ordinary share capital

222,046,495 fully paid ordinary shares are held by 1,097 individual shareholders.

At a general meeting of shareholders, on a show of hands, each person who is a shareholder or sole proxy has one vote. On a poll, each shareholder is entitled to one vote for each fully paid share.

(ii) Unquoted options on issue

36,127,617 unquoted options are held by 199 individual option holders.

There are no voting rights attached to these options.

(iii) Analysis of number of shareholders by size of holding

Ranges	Holders	Total Units	% IC
1 – 1000	80	2,175	0.001
1,001 – 5,000	56	187,712	0.085
5,001 – 10,000	126	1,064,841	0.480
10,001 – 100,000	564	21,958,509	9.889
>100,001	271	198,833,258	89.546
Totals	1,097	222,046,495	100.000

273 holders holding a total of 1,372,387 shares held less than a marketable parcel of ordinary shares.

3. 20 Largest Shareholders

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

Shareholder	Number of shares	% Issued capital
Crocodile Gold Australia Pty Ltd	22,163,127	9.981%
VBS Exchange Pty Ltd	13,333,333	6.005%
Tattersfield Securities Limited	10,780,000	4.855%
Mr Kevin John Wilson <Lincoln Superfund No 1 A/C>	8,149,163	3.670%
New Chum Holdings Pty Ltd <New Chum Superannuation A/C>	6,471,092	2.914%
Mr Ashley Forster	5,407,438	2.435%
Mrs Catherine Lee McDermott	5,163,358	2.325%
Mr Stuart Baden Boyce & Mrs Mary Ellen Boyce <Boyce Super Fund A/C>	5,000,000	2.252%
Ms Katherine Griffin	3,553,000	1.600%
Mr Colin Henry Naylor & Mrs Anne Naylor <Quamby Super Fund A/C>	3,541,784	1.595%
Rivermore Pty Limited	3,082,837	1.388%
Yavern Creek Holdings Pty Ltd	3,040,000	1.369%
Kautag Pty Ltd	2,520,000	1.135%
Kautag Pty Ltd <Dorward Super Fund A/C>	2,503,849	1.128%
ESM Limited	2,318,569	1.044%
Mad Fish Management Pty Ltd <Mad Fish Super Fund A/C>	2,160,000	0.973%
Mr Kevin John Wilson <Lincoln Superfund No 1 A/C>	2,130,435	0.959%
Lujeta Pty Ltd <The Margaret Account>	2,100,000	0.946%
J P Morgan Nominees Australia Limited	1,982,684	0.893%
Mr Steven John O'Bree	1,948,000	0.877%
	107,348,669	48.345%

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	22,163,127	9.9
VBS Exchange Pty Limited	13,933,186	6.3
Mr Kevin John Wilson	12,031,598	5.4
Mr Geoffrey McDermott & family (including New Chum Holdings Pty Ltd)	11,797,584	5.3

TENEMENT INFORMATION (as at 28 August 2017)

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%
Cherrypool	EL 5426	100%
Glenlyle	EL 5497	100%
Stawell Corridor		
Ararat	EL 5476	100%
Tatyoorn	EL 5480	100%
Stawell Granite	ELA 006418	0%
Long Gully	ELA 006525	0%
Westgate	ELA 006526	0%
Hospital Hill	ELA 006527	0%
Napoleon	ELA 006528	0%
Snake Hill	ELA 006530	0%
St Arnaud		
St Arnaud	ELA 006556	0%

Notes ¹ EL = Exploration Licence; ELA = Exploration Licence Application.

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).