



NAVARRE MINERALS LIMITED

ABN 66 125 140 105

Annual Report 2019

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

Colin Naylor

Registered Office & Principal Operations Office

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PO Box 385
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Telephone +61 (3) 5358 8625
Email info@navarre.com.au
Website www.navarre.com.au

Share Registrar

Boardroom Pty Limited
Level 7, 411 Collins Street
Melbourne Victoria 3000 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

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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 LETTER

Dear Fellow Shareholder,

It is my pleasure to present the Navarre Minerals Limited Annual Report for the year ended 30 June 2019.

The past twelve months have seen the Victorian gold revival accelerate in a period of rising gold prices. Navarre is fortunate to have been an early mover in the State to access quality exploration acreage when the competition for prospective ground was less intense.

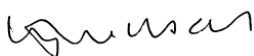
The Company is taking advantage of its early mover status in Victoria and, after a few years of early stage exploration, we have developed our gold projects to what is now advanced exploration status at Irvine, near Stawell and Tandarra near Bendigo. These projects will continue to be our focus over the next twelve months as we strive towards delivering Victoria's next large-scale gold deposits.

At our flagship Stawell Corridor Gold Project, we have three gold discoveries: two on the eastern flank of the Irvine basalt dome - Adventure and Resolution lodes; and one further south under cover on the Langi Logan dome. These three areas will form the basis for targeted drilling programs in the current year which are intended to expand the size and depth potential of the shallow mineralisation investigated to date.

At the Tandarra Gold Project, near Bendigo, we formed a joint venture (JV) with Catalyst Metals Limited following completion of their \$3 million farm-in. Under the JV, managed by Catalyst, exploration drilling at Tandarra delivered some excellent gold results during 2019. Although under cover, Tandarra is, at its shallowest, only 20m from surface and is delivering the sort of high grade intercepts that are always encouraging, particularly in times of buoyant gold price.

On the back of advancing projects and rising gold prices, the Company has raised funds to accelerate its drilling of Irvine in the coming year. This introduced new shareholders to the register whom the Board welcomes as well as thanking all shareholders for their continued support of Navarre Minerals.

On behalf of the Board, I again acknowledge the dedication and commitment of our first-class management team and I would also like to thank the communities in which we operate for their ongoing support and assistance.



Kevin Wilson
Chairman

17 September 2019

Navarre Minerals Limited

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MANAGING DIRECTOR'S REVIEW OF OPERATIONS

I am pleased to report that results from our drilling campaigns during FY2019 have continued to grow and expand our mineral properties, particularly at the Stawell Corridor and Tandarra gold projects (Figure 1).

During the year the Company has safely drilled more than 25,000 metres of air-core (AC) and reverse circulation (RC) drilling over five project areas. The results from these drilling programs have provided confidence for the Company to plan another extensive drilling program in FY2020, with emphasis on diamond drilling at the Irvine dome within our 100%-owned Stawell Corridor Gold Project.

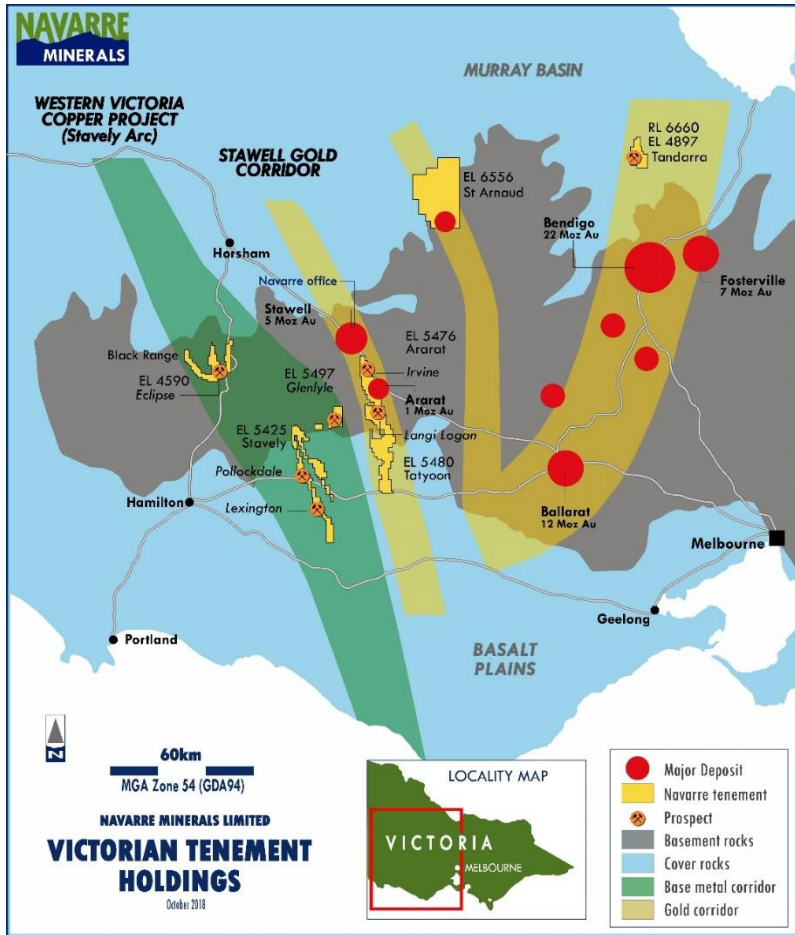


Figure 1: Location of Navarre's Victorian projects

STAWELL CORRIDOR GOLD PROJECT (ELs 5476, 5480, 6525, 6526, 6527, 6528, 6702, 6745 & ELAs 6530 & 6843)

Navarre owns 60km of strike along the prospective Stawell Corridor extending south from the Stawell Gold Mine to Westmere (Figure 2). Within this tenement package Navarre has identified seven basalt dome structures which have the potential to develop into large-scale gold systems. As outlined in recent announcements and presentations, these gold systems are considered analogous to the 4Moz Magdala gold deposit in Stawell, also part of the Stawell Corridor.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS (cont.)

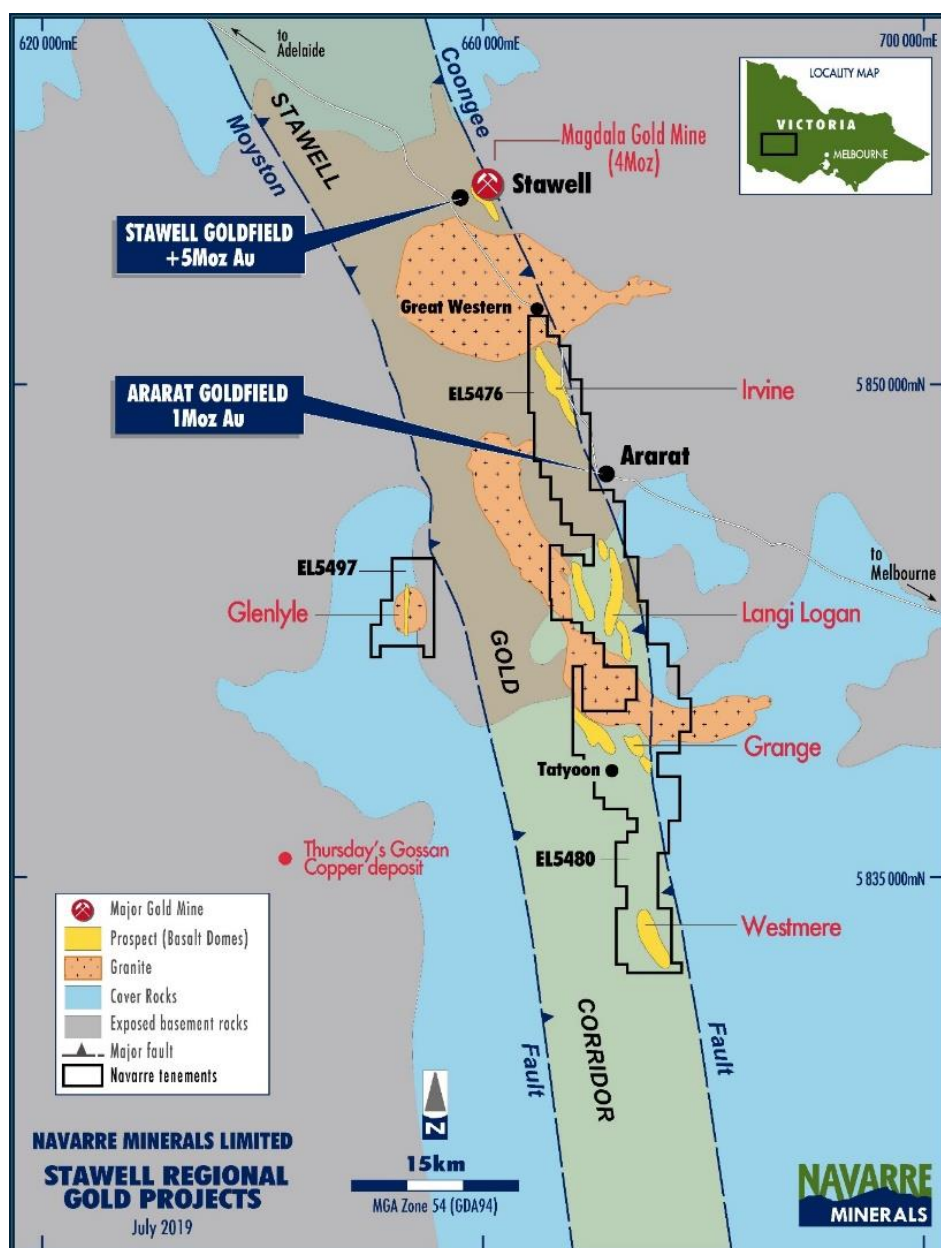


Figure 2: Stawell Corridor Gold Project location map

Irvine Basalt Dome

Exploration on the eastern flank of the Irvine basalt dome was a core focus for the Company during FY2019. The project contains the advanced Resolution and Adventure lode prospects located 20km south of the operating Stawell Gold Mine (Figures 2 & 3).

Resolution Lode

During the year the Company completed an 11 hole – 446 metre infill AC program at Resolution Lode to assist with design of an upcoming diamond drilling program. Highlight results include **4m @ 6.4 g/t Au** from 35m in IAC443, **4m @ 3.3 g/t Au** from 47m in IAC437, **4m @ 3.2 g/t Au** from 7m in IAC446 (see Figure 4 and ASX announcement of 25 July 2019).

The AC results reinforced the continuity and high-grade nature of the primary gold mineralisation within the oxide zone at Resolution Lode. Further details of the AC program, and results, are provided in ASX announcement of 25 July 2019.

Navarre is now preparing to expand the strong and extensive zones of shallow gold mineralisation intersected at Adventure and Resolution lodes with a significant diamond drilling program targeting mineralisation at depth as the Company strives towards establishing a mineral resource base for the project area.

MANAGING DIRECTOR’S REVIEW OF OPERATIONS (cont.)

Adventure Lode

During the year Navarre completed a 33 hole – 4,146 metre RC drilling at Adventure Lode (Figures 3 & 5). The drilling delivered multiple intersections of gold over a strike length of 1.3km contained within four higher grade shoots typical of a shear-hosted gold system targeted by Navarre’s exploration model. Gold mineralisation at Adventure Lode has now been confirmed to approximately 120 metres from surface and remains open at depth (Figure 5).

Further details about the RC drilling program can be found in Navarre’s ASX announcement of 29 January 2019.

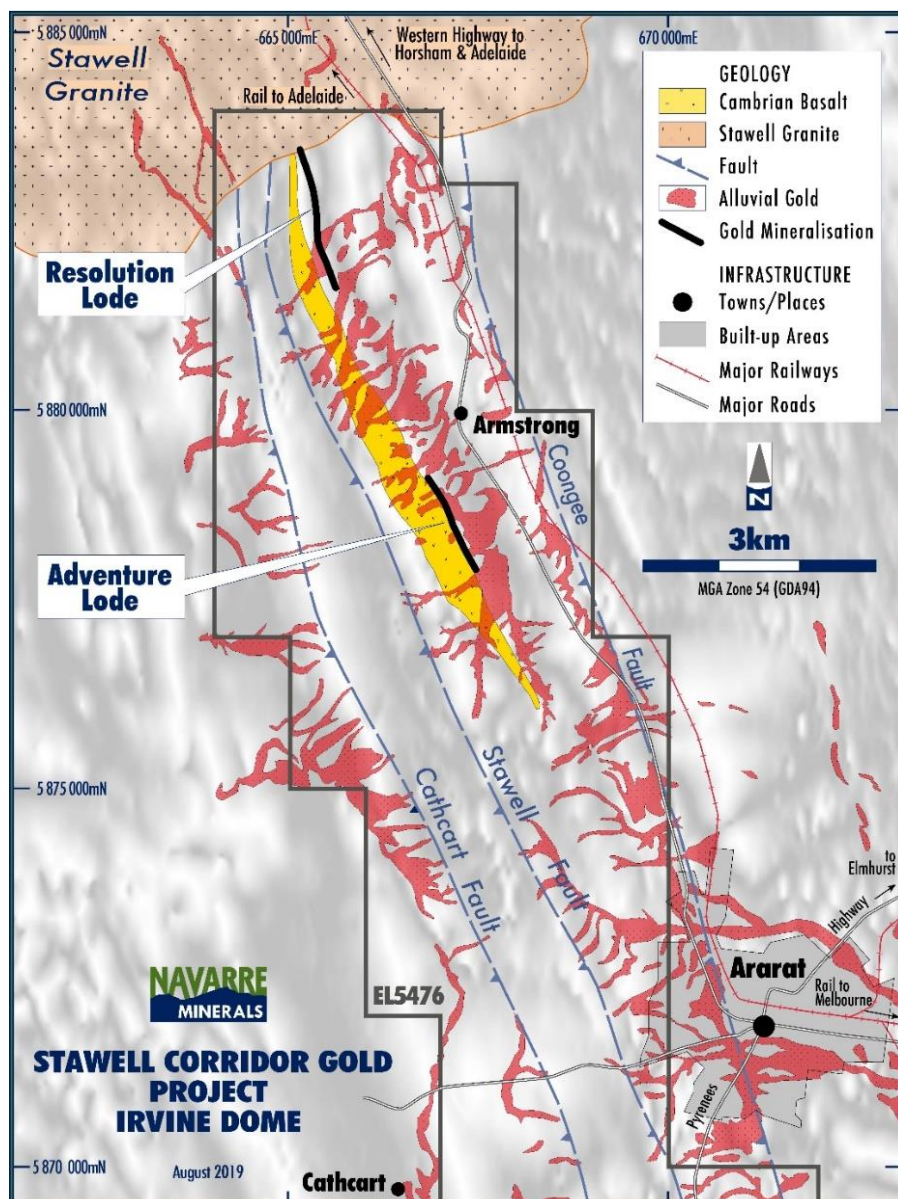


Figure 3: Plan showing location of Resolution and Adventure lodes relative to alluvial gold workings of the historical 1Moz Ararat Goldfield

MANAGING DIRECTOR'S REVIEW OF OPERATIONS (cont.)

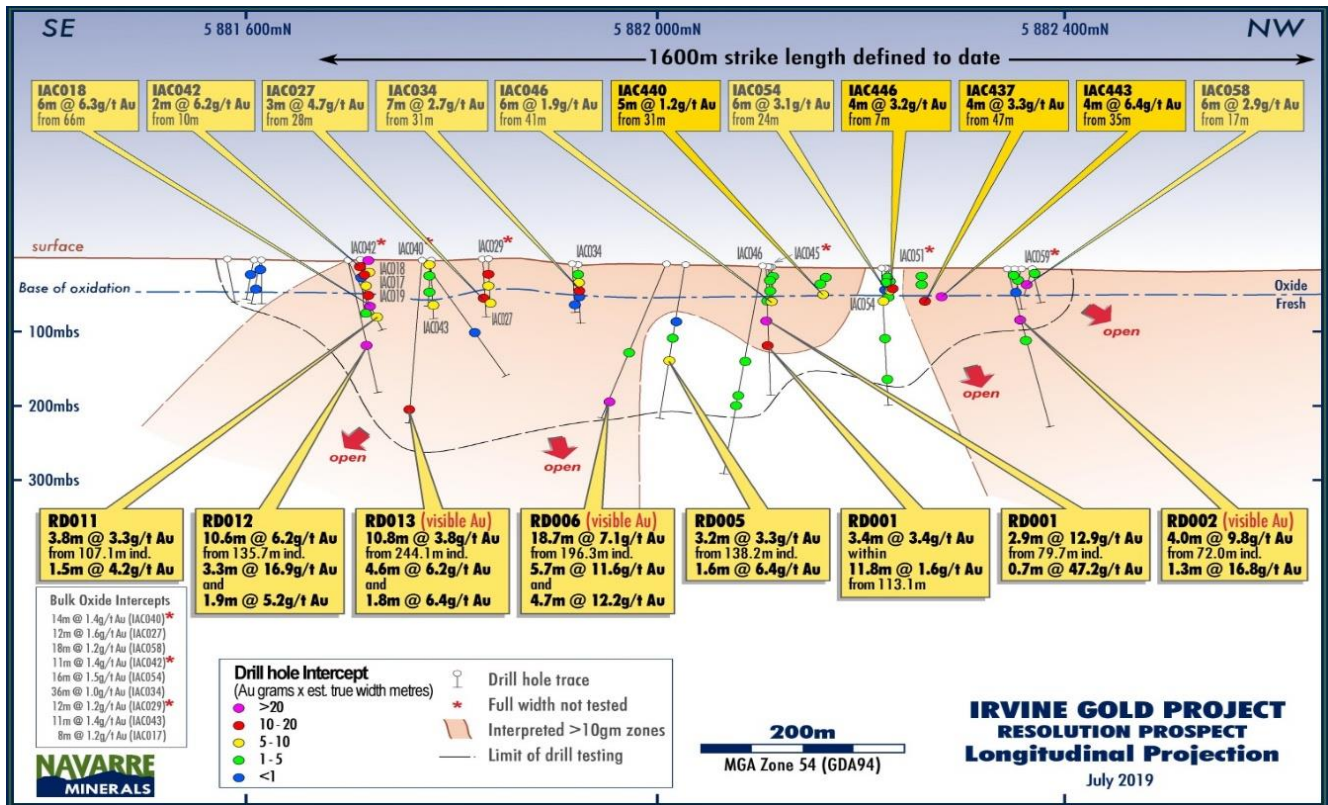


Figure 4: Longitudinal Projection of the Resolution Lode showing infill AC drill results (refer to ASX announcement of 25 July 2019)

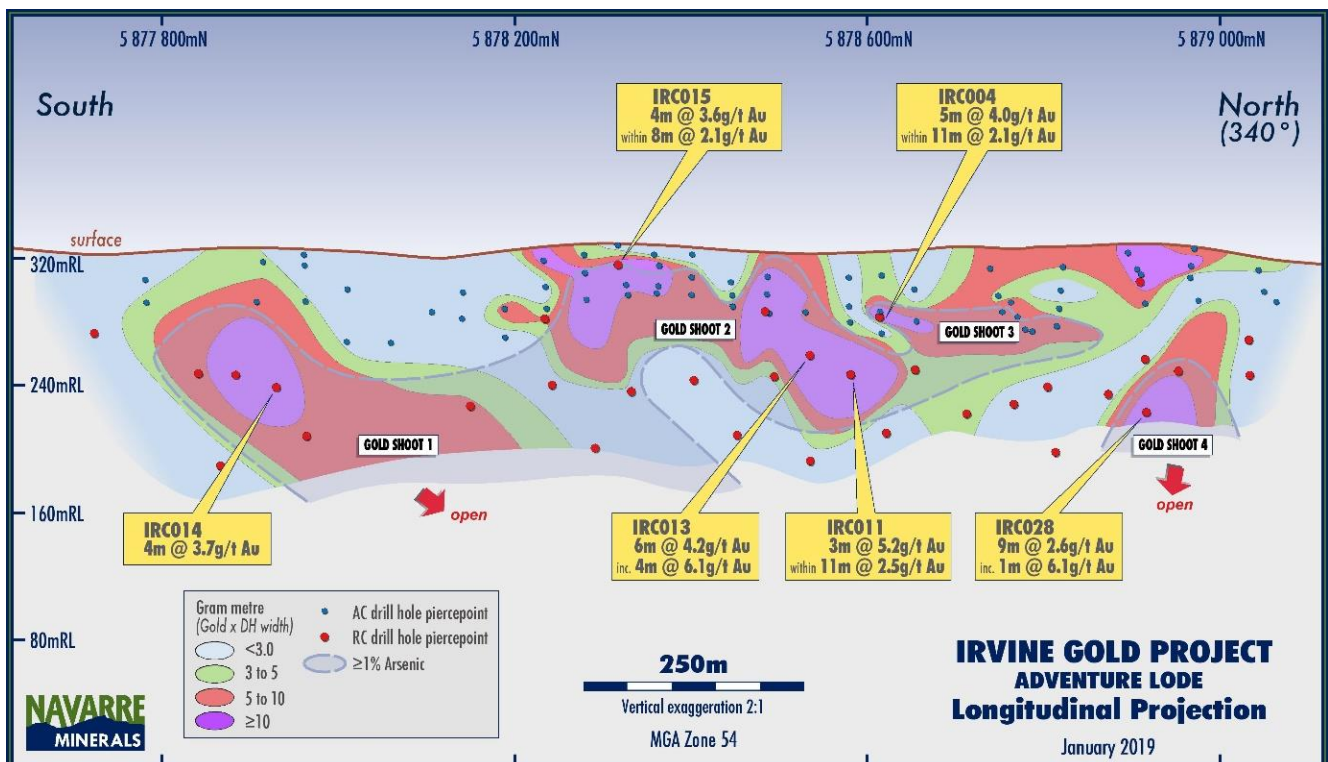


Figure 5: Longitudinal Projection of the Adventure Lode showing key drill intercepts (refer to ASX announcement of 29 January 2019)

MANAGING DIRECTOR’S REVIEW OF OPERATIONS (cont.)

Langi Logan

The 12km long Langi Logan basalt dome is the next major prospect for Magdala-style mineralisation south of the Irvine prospect within the Stawell Corridor Gold Project (Figures 2 & 6). It is an area of significant historical Deep Lead mining prior to World War 1 (133,000 oz. of gold recorded). The project area is covered by un-mineralised Tertiary Basalt ranging from 2 to 30 metres in thickness.

During the year Navarre discovered extensive shallow gold mineralisation from a first-pass AC program comprising 87 holes for approximately of 7,900 metres of drilling. The shallow drilling generated significant results at the Langi Logan prospect (Figure 6). The best composite gold result was **33m @ 2.9 g/t gold** from 66m depth, including **11m @ 5.1 g/t gold** (LLA014) from Target A and the highest grade gold result was **2m @ 19.4 g/t gold** from 43m depth, including **1m @ 33.6 g/t gold** (LLA031), also from Target A.

The results from the Langi Logan drilling were released over a number of announcements (refer to ASX announcements of 30 January 2019, 12 February 2019 & 17 April 2019).

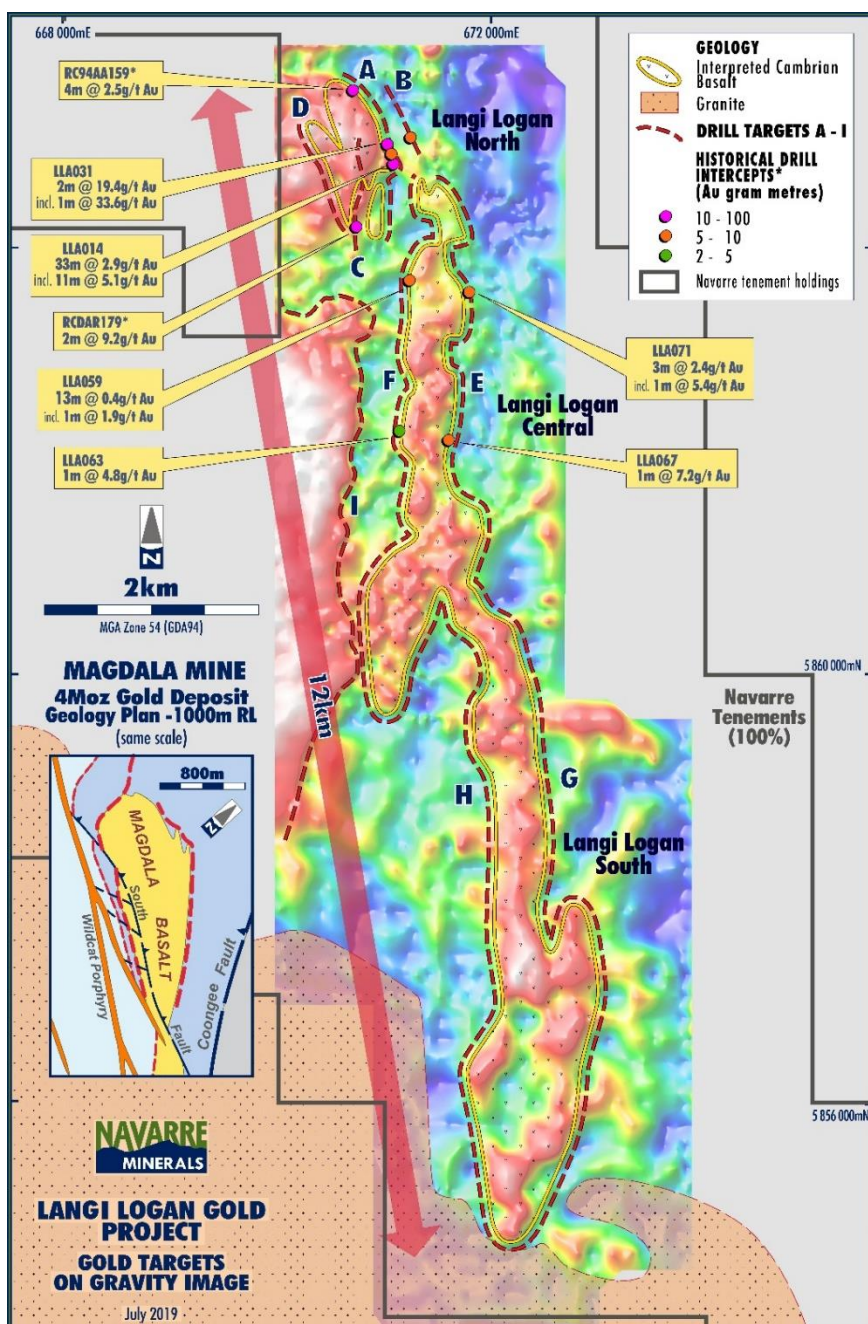


Figure 6: Langi Logan prospect – interpreted geology plan and gold distribution

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MANAGING DIRECTOR'S REVIEW OF OPERATIONS (cont.)

ST ARNAUD GOLD PROJECT (EL 6556 & ELA 6819)

The St Arnaud Gold Project surrounds the historical St Arnaud Goldfield (~400,000oz production) where high-grade gold was mined from quartz lodes in a structural setting consistent with most gold deposits in Central Victoria, including Bendigo and Fosterville (Figure 1).

During the year, Navarre completed two phases of shallow AC drilling program totalling 2,500 metres across 30 holes at the St Arnaud East prospect, within the St Arnaud Gold Project. Multiple zones of anomalous gold mineralisation up to 8.6 g/t were intercepted within broad arsenic haloes in the oxide zone and remain open at depth.

Further details about the results of the programs can be found in Navarre's ASX announcements of 5 February 2019 and 30 July 2019.

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

Glenlyle Project (EL 5497)

The Glenlyle Project has potential for porphyry, epithermal and volcanogenic hosted massive sulphide (VMS) mineralisation within the Staveley Arc Volcanics (Figures 1 & 2).

During the year the company completed a 19 hole – 1,690 metre expansion air-core drilling program. The drilling expanded a silver-gold anomaly to approximately 150 metre in width that remains open to the north, south and at depth. This anomalous zone contains several narrow quartz sulphide veins assaying up to 390 g/t silver, gold up to 4.0 g/t Au, minor zinc up to 0.7% and lead up to 0.3%.

Further details about the results of the program can be found in Navarre's ASX announcement of 21 March 2019.

Stavelly Project (EL 5425) - Earn-in Agreement with Stavelly Minerals Limited

In January 2018 the Company entered into an Earn-in and Joint Venture Agreement with Stavelly Minerals Limited (ASX: SVY) (Stavelly) under which Stavelly may earn up to an 80% equity interest in Exploration Licence EL5425 by spending \$450,000 over a five year period. EL5425 surrounds Stavelly's namesake Stavelly Copper Project in western Victoria (Figure 1).

During the year Stavelly completed an assessment of the exploration potential of regional targets contained within EL 5425 and is intending to drill up to two priority targets in the coming year (refer to Stavelly's ASX announcement of 25 January 2019).

TANDARRA GOLD PROJECT (RL 6660) (JV with operator Catalyst Metals Limited; Navarre 49%)

The Tandarra Gold Project is a gold discovery under shallow cover, located 40kms north of the 22 million ounce Bendigo Goldfield and approximately 60kms northwest from Kirkland Lake Gold's world-class Fosterville Gold Mine (Figure 1). It is an advanced exploration project and a Bendigo analogue with confirmed high-grades of gold associated with several quartz reef structures.

During the year, Catalyst Metals (Catalyst) (ASX: CYL) satisfied all conditions to earn a 51% equity interest in the Tandarra Gold Project after incurring exploration expenditure of \$3 million over a four year period to September 2018.

In December 2018 a Joint Venture (JV) Agreement was executed between Navarre and Catalyst with saw Catalyst assume role of operator with expenditures jointly funded in proportion to equity positions.

The JV completed an 8,178 metre drill program in 2019 comprising a combination of AC and RC drilling. The program comprised:

- 3,615 metres of RC drilling in 24 holes testing the northern and southern extents of the Tomorrow structure. High grade results, up to 131 g/t Au, confirmed the gold mineralisation extends a further 300m south giving an overall strike length of 1.1km for the Tomorrow mineralisation. This zone remains open to the south and at depth; and
- 4,563 metres of AC drilling in 36 holes targeting the southern extension of the Macnaughtan Prospect (approximately 300m west of the Tomorrow Prospect), support the Tomorrow Prospect RC drill program and test several regional gravity targets. Results are encouraging at the Macnaughtan prospect and warrant further investigation.

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MANAGING DIRECTOR'S REVIEW OF OPERATIONS (cont.)

Subsequent to year end the JV completed a 6 hole, 1,566 metre diamond drill program testing depth extensions and mineralised repetitions of the Tomorrow mineralisation. Results for this phase of drilling are expected in October 2019.

Highlight results include (refer to ASX announcement of 1 July 2019 & Figure 7):

- **3m @ 44.6 g/t Au**, including **1m @ 131.0 g/t Au**, from 111m down hole in RCT233
- **6m @ 14.3 g/t Au** from within a broader zone of **24m @ 4.2 g/t Au** from 100m down hole in RCT249
- **8m @ 3.6 g/t Au**, including **1m @ 22.1 g/t Au**, from 149m down hole in RCT249
- **6m @ 2.7 g/t Au**, including **1m @ 14.0 g/t Au**, from 166m down hole in RCT249
- **1m @ 11.4 g/t Au** from 33m down hole in RCT249
- **1m @ 14.3 g/t Au** from 144m down hole in RCT246
- **10m @ 2.7 g/t Au**, including **1m @ 10.3 g/t Au**, from 79m down hole in RCT252
- **6m @ 2.6 g/t Au** from 34m down hole in RCT248
- **5m @ 4.7 g/t Au** from 84m down hole in ACT338

Further information on the Tandarra Project including drilling results is provided in Catalyst Minerals' ASX announcements of 27 April 2018 and 13 July 2018 and in Navarre's ASX announcement of 1 July 2019.

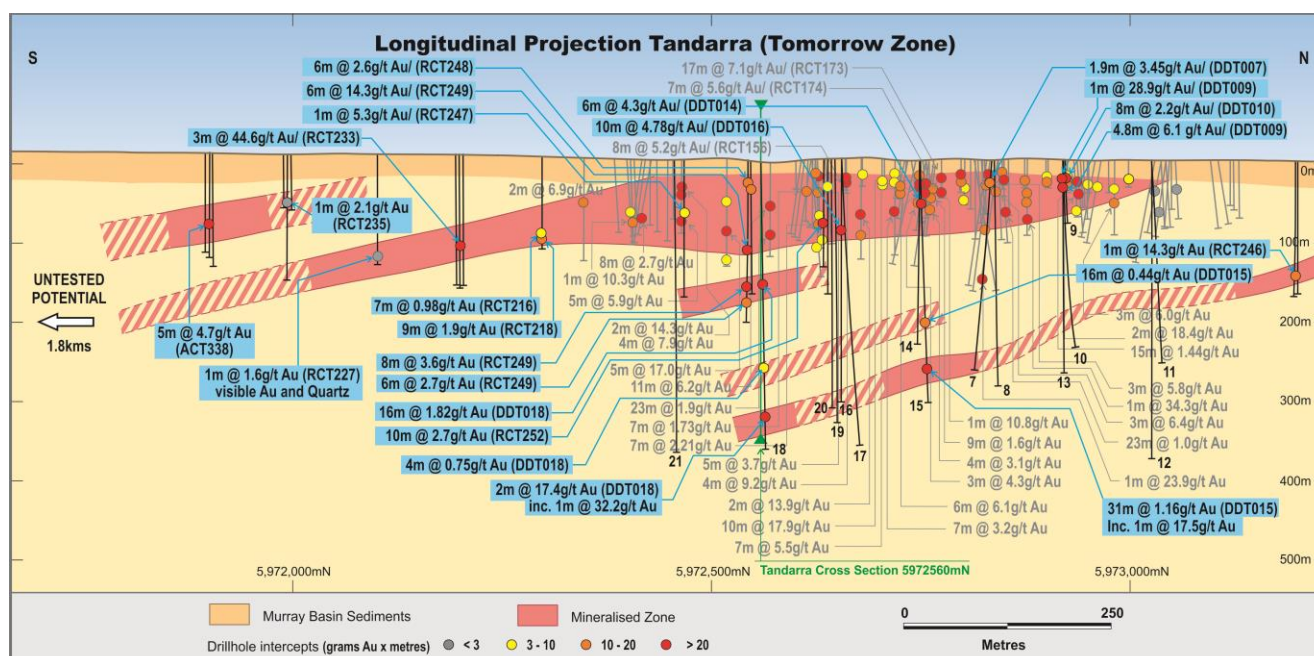


Figure 7: Longitudinal projection of the Tomorrow Gold Zone showing recent intersections and location of 2019 air core, RC and diamond drill holes (source: Catalyst Metals Limited).

CORPORATE

Capital raising

During the financial year, the company raised \$9,013,200 (before transaction costs) from a combination of, share placement in August 2018 (\$1,699,000), Share Purchase Plan (\$1,314,200) in September 2018 and share placement in April/May 2019 (\$6,000,000).

Cash position

The Company's cash and other financial assets (short-term deposits) at 30 June 2019 totalled \$6,035,713.

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MANAGING DIRECTOR'S REVIEW OF OPERATIONS (cont.)

OUTLOOK

The Board and management of Navarre will continue to invest in the Company's exploration portfolio, focussing on the Stawell Corridor and Tandarra gold projects.



Geoff McDermott
Managing Director

17 September 2019

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.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

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 2019. 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
<p>Kevin Wilson</p> <p>Appointed 30 April 2007</p>	<p>Chairman</p> <p>Non-executive</p> <p>Independent</p>	<p><i>BSc (Hons), ARSM, MBA</i></p> <p>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.</p>	<p>Metminco Limited (ongoing)</p> <p>Investigator Resources Limited (ongoing)</p>	<p>Chairman of the Board</p> <p>Chairman of the Remuneration & Nomination Committee</p> <p>Member of the Audit Committee</p>
<p>Geoff McDermott</p> <p>Appointed 19 May 2008</p>	<p>Managing Director</p> <p>Executive</p>	<p><i>BSc (Hons), MAIG</i></p> <p>Mr McDermott is a geologist with over 30 years' industry experience working in surface and underground metalliferous mining operations, in mineral exploration and as a consultant to the minerals industry.</p> <p>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.</p>	<p>None</p>	<p>Member of the Remuneration & Nomination Committee</p>
<p>John Dorward</p> <p>Appointed 15 August 2008</p>	<p>Director</p> <p>Non-executive</p> <p>Independent</p>	<p><i>BComm (Hons), GradDipAppFin, CFA</i></p> <p>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.</p> <p>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.</p>	<p>Roxgold Inc. (ongoing)</p> <p>Contact Gold Corp. (ongoing)</p>	<p>Chairman of the Audit Committee (from 31 July 2018)</p> <p>Member of the Remuneration & Nomination Committee</p>
<p>Colin Naylor</p> <p>Appointed 5 November 2010</p> <p>Appointed Company Secretary on 31 July 2018</p>	<p>Director & Company Secretary</p> <p>Non-Independent</p>	<p><i>B.Bus (Acc), FCPA</i></p> <p>Mr Naylor was previously Chief Financial Officer and Company Secretary of oil and gas explorer, Melbana Energy Limited, a position held for over 11 years until July 2018. 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.</p> <p>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.</p>	<p>None</p>	<p>Previously Chairman of the Audit Committee (until 31 July 2018)</p> <p>Member of the Audit Committee and the Remuneration & Nomination Committee</p>

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

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	Director Options	MD Options	Company Secretary Options
K Wilson	13,606,085	1,700,000	-	-
G McDermott	12,978,568	-	6,000,000	-
J Dorward	9,639,875	1,400,000	-	-
C H Naylor	5,814,562	1,400,000	-	1,000,000

The terms of these options are set out in Note 19 to the consolidated financial statements.

2. COMPANY SECRETARY

Ms Jodi Ford was appointed interim Company Secretary for the period 1 June 2018 to 31 July 2018, with Mr Colin Naylor appointed Company Secretary with effect from 31 July 2018. Ms Ford is the Assistant Company Secretary.

3. DIVIDENDS

No dividend has been paid, provided or recommended during the financial year and to the date of this report (2018: 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 7 permanent employees at 30 June 2019 including directors (2018: 7).

4.2 Environment, health and safety

The Group conducts exploration activities in Victoria. No mining activity has been conducted by the Group on its exploration licences, 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. During the year the company safely drilled more than 25,000 metres of air-core (AC), and reverse circulation (RC) drilling.

Direct exploration expenditure during the 2019 financial year was \$3,507,403.

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 2019, which forms part of, and is included earlier, in this Annual Report.

(a) Stawell Corridor Gold Project (ELs 5476, 5480, 6525, 6526, 6527, 6528, 6702, 6745 & ELAs 6530 & 6843)

Irvine gold prospect

Resolution Lode

At Resolution Lode the Company completed an 11 hole – 446 metre infill AC program to assist with design of an upcoming diamond drilling program. Highlight results include **4m @ 6.4 g/t Au** from 35m in IAC443, **4m @ 3.3 g/t Au** from 47m in IAC437, **4m @ 3.2 g/t Au** from 7m in IAC446 (see Figure 4 and ASX announcement of 25 July 2019).

The drill results reinforced the continuity and high-grade nature of the primary gold mineralisation within the oxide zone at Resolution Lode. Further details of the AC program, and results, are provided in ASX announcement of 25 July 2019.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.3 Review of operations (cont.)

Adventure Lode

During the year Navarre completed a 33 hole – 4,146 metre RC drilling at Adventure Lode (Figures 3 & 5). The drilling delivered multiple intersections of gold over a strike length of 1.3km contained within four higher grade shoots typical of a shear-hosted gold system targeted by Navarre's exploration model. Gold mineralisation at Adventure Lode has now been confirmed to approximately 120 metre from surface and remains open at depth.

Langi Logan gold prospect

During the year Navarre discovered extensive shallow gold mineralisation from its maiden AC program comprising 87 holes for approximately of 7,900 metres of drilling. The shallow drilling generated significant results at the Langi Logan prospect (Figure 6). The best composite gold result was **33m @ 2.9 g/t gold** from 66m depth, including **11m @ 5.1 g/t gold** and the highest grade gold result was **2m @ 19.4 g/t gold** from 43m depth, including **1m @ 33.6 g/t gold**.

The results from the Langi Logan drilling were released over a number of announcements (refer to ASX announcements of 30 January 2019, 12 February 2019 & 17 April 2019).

(b) Tandarra Gold Project (RL 6660) (JV with operator Catalyst Metals Limited; Navarre 49%)

During the year, Catalyst Metals (Catalyst) (ASX: CYL) satisfied all conditions to earn a 51% equity interest in the Tandarra Gold Project after incurring exploration expenditure of \$3 million over a four year period to September 2018. In December 2018 a Joint Venture (JV) Agreement was executed between Navarre and Catalyst with saw Catalyst assume role of operator with expenditures jointly funded in proportion to equity positions.

The JV completed an 8,178 metre drill program in 2019 comprising a combination of AC and RC drilling. The program comprised:

- 3,615 metres of RC drilling in 24 holes testing the northern and southern extents of the Tomorrow structure. High grade results, up to 131 g/t Au, confirmed the gold mineralisation extends a further 300m south giving an overall strike length of 1.1km for the Tomorrow mineralisation. This zone remains open to the south and at depth; and
- 4,563 metres of AC drilling in 36 holes targeting the southern extension of the Macnaughtan Prospect (approximately 300m west of the Tomorrow Prospect), support the Tomorrow Prospect RC drill program and test several regional gravity targets. Results are encouraging at the Macnaughtan prospect and warrant further investigation.

Subsequent to year end the JV completed a 6 hole, 1,566 metre diamond drill program testing depth extensions and mineralised repetitions of the Tomorrow mineralisation. Results for this phase of drilling are expected in October 2019.

(c) Western Victoria Copper Project (ELs 4590, 5425, 5426, 5497 & ELA 6819)

Glenlyle Project

During the year the company completed a 19 hole – 1,690 metre expansion air-core drilling program (refer to ASX announcement of 21 March 2019). The drilling expanded a silver-gold anomaly to approximately 150 metre in width that remains open to the north, south and at depth. This anomalous zone contains several narrow quartz sulphide veins assaying up to 390 g/t silver, gold up to 4.0 g/t, minor zinc up to 0.7% and lead up to 0.3%.

Stavely Project - Earn-in Agreement with Stavely Minerals Limited

In January 2018 the Company entered into an Earn-in and Joint Venture Agreement with Stavely Minerals Limited (ASX: SVY) (Stavely) under which Stavely may earn up to an 80% equity interest in Exploration Licence EL5425 by spending \$450,000 over a five year period. EL5425 surrounds Stavely's namesake Stavely Copper Project in western Victoria (Figure 1).

During the year Stavely completed an assessment of the exploration potential of regional targets contained within EL 5425 and is intending to drill up to two priority targets in the coming year (refer to Stavely ASX announcement of 25 January 2019).

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

4. OPERATING AND FINANCIAL REVIEW (cont.)

4.3 Review of operations (cont.)

(d) St Arnaud Gold Project (EL 6556 & ELA 6819)

During the year, Navarre completed two phases of shallow AC drilling program totalling 2,500 metres across 30 holes at the St Arnaud East prospect, within the St Arnaud Gold Project. Multiple zones of anomalous gold mineralisation up to 8.6 g/t were intercepted within broad arsenic haloes in the oxide zone and remain open at depth (refer to ASX announcements of 5 February 2019 and 30 July 2019).

4.4 Review of financial position

(a) Results for the year

The net loss for the financial year, after provision for income tax, was \$866,104 (2018: loss after tax of \$1,251,344).

(b) Review of financial condition at the balance date

At balance date the Group held cash and cash equivalents of \$1,747,865. During the year the Group increased the cash balance by \$321,181 following net proceeds from share issues of \$8,639,683 and interest received of \$34,365, which was partially used to meet investment, exploration and capital net cash outflows of \$7,640,287 and corporate costs of \$712,580.

(c) Share issues

In August 2018, Navarre raised \$1,699,000 (before transaction costs) from a share placement to sophisticated and professional investors, resulting in the issue of 33,980,000 ordinary shares at an issue price of \$0.05 per share.

In September 2018, Navarre raised \$1,314,200 (before transaction costs) from a Share Purchase Plan, resulting in the issue of 26,284,000 ordinary shares at an issue price of \$0.05 per share.

In April/May 2019, Navarre raised \$6,000,000 (before transaction costs) from a share placement to sophisticated and professional investors (including Navarre directors), resulting in the issue of 80,000,000 ordinary shares at an issue price of \$0.075.

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

During the year, the Group raised \$9,013,200 (before transaction costs) through capital raising initiatives, as detailed above (under the heading "Share issues"). The purpose of the capital raisings was mainly to advance exploration in the Stawell Corridor exploration licences and at the Tandarra Gold Project.

In June 2019, Navarre's application to participate in the Federal Government's Junior Minerals Exploration Incentive (JMEI) scheme for the 2019/2020 income tax year was accepted by the Australian Taxation Office. The Company has received an allocation of up to \$1,500,000 exploration credits which can be distributed to eligible shareholders, being those that are Australian resident shareholders who apply for and are issued new shares in Navarre's capital raising activities between 1 July 2019 and 30 June 2020.

(e) Significant events after the balance date

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

(f) Likely developments and expected results

During the year under review, the Group continued to focus on the Irvine Gold Project and Tandarra Gold Project, while also broadening its mineral exploration activities to include programs at Langi Logan, Glenlyle and St Arnaud.

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.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

4. OPERATING AND FINANCIAL REVIEW (cont.)

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 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 at the Irvine Gold Project and Tandarra Gold Project, and continue exploration at the Langi Logan, Glenlyle and St Arnaud tenements. Opportunities for growth through acquisition will also be 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;
- (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.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

5. SHARE OPTIONS

Compensation options issued during the financial year

During the financial year, the Company issued 2,100,000 share options to senior employees of the Company, 4,650,000 to executive directors of the Company and 1,450,000 share options to the non-executive directors of the Company.

At the Extraordinary General Meeting of the Company held on 17 May 2019, shareholder approval was given to issue 4,000,000 share options to Zenix Nominees Pty Ltd, a subsidiary of Hartleys Limited (Hartleys), as part consideration for Hartleys' role as manager for the Share Placement completed in April 2019.

Options expired during the financial year

125,000 unlisted employee share options in the Company expired on 31 December 2018.

Unissued shares under option

At the date of this report, there were 21,800,000 unissued ordinary shares of the Company under option. The terms of these options are as follows:

Expiry Date	Exercise Price	Number
31 December 2019	\$0.040	50,000
6 June 2021	\$0.150	1,000,000
31 December 2021	\$0.072	200,000
31 December 2021	\$0.090	200,000
17 May 2012	\$0.1313	4,000,000
29 January 2023	\$0.150	2,750,000
10 April 2023	\$0.150	5,400,000
21 February 2024	\$0.120	2,100,000
17 May 2014	\$0.120	6,100,000

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

Shares issued on the exercise of Options

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

6. INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company paid an insurance 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	11	11	4	4	4	4
G McDermott	11	11	-	-	4	4
J Dorward	9	11	4	4	4	4
C Naylor	11	11	4	4	4	4

A – Number of meetings attended

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

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

8. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors have received the independence declaration from the auditor, RSM Australia Partners, set out on page 28.

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 20 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.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

9. REMUNERATION REPORT (Audited)

The Remuneration Report for the year ended 30 June 2019 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 2019

Directors

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

Executives

Jodi Ford	Accountant and Assistant Company Secretary
S Mele	Exploration Manager

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.

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 director is entitled to receive \$30,000 per annum (excluding statutory superannuation). The annual base fee payable to non-executive directors has not changed since the company was listed on the ASX in 2011.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

9. REMUNERATION REPORT (Audited) (cont.)

9.3 Non-executive director remuneration arrangements (cont.)

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 2019 and 30 June 2018 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, considering 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 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.

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 NMLP, 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 26 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.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

9. REMUNERATION REPORT (Audited) (cont.)

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 is \$245,936 per annum plus statutory superannuation (\$20,531). 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.
- **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).

The Managing Director's remuneration package for calendar year 2018 included a short-term incentive in the form of a cash payment of up to \$100,000, subject to achievement of agreed KPIs. Those KPIs comprised performance measures in relation to:

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

In January 2019, the R&N Committee (excluding the Managing Director) assessed the Managing Director's performance against his 2018 short term incentive KPIs and determined that three of four KPIs had been met (in full or in part). Accordingly, the Board (excluding the Managing Director) approved a cash payment of \$53,750 to the Managing Director by way of short term incentive for calendar year 2018.

The Managing Director's remuneration package for calendar year 2019 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.

The Managing Director's performance against these KPIs will be assessed by the R&N Committee (excluding the Managing Director) at its first meeting in 2020.

- **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.

The Managing Director's remuneration package for calendar year 2018 included a long-term incentive in the form of a grant of 3,000,000 share options. The options will vest in three equal tranches over a period of three years from the date of grant. The first tranche may vest at any time after the grant date, the second tranche may vest after the first anniversary of the grant date and the third tranche may vest after the second anniversary of the grant date, but in each case, vesting is conditional on the closing price of the Company's shares exceeding the 15 cent exercise price for ten consecutive trading days after the potential vesting date. The Managing Director must also be employed by the Company at the time that the options vest. The Company obtained shareholder approval for the grant of these options at the Company's extraordinary general meeting in April 2018 and the options were issued shortly after that meeting on 10 April 2018.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

9. REMUNERATION REPORT (Audited) (cont.)

9.5 Executive Contractual Arrangements

The Managing Director's remuneration package for calendar year 2019 includes a long-term incentive in the form of a grant of 3,000,000 share options. The options will vest in three equal tranches over a period of three years from the date of grant. The first tranche may vest at any time after the grant date, the second tranche may vest after the first anniversary of the grant date and the third tranche may vest after the second anniversary of the grant date, but in each case, vesting is conditional on the closing price of the Company's shares exceeding the 12 cent exercise price for ten consecutive trading days after the potential vesting date. The Managing Director must also be employed by the Company at the time that the options vest. The Company obtained shareholder approval for the grant of these options at the Company's extraordinary general meeting in May 2019 and the options were issued shortly after that meeting on 17 May 2019.

- **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.

- *Exploration Manager*

Mr Mele was appointed Exploration Manager of the Company with effect from 22 February 2017. Mr Mele was engaged by the Company on a consultancy basis prior to entering into an employment arrangement and becoming a full-time employee with the Company.

On 8 January 2018, Mr Mele entered into an executive service agreement which contains the following major terms:-

- **Term:** From 8 January 2018 until either the Company or Mr Mele terminates the agreement.
- **Notice:** The Company may terminate the agreement at any time by giving three months' notice in writing. Mr Mele may terminate the agreement at any time by giving three months' written notice to the Company or on one month's written notice to the Company if a 'fundamental change' to his employment occurs or the Company has failed to remedy a notified breach of its obligations under the agreement. The Company may immediately terminate the agreement by giving written notice in certain circumstances, including if serious misconduct has occurred. The Company may elect to pay Mr Mele in lieu of part or all of any notice period.
- **Base salary:** Mr Mele's total fixed remuneration is \$212,951 per annum plus statutory superannuation (\$20,230). Total fixed remuneration is reviewed by the R&N Committee on an annual basis, but there is no guarantee of any increase in fixed remuneration.
- **Short-term incentive:** Mr Mele is eligible to receive an annual short-term incentive payment on terms decided by the Board. No short-term incentive was paid to Mr Mele in the financial year.
- **Long-term incentive:** Mr Mele is eligible to participate in the Company's long-term incentive arrangements (as amended or replaced) on terms decided by the Board. Mr Mele's remuneration package for calendar year 2019 includes a long-term incentive in the form of a grant of 1,300,000 share options. The options will vest in three equal tranches over a period of three years from the date of grant. The first tranche may vest at any time after the grant date, the second tranche may vest after the first anniversary of the grant date and the third tranche may vest after the second anniversary of the grant date, but in each case, vesting is conditional on the closing price of the Company's shares exceeding the 12 cent exercise price for ten consecutive trading days after the potential vesting date. Mr Mele must also be employed by the Company at the time that the options vest.
- **Termination payments:** If Mr Mele's employment is terminated by the Company for any reason (other than in circumstances warranting summary dismissal), Mr Mele 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 (to be calculated by reference to Mr Mele's start date as a consultant geologist on 18 May 2016).

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

9. REMUNERATION REPORT (Audited) (cont.)

9.5 Executive Contractual Arrangements

- *Company Secretary*

Ms Jane Nosworthy resigned as Company Secretary with effect from 1 June 2018 and Ms Jodi Ford was appointed to the position for the period 1 June 2018 to 31 July 2018. On 31 July 2018 Mr Colin Naylor was appointed Company Secretary with Ms Ford resuming her role of Accountant and Assistant Company Secretary.

- Mr Colin Naylor was appointed Company Secretary on 31 July 2018, in addition to his role as a Director of the Company. Mr Naylor has been engaged on a part-time basis and entered into an executive service agreement. Mr Naylor is eligible to participate in the Company's long-term incentive arrangements (as amended or replaced) on terms decided by the Board. Mr Naylor's remuneration package as Company Secretary for calendar year 2019 includes a long-term incentive in the form of a grant of 1,000,000 share options. The options will vest in three equal tranches over a period of three years from the date of grant. The first tranche may vest at any time after the grant date, the second tranche may vest after the first anniversary of the grant date and the third tranche may vest after the second anniversary of the grant date, but in each case, vesting is conditional on the closing price of the Company's shares exceeding the 12 cent exercise price for ten consecutive trading days after the potential vesting date. Mr Naylor must also be employed by the Company at the time that the options vest. The Company obtained shareholder approval for the grant of these options at the Company's extraordinary general meeting in May 2019 and the options were issued shortly after that meeting on 17 May 2019.

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

In his role as a director, Mr Naylor is entitled to receive \$30,000 per annum (excluding statutory superannuation). In addition, Mr Naylor is entitled to be paid all travelling and other expenses he incurs 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 Mr Naylor for service on board committees or on the board of the wholly owned subsidiary, but additional remuneration may be paid to Mr Naylor if he was called upon to perform extra services or make any special exertion for the purposes of the Company.

- *Other executives*

All executives have standard employment agreements. The Company may terminate the executive's employment agreement by written notice (ranging from four weeks to three months' notice) or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). The Company may terminate the agreement at any time without notice if serious misconduct has occurred. The executive may terminate the agreement by written notice to the Company (ranging from four weeks to three months' notice). On cessation of employment, any outstanding options will be forfeited.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

9. REMUNERATION REPORT (Audited) (cont.)

9.6 Remuneration of Key Management Personnel of the Company

Table 1: Remuneration for the year ended 30 June 2019

	Short term			Post Employment	Share- based Payment	Long term	Total	Performance Related
	Directors fees \$	Salary/ Consulting fees \$	STI cash bonus \$	Super- annuation benefits \$	Option plan ¹ \$	Long service leave \$	\$	%
Non-executive directors								
K Wilson	40,000	-	-	3,800	33,449	-	77,249	43.3
J Dorward	30,000	-	-	2,850	27,845	-	60,695 ²	45.9
Sub-total non-executive directors	70,000	-	-	6,650	61,294	-	137,944	44.4
Executive directors								
G McDermott	-	243,138	53,750	23,329	83,974	7,742	411,933	20.4
C Naylor ³	30,000	45,178	-	21,062	29,567	-	125,807	23.5
Other key management personnel								
J Ford ⁴	-	59,197	-	5,624	18,761	1,518	85,100	22.0
S Mele	-	212,951	-	20,230	47,822	-	281,003	17.0
Sub-total executive KMP	30,000	560,464	53,750	70,245	180,124	9,260	903,843	19.9
TOTAL	100,000	560,464	53,750	76,895	241,418	9,260	1,041,787	23.2

¹Refer Note 19 to the consolidated financial statements for fair value calculation of options.

²During the period, Mr Dorward became an Australian resident for taxation purposes, therefore he is entitled to statutory superannuation.

³Appointed as Company Secretary effective 31 July 2018 in addition to role as director.

⁴Appointed as Company Secretary effective 1 June 2018 until 31 July 2018.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

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 2018

	Short term			Post Employment	Share-based Payment	Long term	Total	Performance Related
	Directors fees \$	Salary/ Consulting fees \$	STI cash bonus \$	Super-annuation benefits \$	Option plan ¹ \$	Long service leave \$	\$	%
Non-executive directors								
K Wilson	40,000	7,500 ²	-	3,800	10,690	-	61,990	17.2
J Dorward	30,000	-	-	-	8,909	-	38,909 ³	22.9
C Naylor	30,000	-	-	2,850	8,909	-	41,759	21.3
Sub-total non-executive directors	100,000	7,500	-	6,650	28,508	-	142,658	20.0
Executive director								
G McDermott	-	293,676 ⁴	47,500	26,615	22,824	5,583	396,198	17.7
Other key management personnel								
J Nosworthy	-	74,655 ⁵	-	6,229	16,098	-	96,982	16.6
J Ford ⁶	-	54,376 ⁷	-	5,166	13,798	3,736	77,076	17.9
S Mele	-	175,580 ⁸	-	9,651	21,499	-	206,730	10.4
Sub-total executive KMP	-	598,287	47,500	47,661	74,219	9,319	776,986	15.7
TOTAL	100,000	605,787	47,500	54,311	102,727	9,319	919,644	16.3

¹Refer Note 19 to the consolidated financial statements for fair value calculation of options.

²Represents fees paid/payable for consulting services provided by entities of the director.

³As Mr Dorward is not an Australian resident for taxation purposes, he is not entitled to statutory superannuation.

⁴As 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. During the year under review the Company made a payment to Mr McDermott of \$59,752 (including superannuation) in repayment of the amount of total fixed remuneration forgone by him for the FY2017.

⁵Ms Nosworthy resigned as Company Secretary with effect from 1 June 2018.

⁶Appointed as Company Secretary effective 1 June 2018 until 31 July 2018.

⁷Includes salary paid to Ms Ford by the Company during the year prior to her appointment as Company Secretary.

⁸Consists of consulting fees paid to Mr Mele for the period up to 7 January 2018 (pursuant to a consultancy agreement) and fixed remuneration from 8 January 2018 (pursuant to an executive service agreement).

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 2019

	% of Total Remuneration		
	Fixed remuneration %	Performance-based remuneration	
		Short Term Incentive %	Long Term Incentive %
Executives			
G McDermott	66.6	13.0	20.4
C Naylor	76.5	-	23.5
J Ford	78.0	-	22.0
S Mele	83.0	-	17.0

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

9. REMUNERATION REPORT (Audited) (cont.)

9.8 Equity instruments

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

	Number of options granted during 2019	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry Date	Vest Date	Number of options vested during 2019	Number of options lapsed during 2019
Directors								
K Wilson	266,667	17 May 19	0.033	0.120	17 May 24	17 May 19 ¹	-	-
K Wilson	266,667	17 May 19	0.034	0.120	17 May 24	17 May 20 ¹	-	-
K Wilson	266,666	17 May 19	0.036	0.120	17 May 24	17 May 21 ¹	-	-
G McDermott	-	16 Feb 15	-	0.100	31 Dec 18	- ¹	-	100,000
G McDermott	1,000,000	17 May 19	0.033	0.120	17 May 24	17 May 19 ¹	-	-
G McDermott	1,000,000	17 May 19	0.034	0.120	17 May 24	17 May 20 ¹	-	-
G McDermott	1,000,000	17 May 19	0.036	0.120	17 May 24	17 May 21 ¹	-	-
J Dorward	216,667	17 May 19	0.033	0.120	17 May 24	17 May 19 ¹	-	-
J Dorward	216,667	17 May 19	0.034	0.120	17 May 24	17 May 20 ¹	-	-
J Dorward	216,666	17 May 19	0.036	0.120	17 May 24	17 May 21 ¹	-	-
C Naylor	550,000	17 May 19	0.033	0.120	17 May 24	17 May 19 ¹	-	-
C Naylor	550,000	17 May 19	0.034	0.120	17 May 24	17 May 20 ¹	-	-
C Naylor	550,000	17 May 19	0.036	0.120	17 May 24	17 May 21 ¹	-	-
Executives								
J Ford	-	31 Jan 14	-	0.100	31 Dec 17	- ¹	-	25,000
J Ford	-	22 Feb 17	-	0.072	31 Dec 21	22 Feb 19 ¹	66,667	-
J Ford	-	22 Feb 17	-	0.090	31 Dec 21	22 Feb 18 ¹	66,667	-
J Ford	-	22 Feb 17	-	0.090	31 Dec 21	22 Feb 19 ¹	66,667	-
J Ford	133,333	21 Feb 19	0.027	0.120	21 Feb 24	21 Feb 19 ¹	-	-
J Ford	133,333	21 Feb 19	0.028	0.120	21 Feb 24	21 Feb 20 ¹	-	-
J Ford	133,334	21 Feb 19	0.029	0.120	21 Feb 24	21 Feb 21 ¹	-	-
S Mele	433,333	21 Feb 19	0.027	0.120	21 Feb 24	21 Feb 19 ¹	-	-
S Mele	433,333	21 Feb 19	0.028	0.120	21 Feb 24	21 Feb 20 ¹	-	-
S Mele	433,334	21 Feb 19	0.029	0.120	21 Feb 24	21 Feb 21 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	27,467	-	-
G McDermott	103,000	-	530
J Dorward	22,317	-	-
C Naylor	56,650	-	-
Executives			
J Ford	11,200	-	1,328
S Mele	36,400	-	-

For details on the valuation of options, including models and assumptions used, please refer to Note 19 to the consolidated financial statements.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

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:

	Held at 1 July 2018	Purchases	Received on Exercise of Options	Sales	Held at 30 June 2019
<i>Shares held in Navarre Minerals Limited (number)</i>					
Directors					
K Wilson	13,306,085	300,000 ¹	-	-	13,606,085
G McDermott	12,278,568	700,000 ²	-	-	12,978,568
J Dorward	9,206,542	433,333 ²	-	-	9,639,875
C Naylor	5,247,895	566,667 ²	-	-	5,814,562
Executives					
J Ford	58,770	-	-	-	58,770
S Mele	60,435	100,000 ¹	-	-	160,435

¹Issued as a result of participation in the Company's Share Purchase Plan in September 2018.

²Issued as a result of participation in the Company's Share Purchase Plan in September 2018 and Share Placement in April 2019.

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 2018	Granted as Remuner- ation	Options Exercised	Options Lapsed	Held at 30 June 2019	Vested in 2019	Vested and exercisable at 30 June 2019
Options held in Navarre Minerals Limited (number)							
Directors							
K Wilson	900,000	800,000	-	-	1,700,000	-	-
G McDermott	3,100,000	3,000,000	-	100,000	6,000,000	-	-
J Dorward	750,000	650,000	-	-	1,400,000	-	-
C Naylor	750,000	1,650,000	-	-	2,400,000	-	-
Executives							
J Ford	975,000	400,000	-	25,000	1,350,000	200,001	450,000
S Mele	1,500,000	1,300,000	-	-	2,800,000	-	-

9.10 Company performance

With the exception of long-term incentives, the remuneration of executives and consultants is not linked to financial performance measures of the Company. Long-term incentives granted to executives are linked to improvements in the Company's share price.

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

	2019	2018	2017	2016	2015
Net profit/(loss) - \$000	(866)	(1,251)	(703)	(2,672)	(505)
Basic earnings/(loss) per share – cents per share	(0.22)	(0.47)	(0.34)	(2.78)	(0.65)
Share price at the beginning of year - \$	0.059	0.032	0.034	0.024	0.069
Share price at end of year - \$	0.084	0.059	0.032	0.034	0.024
Dividends per share – cents	Nil	Nil	Nil	Nil	Nil

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

10. CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the year ended 30 June 2019, 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
Melbourne, 17 September 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Navarre Minerals Limited for the year ended 30 June 2019, 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.

A handwritten signature in blue ink that reads "RSM".

RSM AUSTRALIA PARTNERS

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

P A RANSOM

Partner

Dated: 17 September 2019
Melbourne, Victoria

Navarre Minerals Limited

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Interest income		54,771	20,701
Income		54,771	20,701
Net administration expenses	4	(917,312)	(870,188)
Exploration expenditure written-off		(3,563)	(401,857)
Loss before income tax		(866,104)	(1,251,344)
Income tax expense	5	-	-
Net loss for the period		(866,104)	(1,251,344)
Total comprehensive loss for the period		(866,104)	(1,251,344)
Basic loss per share (cents per share)	6	(0.22)	(0.47)
Diluted loss per share (cents per share)	6	(0.22)	(0.47)

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

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	7	1,747,865	1,426,684
Trade and other receivables	8	299,264	549,899
Other financial assets	9	4,287,848	-
TOTAL CURRENT ASSETS		<u>6,334,977</u>	<u>1,976,583</u>
NON-CURRENT ASSETS			
Other financial assets	9	110,000	120,000
Property, plant and equipment	10	44,416	30,856
Exploration and evaluation costs	11	10,997,701	7,493,861
TOTAL NON-CURRENT ASSETS		<u>11,152,117</u>	<u>7,644,717</u>
TOTAL ASSETS		<u>17,487,094</u>	<u>9,621,300</u>
CURRENT LIABILITIES			
Trade and other payables	12	416,375	610,759
Provisions	13	97,762	78,357
TOTAL CURRENT LIABILITIES		<u>514,137</u>	<u>689,116</u>
NON-CURRENT LIABILITIES			
Provisions	13	1,434	-
TOTAL NON-CURRENT LIABILITIES		<u>1,434</u>	<u>-</u>
TOTAL LIABILITIES		<u>515,571</u>	<u>689,116</u>
NET ASSETS		<u>16,971,523</u>	<u>8,932,184</u>
EQUITY			
Contributed equity	14	25,155,010	16,641,488
Share based payments reserve	14	521,068	131,005
Accumulated losses	14	(8,704,555)	(7,840,309)
TOTAL EQUITY		<u>16,971,523</u>	<u>8,932,184</u>

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Issued Capital \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2018	16,641,488	131,005	(7,840,309)	8,932,184
Net loss for the period		-	(866,104)	(866,104)
Total comprehensive loss for the year	-	-	(866,104)	(866,104)
Transactions with owners in their capacity as owners:				
Cost of share based payments	-	391,921	-	391,921
Share issues	9,013,200	-	-	9,013,200
Costs of issues	(499,678)	-	-	(499,678)
Transfer of equity instruments lapsed	-	(1,858)	1,858	-
At 30 June 2019	25,155,010	521,068	(8,704,555)	16,971,523
	Issued Capital \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2017	13,543,218	34,012	(6,629,253)	6,947,977
Net loss for the period	-	-	(1,251,344)	(1,251,344)
Total comprehensive loss for the year	-	-	(1,251,344)	(1,251,344)
Transactions with owners in their capacity as owners:				
Cost of share based payments	-	138,155	-	138,155
Share issues	3,246,478	-	-	3,246,478
Costs of issues	(149,082)	-	-	(149,082)
Transfer of equity instruments exercised	874	(874)	-	-
Transfer of equity instruments lapsed	-	(40,288)	40,288	-
At 30 June 2018	16,641,488	131,005	(7,840,309)	8,932,184

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

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(712,580)	(776,395)
Interest received	34,365	19,266
Net cash (used in) operating activities (Note 15)	(678,215)	(757,129)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments	(4,277,848)	-
Expenditure on plant and equipment	(31,145)	(24,469)
Expenditure on exploration tenements	(3,696,385)	(2,742,013)
TARGET Minerals Exploration Initiative – Milestone 2 and 3 grants	365,091	137,455
Net cash (used in) investing activities	(7,640,287)	(2,629,027)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	9,013,200	3,246,478
Transaction costs on issue of shares	(373,517)	(184,574)
Net cash from financing activities	8,639,683	3,061,904
Net (decrease) / increase in cash and cash equivalents	321,181	(324,252)
Cash and cash equivalents at beginning of period	1,426,684	1,750,936
Cash and cash equivalents at end of period (Note 7)	1,747,865	1,426,684

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: CORPORATE INFORMATION

The financial report of Navarre Minerals Limited (“Navarre Minerals”, or the “Company”) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 17 September 2019.

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

(i) Compliance with IFRS

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

(ii) Early adoption of new Accounting Standards

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

(iii) Historical cost convention

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

(b) New Accounting Standards and Interpretations

The Group has adopted the following Australian Accounting Standards as of 1 July 2018. Adoptions of these standards did not have a material effect on the financial position or performance of the Group.

Standard	Summary
AASB 9 <i>Financial Instruments</i>	AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 <i>Financial Instruments: Recognition and Measurement</i> .
AASB 15 <i>Revenue from Contracts with Customers</i>	AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 118 <i>Revenue</i> and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services.

(c) 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.

(d) 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 FY2019 – 2020.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Navarre Minerals Limited and its subsidiaries as at 30 June 2019 and the results of all the subsidiaries for the year then ended (“Group”).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

(e) Basis of consolidation (cont.)

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.

(f) 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 19.

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 2019, 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.

(g) 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

(h) Plant and equipment (cont.)

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

(i) Exploration and evaluation costs

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

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

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

Impairment of exploration and evaluation costs

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

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) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

(k) Leases

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

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

(l) Trade and other payables

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

(m) Provisions

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

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

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

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').

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

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

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

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

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

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

(o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Specific recognition criteria must also to be met:

Interest income

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

(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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

(q) Income tax (cont.)

- when the deductible temporary differences is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be applied.

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

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

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

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

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

(r) Goods and services tax

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

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

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

(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 \$866,104 and had net cash outflows from operating and investing activities of \$678,215 and \$7,640,287, respectively, and net cash inflows from financing activities of \$8,639,683, for the year ended 30 June 2019. The Group's cash reserves have increased from \$1,426,684 as at 30 June 2018 to \$1,747,865 as at 30 June 2019. 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 2019, the Group raised \$9,013,200 (before transaction costs) through capital raising initiatives which has led to the group having cash reserves and other financial assets (short-term deposits) as at 30 June 2019 of \$6,035,713.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

(t) Going concern (cont.)

- (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.

(u) Parent entity financial information

The financial information for the parent entity, Navarre Minerals Limited, disclosed in Note 21 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	
	2019	2018
	\$	\$
Net administration expenses		
Consultants fees and expenses	5,083	16,710
Directors remuneration (non-executive)	109,500	106,650
Salaries and on-costs	981,437	942,472
Share based payments	263,921	138,155
Investor relations	163,959	167,429
Motor vehicle expenses	12,736	5,871
Audit costs	26,600	26,030
Stock exchange registry and reporting costs	78,985	62,165
Travel costs	14,681	27,893
Depreciation and amortisation	17,585	18,121
Other administration expenses	84,431	97,609
Gross administration expenses	1,758,918	1,609,105
Capitalised as exploration and evaluation costs ¹	(841,606)	(738,917)
Net administration expenses	917,312	870,188

¹ The amount capitalised as exploration and evaluation costs, totalling \$841,606 (2018: \$738,917), forms part of the exploration and evaluation expenditure for the year as set out in Note 11.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 5: INCOME TAX

	Consolidated 2019	2018
	\$	\$
Statement of Comprehensive Income		
<i>Current income tax</i>		
Current income tax credit	178,981	331,017
Tax losses not recognised as probable	(178,981)	(331,017)
	-	-
<i>Deferred income tax</i>		
Temporary differences	1,022,574	658,254
Tax losses brought to account offsetting temporary differences	(1,022,574)	(658,254)
	-	-
Income tax expense reported in the consolidated statement of comprehensive income	-	-

	Consolidated 2019	2018
	\$	\$

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	(866,104)	(1,251,344)
At the statutory 30% tax rate (2018: 30%)	259,831	375,403
Share based payment expense	(79,176)	(41,447)
Non-deductible expenses	(1,674)	(2,939)
Tax losses not brought to account	(178,981)	(331,017)
Income tax expense reported in the consolidated statement of comprehensive income	-	-

Deferred Income Tax	Statement of Financial Position		Income Statement	
	2019	2018	2019	2018
	\$	\$	\$	\$

Deferred income tax at 30 June relates to the following:

CONSOLIDATED

Deferred tax liabilities

Interest receivable	(6,826)	(705)	(6,121)	(430)
Exploration and evaluation costs	(3,299,310)	(2,248,158)	(1,051,152)	(672,737)
Gross deferred income tax liabilities	(3,306,136)	(2,248,863)		

Deferred tax assets

Accruals	43,197	14,750	28,447	8,296
Provisions	29,759	23,507	6,252	6,617
Share issue costs	149,904	44,725	-	-
Temporary differences not recognised as not probable	(149,904)	(44,725)	-	-
Tax losses brought to account to offset net deferred tax liability	3,233,180	2,210,606	1,022,574	658,254
Gross deferred income tax assets	3,306,136	2,248,863		
Net Deferred Tax Asset	-	-		
Deferred tax expense			-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 5: INCOME TAX (cont.)

Tax consolidation

- (i) Members of the tax consolidated group

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

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

Measurement method adopted under UIG 1052 Tax Consolidated Accounting

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

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

Tax losses

At balance date, the Group has estimated unused gross tax losses of \$19,126,000 (2018: \$14,926,000) 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 June 2018, the Company received an allocation of up to \$1,576,603 exploration credits in the Federal Government's Junior Minerals Exploration Incentive ("JMEI") scheme for FY2018 – 2019. The JMEI scheme 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 eligible investors who were issued new shares in the Company's capital raising activities during FY2018 – 2019. Following lodgement of the Company's FY2018/2019 tax return, the Company will calculate and issue exploration credits to eligible shareholders. The actual total of issued exploration credits will be calculated based on the lesser of either the actual greenfields exploration expenditure for FY2018 – 2019 multiplied by the Company's corporate tax rate or the actual tax loss for FY2018 – 2019 multiplied by the Company's corporate tax rate, up to the maximum allocation of \$1,576,603. The maximum value of tax losses potentially forgone resulting from participation in FY2018 – 2019 JMEI is \$5,255,343 (i.e. \$1,576,603 grossed up by 30%).

In June 2019, the Company received an allocation of up to \$1,500,000 exploration credits in the Federal Government's Junior Minerals Exploration Incentive ("JMEI") scheme for FY2019 – 2020 which can be distributed to eligible investors who were issued new shares in the Company's capital raising activities during the period.

The JMEI scheme replaced the previous Exploration Development Incentive scheme ("EDI") scheme from 1 July 2017. The EDI operated for a three year period (FY15 – FY17) and the Company issued exploration credits to shareholders to the value of \$666,519. The value of tax losses forgone is \$2,341,207.

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 2019 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6: EARNINGS/(LOSS) PER SHARE

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

	Consolidated	
	2019	2018
	\$	\$
Net loss	(866,104)	(1,251,344)
	Shares	Shares
Weighted average number of ordinary shares used in calculation of basic loss per share	392,791,664	263,815,830

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated	
	2019	2018
	\$	\$
Cash at bank and in hand	1,747,865	1,426,684

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

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2019	2018
	\$	\$
TARGET Minerals Exploration Initiative – Milestone 3 grant	-	401,600
Goods and services tax refund	96,751	135,352
Interest receivable	22,753	2,348
Other	179,760	10,599
	299,264	549,899

At balance date, no receivables are past due or 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 16.

NOTE 9: OTHER FINANCIAL ASSETS

	Consolidated	
	2019	2018
	\$	\$
Current		
Term Deposit	4,287,848	-

	Consolidated	
	2019	2018
	\$	\$
Non-current		
Bank Guarantees – Exploration Permit bonds	110,000	120,000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2019	2018
	\$	\$
At cost	260,460	229,315
Accumulated depreciation	(216,044)	(198,459)
	44,416	30,856
<i>Movement in Plant and Equipment</i>		
Net carrying amount at beginning of year	30,856	45,039
Additions	31,145	3,938
Depreciation	(17,585)	(18,121)
	44,416	30,856

The useful life of the plant and equipment is estimated for 2019 at 3 to 5 years.

NOTE 11: EXPLORATION AND EVALUATION COSTS

	Consolidated	
	2019	2018
	\$	\$
Balance at beginning of year	7,493,861	5,251,405
Expenditure for the year	3,507,403	3,009,404
TARGET Minerals Exploration Initiative – Milestone 3 grant	-	(365,091)
Expenditure written-off during the year	(3,563)	(401,857)
	10,997,701	7,493,861

Capitalised exploration and evaluation costs at 30 June 2019 relate to Bendigo North \$4,078,495 (2018: \$3,150,041), Western Victoria Copper Project \$528,037 (2018: \$283,015), Stawell Corridor \$5,581,283 (2018: \$3,640,796) and St Arnaud Gold Project \$809,886 (2018: \$420,009).

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated	
	2019	2018
	\$	\$
Trade Creditors	416,375	610,759

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

NOTE 13: PROVISIONS

	Consolidated	
	2019	2018
	\$	\$
Current		
Annual leave entitlement	51,058	40,912
Long service leave entitlement	46,704	37,445
	97,762	78,357
Non-current		
Long service leave entitlement	1,434	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 14: CONTRIBUTED EQUITY AND RESERVES

	2019	Consolidated		2018
	Shares	2019	2018	2018
		\$	Shares	\$
ISSUED AND PAID UP CAPITAL				
Ordinary shares	435,010,251	25,155,010	294,746,251	16,641,488
Movements in Ordinary Shares				
Balance at beginning of year	294,746,251	16,641,488	222,046,495	13,543,218
<i>Share Issues:</i>				
Share placement at \$0.04	-	-	38,750,999	1,550,040
Exercise of options at \$0.05	-	-	33,848,757	1,692,438
Exercise of employee share options	-	-	100,000	4,000
Cost of equity instruments exercised	-	-	-	874
Share placement at \$0.05	33,980,000	1,699,000	-	-
Share purchase plan at \$0.05	26,284,000	1,314,200	-	-
Share placement at \$0.075	80,000,000	6,000,000	-	-
Transaction costs ¹	-	(499,678)	-	(149,082)
Balance at end of year	435,010,251	25,155,010	294,746,251	16,641,488

¹ The total transaction costs for FY2019 include \$128,000 being the value of 4,000,000 share options granted to Hartleys as part consideration for management of the Company's Share Placement in April/May 2019. For further details, including the valuation of these options, please refer to Note 19.

(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 2019, 16,800,000 options over unissued shares granted to senior employees and non-executive directors of the Company were outstanding. The options are granted pursuant to the Navarre Minerals Limited Option Plan, details of which are set out in Note 19.

Other Options

At 30 June 2019, 5,000,000 share options over unissued shares were outstanding consisting of 1,000,000 options granted to an ex-consultant of the Company and, 4,000,000 share options granted to Zenix Nominees Pty Ltd, a subsidiary of Hartleys, as part consideration for Hartleys' role as manager for the Share Placement completed in April/May 2019.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 14: 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 19).

	Consolidated	
	2019	2018
	\$	\$
Balance at beginning of year	131,005	34,012
Cost of share based payments	391,921	138,155
Cost of expired equity instruments transferred to accumulated losses	(1,858)	(40,288)
Cost of exercised equity instruments transferred to issued capital	-	(874)
	<hr/>	<hr/>
Balance at end of year	521,068	131,005

ACCUMULATED LOSSES

	Consolidated	
	2019	2018
	\$	\$
Balance at beginning of year	(7,840,309)	(6,629,253)
Net loss for the year	(866,104)	(1,251,344)
Cost of equity instruments expired	1,858	40,288
	<hr/>	<hr/>
Balance at end of year	(8,704,555)	(7,840,309)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15: STATEMENT OF CASH FLOWS RECONCILIATION

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

	Consolidated	
	2019	2018
	\$	\$
Net loss	(866,104)	(1,251,344)
<i>Adjustments for:</i>		
Exploration expenditure written-off	3,563	401,857
Depreciation and amortisation (net of allocation to exploration licences)	1,995	1,948
Share based payments (net of allocation to exploration licences)	152,197	85,586
<i>Changes in assets and liabilities</i>		
(Increase) in trade and other receivables	(7,148)	(23,360)
Increase in trade and other payables	28,546	27,933
Increase in provisions (net of allocation to exploration licences)	8,736	251
Net cash flows used in operating activities	<u>(678,215)</u>	<u>(757,129)</u>

NOTE 16: 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, other receivables and other financial assets. 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 16: 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 \$416,375 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 17: COMMITMENTS AND CONTINGENCIES

(a) Commitments

	2019	2018
	\$	\$
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>
	2019	2018
	\$	\$
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	463,500	466,850
Payable later than one year but not later than five years	1,275,200	1,230,900
Payable later than five years	735,000	-
	<u>2,473,700</u>	<u>1,697,750</u>

Exploration commitments at 30 June 2019 relate to Bendigo North (the Company's portion of 49%, see below for details) \$1,396,500 (2018: \$0), Western Victoria Copper Project (excluding Stavely, see below for details) \$231,000 (2018: \$336,800), Stawell Corridor \$465,900 (2018: \$869,850) and St Arnaud Gold Project \$380,300 (2018: \$491,100).

During FY2017 – 2018, exploration commitments for the Tandarra Gold Project (EL 4897) were met by Catalyst Metals Ltd (Catalyst) under a farm out agreement, pursuant to which Catalyst could earn a 51% interest in the Tandarra Gold Project. Upon successful completion of all earn-in obligations, a Joint Venture (JV) agreement was finalised and signed.

During FY2018 – 2019, the Company received notification from the Victorian Department of Economic Development, Jobs, Transport and Resources (DEDJTR) that Retention Licence RL 6660 had been granted for a ten-year term expiring on 2 November 2028 (replacing EL 4897) for the Tandarra Gold Project. The programme of work and milestones were also agreed with the DEDJTR and will require expenditure of \$3.1 million during the ten-year period. The Company is obligated to pay 49% of the required exploration programme expenditure of \$3.1 million over the period of the licence.

Responsibility for exploration commitments for Stavely (EL 5425) during the reporting period was assumed by Stavely Minerals Limited (Stavely) under an earn-in, pursuant to which Stavely may earn up to 80% interest in EL 5425. Navarre is not obligated to contribute to EL 5425 during the earn-in period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 17: COMMITMENTS AND CONTINGENCIES (cont.)

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

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

NOTE 18: 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	
		2019	2018
		%	%
Black Range Metals Pty Ltd	Australia	100	100

Compensation of key management personnel by category:

	Consolidated	
	2019	2018
	\$	\$
Short term employee benefits	714,214	753,287
Post-employment benefits	76,895	54,311
Share-based payments	241,418	102,727
Long service leave expense	9,260	9,319
	<u>1,041,787</u>	<u>919,644</u>

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

NOTE 19: SHARE BASED PAYMENT PLANS

Navarre Minerals Limited Option Plan

Share options may be granted to senior employees and directors under the Navarre Minerals Limited Option Plan. There were 8,200,000 options granted to senior employees and directors during the financial year (2018: 9,650,000 options).

Other options

During the year there were 4,000,000 share options granted to Zenix Nominees Pty Ltd, a subsidiary of Hartleys, as part consideration for Hartleys' role as manager for the Share Placement completed in April/May 2019 (2018: 1,000,000 share options granted to a consultant).

Movements in share options on issue during the year:

	2019	2018
	Options	Options
Outstanding at the beginning of the year	9,725,000	2,100,000
Granted during the year	12,200,000	10,650,000
Lapsed during the year	(125,000)	(2,925,000)
Exercised during the year	-	(100,000)
	<u>21,800,000</u>	<u>9,725,000</u>

Navarre Minerals Limited

ABN 66 125 140 105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19: SHARE BASED PAYMENT PLANS (cont.)

- 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 FY2019, 25,000 options lapsed (FY2018: 125,000 options lapsed; FY2015: 25,000 options lapsed).

- 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 FY2019, 100,000 options lapsed (FY2016: 100,000 options lapsed).

- 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).

During FY2018, 100,000 options were exercised.

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, considering 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 \$109 (2018: \$656).

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 2019

NOTE 19: 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).

During FY2018, 500,000 options lapsed.

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, considering 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).

During FY2018, 500,000 options lapsed.

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, considering 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 \$2,899 (2018: \$22,075).

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

- On 29 January 2018, 4,250,000 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 29 January 2023. 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 29 January 2018 for the first tranche, 29 January 2019 for the second tranche and 29 January 2020 for the third tranche).

During FY2018, 1,500,000 options lapsed.

The fair value of the options at date of grant is estimated to be 5.33 cents for the first tranche, 5.83 cents for the second tranche and 6.24 cents for the third tranche. The fair value was determined using a Binomial pricing model, considering 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	2.49%	Dividend yield	0%

The total amount expensed in the year relating to these share options was \$74,255 (2018: \$39,415).

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19: SHARE BASED PAYMENT PLANS (cont.)

- On 10 April 2018, 2,400,000 share options were granted to non-executive directors of the Company. The options are exercisable at a price of 15 cents per option on or before 10 April 2023. 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 10 April 2018).

The fair value of the options at date of grant is estimated to be 4.75 cents. The fair value was determined using a Binomial pricing model, considering 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	2.49%	Dividend yield	0%

The total amount expensed in the year relating to these share options was \$85,522 (2018: \$28,507).

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 10 April 2018, 3,000,000 share options were granted to the Managing Director of the Company. The options are exercisable at a price of 15 cents per option on or before 10 April 2023. 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 10 April 2018 for the first tranche, 10 April 2019 for the second tranche and 10 April 2020 for the third tranche).

The fair value of the options at date of grant is estimated to be 4.75 cents for the first tranche, 4.99 cents for the second tranche and 5.45 cents for the third tranche. The fair value was determined using a Binomial pricing model, considering 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	2.45%	Dividend yield	0%

The total amount expensed in the year relating to these share options was \$78,721 (2018: \$22,650).

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 6 June 2018, 1,000,000 share options were granted to a consultant of the Company. The options are exercisable at a price of 15 cents per option on or before 6 June 2021. These options vested on 6 June 2018.

The fair value of the options at date of grant is estimated to be 2.92 cents. The fair value was determined using a Binomial pricing model, considering the terms and conditions upon which the options were granted, and using the following inputs to the model:

Expected volatility	102%	Contractual life	3 years
Risk-free interest rate	2.49%	Dividend yield	0%

The total amount expensed in the year relating to these share options was \$0 (2018: \$29,208).

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19: SHARE BASED PAYMENT PLANS (cont.)

- On 21 February 2019, 2,100,000 share options were granted to senior employees of the Company. The options are exercisable at a price of 12 cents per option on or before 21 February 2024. 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 21 February 2019 for the first tranche, 21 February 2020 for the second tranche and 21 February 2021 for the third tranche).

The fair value of the options at date of grant is estimated to be 2.70 cents for the first tranche, 2.80 cents for the second tranche and 2.90 cents for the third tranche. The fair value was determined using a Binomial pricing model, considering the terms and conditions upon which the options were granted, and using the following inputs to the model:

Expected volatility	85%	Contractual life	5 years
Risk-free interest rate	1.69%	Dividend yield	0%

The total amount expensed in the year relating to these share options was \$11,822.

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 17 May 2019, 6,100,000 share options were granted to directors of the Company. The options are exercisable at a price of 12 cents per option on or before 17 May 2024. 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 17 May 2019 for the first tranche, 17 May 2020 for the second tranche and 17 May 2021 for the third tranche).

The fair value of the options at date of grant is estimated to be 3.30 cents for the first tranche, 3.40 cents for the second tranche and 3.60 cents for the third tranche. The fair value was determined using a Binomial pricing model, considering the terms and conditions upon which the options were granted, and using the following inputs to the model:

Expected volatility	85%	Contractual life	5 years
Risk-free interest rate	1.28%	Dividend yield	0%

The total amount expensed in the year relating to these share options was \$10,506.

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 17 May 2019, 4,000,000 share options were granted to a consultant of the Company. The options are exercisable at a price of 13.13 cents per option on or before 17 May 2022. These options vested on 17 May 2019.

The fair value of the options at date of grant is estimated to be 3.20 cents. The fair value was determined using a Binomial pricing model, considering the terms and conditions upon which the options were granted, and using the following inputs to the model:

Expected volatility	85%	Contractual life	3 years
Risk-free interest rate	1.28%	Dividend yield	0%

The total value of these share options was \$128,000. As these share options were granted as part consideration to Hartleys for management of the Company's Share Placement, the total amount of \$128,000 has been classified as a share issue cost rather than a share based payment expense.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 20: AUDITOR'S REMUNERATION

	Consolidated	
	2019	2018
	\$	\$
Amounts received or due and receivable by RSM Australia Partners for:		
Audit or review of the financial reports	26,600	26,030
Other audit services	-	7,750
	<u>26,600</u>	<u>33,780</u>

NOTE 21: PARENT ENTITY INFORMATION

	2019	2018
	\$	\$
<i>Information relating to Navarre Minerals Limited</i>		
Current assets	6,334,977	2,551,891
Total assets	17,487,094	9,935,333
Current liabilities	514,138	689,116
Total liabilities	515,572	689,116
Issued capital	25,155,010	16,641,488
Share based payment reserve	521,068	131,005
Accumulated losses	(8,704,556)	(7,526,276)
Total shareholders' equity	16,971,522	9,246,217
(Loss) of the parent entity	(865,841)	(1,250,767)
Total comprehensive (loss) of the parent entity	(865,841)	(1,250,767)
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 22: EVENTS SUBSEQUENT TO BALANCE DATE

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 2019 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 2019.
 - (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 2019.

On behalf of the Board



G McDermott

Managing Director

Melbourne, 17 September 2019

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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 subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 2019 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters (Continued.)

Key Audit Matter	How our audit addressed this matter
<i>Carrying Value of Capitalised Exploration Expenditure</i> Refer to Note 11 in the financial statements	
<p>The Group has capitalised exploration and evaluation expenditure, with a carrying value of \$10,997,701 as at 30 June 2019.</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 at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; • enquiring with management and reviewing budgets and plans to assess whether active and significant operations are continuing in the specific areas of interest; • reviewing whether management has received any data which might cause them 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 the Directors have not resolved to discontinue activities in the specific areas 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 2019 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: http://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 the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Navarre Minerals Limited for the year ended 30 June 2019, 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.



RSM AUSTRALIA PARTNERS



P A RANSOM

Partner

Dated: 17 September 2019
Melbourne, Victoria

Navarre Minerals Limited

ABN 66 125 140 105

ADDITIONAL SHAREHOLDER INFORMATION

The information set out below was compiled as at 16 September 2019.

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

435,010,251 fully paid ordinary shares are held by 2,084 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

21,800,000 unquoted options are held by 9 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	106	9,376	0.002
1,001 – 5,000	71	249,435	0.057
5,001 – 10,000	290	2,411,209	0.554
10,001 – 100,000	1,139	46,234,407	10.629
>100,001	478	386,105,824	88.758
Totals	2,084	435,010,251	100.000

99 holders holding a total of 3,600 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
VBS Exchange Pty Ltd	44,748,745	10.287%
Crocodile Gold Australia Pty Ltd	43,648,929	10.034%
HSBC Custody Nominees	24,203,862	5.564%
Holdings associated with Kevin Wilson	13,606,085	3.128%
Holdings associated with Geoff McDermott	12,978,568	2.984%
Dr Stephen Garth Nordstrom	10,700,000	2.460%
Holdings associated with John Dorward	9,639,875	2.216%
Campbell Kitchener Hume & Associates Pty Ltd <C K H Superfund A/C>	7,983,268	1.835%
Holdings associated with Colin Naylor	5,814,562	1.337%
Mr Stuart Baden Boyce & Mrs Mary Ellen Boyce <Boyce Super Fund A/C>	5,600,000	1.287%
Valleytech Instrumentation Pty Ltd	4,900,000	1.126%
J P Morgan Nominees Australia Pty Limited	4,270,794	0.982%
Mr Howard Manly Dimond & Mrs Linda Margaret Doris Dimond <Howlin Super A/C>	4,250,000	0.977%
Wythenshawe Pty Ltd <Minjar A/C>	4,000,000	0.919%
Tattersfield Securities Limited	3,850,000	0.885%
Mr Peter Piotr Mackow	3,820,000	0.878%
ESM Limited	3,700,000	0.851%
Mrs Marisa Mackow	3,675,000	0.845%
Yavern Creek Holdings Pty Ltd	3,040,000	0.699%
Mr Ralph Douglas Russell & Ms Ann Maree Hynes	2,459,915	0.565%
	216,889,603	49.859%

Navarre Minerals Limited

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ADDITIONAL SHAREHOLDER INFORMATION

4. Substantial Shareholders

The substantial holders were as follows:

Shareholder	No of shares	% Issued Capital
Crocodile Gold Australia Pty Ltd	34,829,145	10.287%
VBS Exchange Pty Ltd	34,821,551	10.034%
1832 Asset Management L.P	22,500,000	5.172%

TENEMENT INFORMATION (as at 16 September 2018)

Project	Tenement Details ^{1,2}	Group Interest
Bendigo North		
Tandarra ³	RL 6660 ³	49%
Western Victoria Copper Project		
Black Range	EL 4590	100%
Stavely ⁴	EL 5425	100%
Glenlyle	EL 5497	100%
Stawell Corridor		
Ararat	EL 5476	100%
Tatyoan	EL 5480	100%
Long Gully	EL 6525	100%
Westgate	EL 6526	100%
Hospital Hill	EL 6527	100%
Napoleon	EL 6528	100%
Snake Hill	ELA 6530	0%
Langi Logan	EL 6702	100%
Langi Logan West	EL 6745	100%
Margaret Gully	ELA 6843	0%
St Arnaud		
St Arnaud	EL 6556	100%
Lord Nelson	ELA 6819	0%

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

² All tenements are located in Victoria.

³ Catalyst Metals Ltd successfully completed all obligations 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).

⁴ Stavely Minerals Limited is entitled to earn an 80% interest under an earn-in and joint venture agreement with Navarre.