



# NAVIGATOR RESOURCES LIMITED

## ASX ANNOUNCEMENT & MEDIA RELEASE

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12 November 2009

### FUNDING & OPERATIONS UPDATE

- ◆ Fully underwritten renounceable rights issue at 11 cents to raise A\$21.6 million (before costs).
- ◆ Bronzewing pre-commissioning activities to commence in early January 2010.
- ◆ Navigator anticipates first gold production at Bronzewing by April 2010.
- ◆ The recent improvement in gold price has further strengthened Bronzewing economics. Operational cash flow projections for Bronzewing increase by A\$22 million for every A\$50/oz increase in gold price. Mine planning initiatives to further improve the Bronzewing economics are being pursued.
- ◆ Mining permits have now been received to commence trial mining at the Leonora Gold Project.
- ◆ An independent expert report concludes that the Cummins Range rare earth project compares favourably to peer projects carrying market enterprise values of A\$17-A\$22 million. At this early stage, Cummins Range is valued by the independent expert in the range of A\$10 million to A\$20 million.

### BACKGROUND

As advised in the announcement made by Navigator on 29 October 2009, the Company called a trading halt due to the non-receipt of A\$3.5 million of funds committed and contracted by Mr Robert Healy under the proposed Tranche 2 equity placement from a total of A\$8.5 million. Because the funds were not received in full from all designated subscribers, the conditions of Tranche 2 issue could not be completed and the balance of A\$5.0 million in funds was returned. As a consequence of the non-completion of the Tranche 2 placement, the previously announced rights issue could not proceed.

After discussions with its advisers in relation to an alternative mechanism to raise the funds, the Board considered that a renounceable rights issue on the terms set out below was the most appropriate structure to adopt in that it gives all shareholders the opportunity to participate and maintain their exposure to the Company and its upside.

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## **FULLY UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE**

The Company is therefore pleased to announce a fully underwritten rights issue to shareholders to raise approximately A\$21.6 million (before costs). The rights issue offers one new share plus half a free attaching option for every one share held at an issue price of 11 cents per share. The free attaching option will have an exercise price of 25 cents and expire on 30 November 2011. The Company will apply for the quotation of new shares and new options on the ASX.

The rights issue is fully underwritten by Patersons Securities Limited.

On completion of the rights issue, the Company will have the required funds to bring Bronzewing into production, conduct trial mining and processing at the Leonora Gold Project, pursue an active exploration program and ensure a working capital reserve.

This rights issue replaces that previously announced on 26 October 2009 and the Company will lodge its revised prospectus today.

To provide continuing working capital for ongoing pre-development work, the Company will draw down a further A\$2.0 million under its RMB debt facility.

## **BRONZEWING GOLD PROJECT**

Preparations for commencing operations at Bronzewing are proceeding and the Company aims to be in production by April 2010.

When the Company entered trading halt on 29 October 2009, the gold price was approximately US\$1,040/oz (A\$1,145/oz). During the past two weeks, the gold price has increased to US\$1,120/oz (A\$1,200/oz), thus adding more than A\$22.0 million of free operating cashflow to the base case mine plan.

NAV will commence mobilisation of personnel and equipment in the first week of January 2010 following the Christmas and New Year holiday period.

NAV has appointed Beilby Corporation to undertake recruiting of the majority of the site based operational workforce, with significant progress already made in identifying and shortlisting candidates. Shortlisting of preferred tenderers to provide air charter and catering contract services has also been undertaken.

Management has continued to progress a number of initiatives aimed at reducing operating costs with a flow on increase in the financial robustness of the mine plan. Details of these initiatives will be communicated to shareholders as they evolve, but include refinements to the open pit mine schedule, operation of the powerhouse and potential sharing of Bronzewing infrastructure with associated cost benefits to Navigator.



## **LEONORA GOLD PROJECT**

The Company has received the regulatory approvals required to enable open pit trial mining to occur at several different locations at the Company's wholly owned Leonora Gold Project area. Mobilisation of personnel and equipment is now scheduled to occur in early January 2010, with the trial expected to be concluded in April 2010.

The 75,000 tonnes of ore to be generated in the trial is scheduled to be treated at St Barbara Ltd's Leonora processing plant to produce approximately 5,000oz of gold.

## **CUMMINS RANGE RARE EARTH PROJECT**

Further to the Company's ASX announcement of 17 September 2009 regarding an "Independent Resource for Cummins Range Rare Earth Project", NAV has progressed this Project in line with its advice in the September 2009 Quarterly Report.

An independent valuation report has been completed by Mr John Macdonald of Green Leader Equities Research. Whilst the Board is still evaluating the Cummins Range valuation report, key points in Mr Macdonald's executive summary include:

- ◆ Drilling stopped in the deposit's best grades and widths to the north-west. Further drilling is also required to the north. Other prospects within the diatreme perimeter are effectively undrilled.
- ◆ Cummins Range was compared favourably with projects carrying enterprise values of A\$17 million and A\$22 million in early October 2009. Subject to certain qualifications, Cummins Range was valued in the report in the range A\$10 million to A\$20 million.

Navigator has requested the CSIRO to provide a proposal to undertake mineralogical studies on the Cummins Range deposit which will assist in ultimately determining likely mineral processing routes. This work is scheduled for completion during the March 2010 quarter.

## **RESIGNATION OF NON-EXECUTIVE DIRECTOR**

The Company has received and accepted the resignation of founding director Mr Tom Sanders, effective from 10 November 2009. Mr Sanders had previously indicated his intention not to stand for re-election at the Annual General Meeting of the Company scheduled for 30 November 2009.

The Board would like to thank Mr Sanders for his contribution towards developing Navigator to its current stage and wishes him well in future endeavours.

**DAVID HATCH**  
**Managing Director**



**For Further Information:**

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***Consent***

*John Macdonald of Green Leader Equities Research consents to being quoted by Navigator Resources Limited in this announcement.*

***Competent Persons Statement***

*Sections of information contained within this report that relate to Exploration Results, Mineral Resources and Ore Reserves at the Cummins Range Rare Earth Project are based on information reviewed by Bernie Kirkpatrick who is a full-time employee of Navigator Resources Limited and a Member of the Australasian Institute of Mining and Metallurgy. Bernie Kirkpatrick has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Bernie Kirkpatrick consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*