

**NAVIGATOR RESOURCES LTD**  
**ABN 82 063 366 487**

**INTERIM FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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## **NAVIGATOR RESOURCES LTD DIRECTORS' REPORT**

The Directors of Navigator Resources Limited submit herewith the financial report for the half-year ended 31 December 2013. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

### **Names of Directors**

The names of the Directors of Navigator Resources Limited who have held office during and since the end of the half year and up until the date of this report are:

Mr Greg Ruddock (appointed on 12 February 2016)  
Mr Glen Dobbie (appointed on 12 February 2016)  
Mr Joshua McKean (appointed on 12 February 2016)  
Mr Malcolm Keefe (appointed on 12 February 2016)

The above named Directors held office for the entire period unless otherwise noted.

### **Review of Operations**

The consolidated loss of the Group for the period after income tax expense was \$296,273 (2012: \$18,167,562).

The Group ceased operations since they entered into voluntary administration on 28 March 2013. Since then the Company operated under a Deed of Company Arrangement ('DOCA') which was effectuated on 12 February 2016. The DOCA proposed a recapitalisation of the Company subject to certain terms. There have not been any changes to the Group operations since 30 June 2013. Refer further information in the notes to the financial statements, in particular Note 6 'Subsequent Events'.

### **Subsequent Events**

The Group entered into voluntary administration on 28 March 2013. Since the end of the financial year, a number of events have occurred for the company and its subsidiaries:

Subsequent events related to Navigator Bronzewing:

- a. On 2 January 2014, the company executed a Share Sale Agreement ('SSA') with Metaliko Resources Ltd ('Metaliko') for the sale of all of the shares of Navigator Bronzewing Pty Ltd. Under the SSA, Metaliko acquired a 100% interest in the Bronzewing Gold Project by payment of the sum of \$4.82 million in cash. Navigator Bronzewing was also required to arrange the release to the Deed Administrator ('DA') of \$7.08 million of bank deposits previously lodged by the company on behalf of Navigator Bronzewing to cover DMP environmental bonds. This transaction was conditional upon Metaliko being able to arrange funding to complete the purchase within the time frame set out in the BSSA and the requisite shareholder and creditor approvals being obtained.
- b. On 31 January 2014, the Company's creditors and Navigator Bronzewing's creditors resolved that the company and Navigator Bronzewing execute the Varied DOCAs to facilitate the sale of all of the shares held by the company in Navigator Bronzewing to Metaliko pursuant to the SSA.
- c. On 21 February 2014, the varied DOCAs for the company and Navigator Bronzewing were executed by the Deed Administrator ('DA'). Metaliko requested an extension of time to complete the BSSA which was granted and it was anticipated that completion of the BSSA would occur on or before 8 April 2014.
- d. On 9 April 2014, Metaliko confirmed that it had been unable to raise sufficient funds and therefore terminated the SSA.

**NAVIGATOR RESOURCES LTD**  
**DIRECTORS' REPORT (continued)**

- e. On 14 May 2014, the Company executed a revised SSA with Metaliko for the sale of all of the shares of Navigator Bronzewing. Under the new terms, the consideration to be paid on completion on 30 June 2014 by Metaliko for the acquisition of Navigator Bronzewing consisted of:

- \$3m in cash to be paid to the Company;
- Metaliko allotting and issuing 33,333,333 shares (notional value of \$1m at the issue price of \$0.03 per share) to Waterton Global Value L.P., the Group's first ranking secured creditor;
- The ongoing cost of care and maintenance of the Bronzewing Gold Project leading up to completion of the revised SSA would be met by Metaliko; and
- Following completion, Navigator Bronzewing would be required to procure the release from the DA of approximately \$7.08m of bank deposits previously lodged by the company on behalf of Navigator Bronzewing to cover DMP environmental bonds.

This transaction was conditional upon the requisite shareholder and creditor approvals being obtained.

- f. On 27 June 2014, the revised SSA with Metaliko was completed. Since this date, the DOCA in relation to Navigator Bronzewing has been fully effectuated and control of Navigator Bronzewing has passed to Metaliko.

Subsequent events related to Navigator Mining:

- a. On 3 April 2014, the Company executed a binding Term Sheet with Kin Mining NL ("KIN") for the sale of all of the shares of the company's subsidiary, Navigator Mining Pty Ltd, owner of the Leonora Gold Project, to KIN. Under the Term Sheet, KIN would effectively acquire a 100% interest in Navigator Mining by payment of the sum of \$2.7 million in cash. This transaction was conditional upon KIN completing due diligence to its satisfaction, being able to arrange funding to complete the purchase within the time frame set out in the Term Sheet and the requisite shareholder and creditor approval being obtained. KIN was required to pay a non-refundable deposit subject to the satisfaction of certain conditions. Completion of this transaction was scheduled for 30 June 2014 or a date which is 7 days after satisfaction of the last condition precedent or such other date as the parties agreed.
- b. On 22 April 2014, creditors of both the company and Navigator Mining resolved to approve the proposed transaction as contemplated in the Term Sheet with KIN dated 3 April 2014 for the sale of all of the shares held by the company in Navigator Mining.
- c. On 27 May 2014, the company executed a Share Sale Agreement ('MSSA') with KIN to formalise the approved transaction for the sale of all of the shares held by the company in Navigator Mining (subject to DOCA).
- d. As a result of issues causing delays in settlement, the MSSA was varied on 3 November 2014 to include the amendment for the consideration to be paid by KIN as follows:
- KIN paying \$1m in cash to the company;
  - KIN issuing 1,000,000 fully paid ordinary shares in KIN to Waterton (this equated to \$150,000 on the basis of the share price of the rights issue undertaken by KIN);
  - The company providing \$1,350,000 as a vendor loan for a term of 24 months at an interest rate of 10% per annum with a first ranking secured position over Navigator Mining (to be assigned to Waterton on completion); and
  - KIN procuring the release of environmental performance bonds held by the DMP in the name of Navigator Mining in relation to the Leonora Gold Project totaling \$172,000 as soon as practicable following completion and paying those funds to Waterton.

The completion of this Varied MSSA occurred on the same day on 3 November 2014.

**NAVIGATOR RESOURCES LTD**  
**DIRECTORS' REPORT (continued)**

**Navigator Resources Limited – Deed of Company Arrangement and Subsequent recapitalisation proposal**

Pursuant to a meeting of Creditors held by the Administrator on 11 August 2015, the Creditors agreed to a proposal presented by a syndicate headed by Auxano LLP and Otsana Capital for the restructure and recapitalisation of the Company.

Following approval by the Creditors, a varied deed of company arrangement (**DOCA**) was entered into by the Company on 8 September 2015 where the Administrator was appointed Deed Administrator in order to effectuate the terms of the Proposal.

An extraordinary general meeting of shareholders was held on 21 January 2016 and in that meeting the following relevant resolutions were passed as summarised below:

- Appointment of a new Board of Directors (as outlined in the Directors Report), including the approval for share and option issues to the new Directors;
- Effectuation of the DOCA due to the syndicate lending the Company \$615,000 to make payments required under the terms of the DOCA, thereby allowing the Company to be removed from external administration;
- Authorisation for the issue of shares and options to Auxano and Otsana (or its nominees) to raise up to \$500,250;
- Authorisation for the issue of shares to general investors to raise up to \$1,500,000;
- Authorisation for the issue of up to 50 million management options to proposed Directors, key management and advisors of the Company;
- Approval for repeal and adoption of a revised constitution

Further details on the above resolutions are included in the explanatory memorandum included in the Notice of Meeting circulated to shareholders, and as announced on the Australian Stock Exchange.

**Rounding of Amounts**

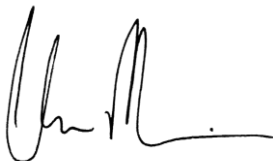
The Company has applied the relief available to it in ASIC Class Order 98/100, and accordingly certain amounts in the interim financial report and the Directors' report have been rounded off to the nearest \$1,000, unless otherwise indicated.

**Auditor's Independence Declaration**

The auditor's independence declaration is included on page 6 and forms part of the Directors' Report for the half-year ended 31 December 2013.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Glen Dobbie  
Managing Director

Sydney, 12 February 2016

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S.307C  
OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF  
NAVIGATOR RESOURCES LTD**

As lead auditor for the review of the financial report of Navigator Resources Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

**PKF Hacketts Audit**



**Shaun Lindemann  
Partner**

Brisbane, 12 February 2016

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF NAVIGATOR RESOURCES LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Navigator Resources Limited ("the Company") and its controlled entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Navigator Resources Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

*Basis for Qualified Conclusion*

The financial statements for the year ended 30 June 2013 include a 'Disclaimer of Opinion'. We were unable to obtain sufficient and appropriate audit evidence regarding the opening balances for the year ended 30 June 2013. If there is any material misstatement of the financial position for the year ended 30 June 2013, this misstatement may have a material impact on Navigator Resources Limited's financial performance for the half-year ended 31 December 2013.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF NAVIGATOR RESOURCES LIMITED (CONTINUED)**

We also draw attention to Note 1 'Going Concern' in the financial report which indicates that the Group recorded a net loss for the period ended 31 December 2013 of \$296,273 (2012: \$18,167,562). Further, after the Group entered into voluntary administration on 28 March 2013 a Deed of Company Arrangement ('DOCA') was subsequently executed. These conditions, along with other matters as set forth in Note 1 'Going Concern' to the financial report, indicate the existence of material uncertainties which cast significant doubt about the Group's ability to continue as a going concern.

*Qualified Conclusion*

Based on our review, which is not an audit, except for the effects of the matter described in the Basis for Qualified Conclusion above, we have not become aware of any matter that makes us believe that the half-year financial report of Navigator Resources Limited and its controlled entities is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



**PKF Hacketts Audit**  
Brisbane, 12 February 2016



**Shaun Lindemann**  
**Partner**



**NAVIGATOR RESOURCES LIMITED  
DIRECTORS' DECLARATION**

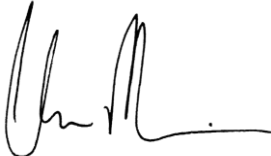
**Directors' Declaration**

In the opinion of the Directors of Navigator Resources Limited ("the Company"):

1. the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year then ended; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'Glen Dobbie', with a horizontal line extending to the right.

Glen Dobbie  
Managing Director

Sydney, 12 February 2016

**NAVIGATOR RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Note	31 Dec 2013 \$000	31 Dec 2012 \$000
<b>Revenue from continuing operations</b>			
Operating sales revenue		-	-
Other revenue	2a	303	510
		<b>303</b>	<b>510</b>
<b>Expenses</b>			
Exploration expenses		-	(1,473)
General and administration expenses	2b	(803)	(2,217)
Finance cost	2c	-	(1,054)
Depreciation expenses		-	(35)
<b>Loss before income tax</b>		<b>(500)</b>	<b>(4,269)</b>
Income tax expense		-	-
<b>Loss from continuing operations</b>		<b>(500)</b>	<b>(4,269)</b>
Profit / (loss) from discontinued operations	3	204	(13,899)
<b>Loss for the period attributable to the owners of Navigator Resources Ltd</b>		<b>(296)</b>	<b>(18,168)</b>
<b>Earnings per share (EPS) for profit / (loss) from continuing operations attributable to the ordinary equity holders of the company (\$ per share):</b>			
Basic earnings / (loss) per share		(0.03)	(0.90)
Diluted earnings / (loss) per share		(0.03)	(0.90)
<b>Earnings per share (EPS) for profit / (loss) attributable to the ordinary equity holders of the company (\$ per share):</b>			
Basic earnings / (loss) per share		(0.02)	(3.84)
Diluted earnings / (loss) per share		(0.02)	(3.84)

The accompanying notes form part of these consolidated financial statements and should be read in conjunction with the accompanying notes, particularly Note 1 'Going Concern' and Note 6 Subsequent Events.

**NAVIGATOR RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2013 (continued)**

	Note	31 Dec 2013 \$000	31 Dec 2012 \$000
<b>Loss for the period attributable to the owners of Navigator Resources Ltd</b>		<b>(296)</b>	<b>(18,168)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period attributable to the owners of Navigator Resources Ltd</b>		<b>(296)</b>	<b>(18,168)</b>
Total comprehensive loss for the period attributable to the owners of Navigator Resources Ltd:			
Continuing operations		(500)	(4,269)
Discontinued operations		204	(13,899)
		<b>(296)</b>	<b>(18,168)</b>

The accompanying notes form part of these consolidated financial statements and should be read in conjunction with the accompanying notes, particularly Note 1 'Going Concern' and Note 6 Subsequent Events.

**NAVIGATOR RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

	Note	31 Dec 2013 \$000	30 June 2013 \$000
<b>Current Assets</b>			
Cash and cash equivalents		6	-
Trade and other receivables		171	-
		<b>177</b>	<b>-</b>
Assets classified as held for sale	3	54,746	53,907
<b>Total current assets</b>		<b>54,923</b>	<b>53,907</b>
<b>Non-current assets</b>			
Other financial assets		62	312
<b>Total non-current assets</b>		<b>62</b>	<b>312</b>
<b>Total assets</b>		<b>54,985</b>	<b>54,219</b>
<b>Current liabilities</b>			
Trade and other payables		3,954	3,708
Borrowings		18,647	18,670
Provisions		-	-
		<b>22,601</b>	<b>22,378</b>
Liabilities directly associated with assets classified as held for sale	3	40,086	39,247
<b>Total current liabilities</b>		<b>62,687</b>	<b>61,625</b>
<b>Non-current liabilities</b>			
Provisions		9	9
<b>Total non-current liabilities</b>		<b>9</b>	<b>9</b>
<b>Total liabilities</b>		<b>62,696</b>	<b>61,634</b>
<b>Net assets (liabilities)</b>		<b>(7,711)</b>	<b>(7,415)</b>
<b>Equity</b>			
Issued capital		113,409	113,409
Accumulated losses		(121,120)	(120,824)
<b>Total equity</b>		<b>(7,711)</b>	<b>(7,415)</b>

The accompanying notes form part of these consolidated financial statements and should be read in conjunction with the accompanying notes, particularly Note 1 'Going Concern' and Note 6 Subsequent Events.

**NAVIGATOR RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Fully paid ordinary shares (Issued capital) \$'000	Options reserve \$'000	Accumulated losses \$'000	Total \$'000
<b>Balance at 1 July 2012</b>	97,832	6,928	(63,087)	41,673
Loss for the period	-	-	(18,168)	(18,168)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	(18,168)	(18,168)
Issue of shares	16,000	-	-	16,000
Share issue costs	(423)	-	-	(423)
Transfer of equity from equity settled employee benefits reserve (options lapsed)	-	(242)	242	-
<b>Balance at 31 December 2012</b>	<b>113,409</b>	<b>6,686</b>	<b>(81,013)</b>	<b>39,082</b>
<b>Balance at 1 July 2013</b>	<b>113,409</b>	<b>-</b>	<b>(120,824)</b>	<b>(7,415)</b>
Loss for the period	-	-	(296)	(296)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	(296)	(296)
Issue of shares	-	-	-	-
Share issue costs	-	-	-	-
<b>Balance at 31 December 2013</b>	<b>113,409</b>	<b>-</b>	<b>(121,120)</b>	<b>(7,711)</b>

The accompanying notes form part of these consolidated financial statements and should be read in conjunction with the accompanying notes, particularly Note 1 'Going Concern' and Note 6 Subsequent Events.

**NAVIGATOR RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Note	31 Dec 2013 \$000	31 Dec 2012 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers		751	66,650
Payments to suppliers and employees		(3,112)	(74,279)
Interest and other costs of finance		-	(1,251)
Interest received		101	173
<b>Net cash used in operating activities</b>		<b>(2,260)</b>	<b>(8,707)</b>
<b>Cash from investing activities</b>			
Payments for property, plant and equipment		-	(72)
Payments for exploration and evaluation expenditure		(128)	(1,587)
Refund / (Payments) for guarantees / bonds		250	(25)
<b>Net cash provided by / (used in) investing activities</b>		<b>122</b>	<b>(1,684)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity securities		-	16,000
Payments of share issue costs		-	(423)
Proceeds from borrowings		2,099	10,647
Repayment of borrowings		(1,416)	(16,665)
<b>Net cash provided by financing activities</b>		<b>683</b>	<b>9,559</b>
Net decrease in cash and cash equivalents		(1,455)	(831)
Effects of exchange rates on cash		-	(295)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1,568</b>	<b>3,349</b>
<b>Cash and cash equivalents at the end of the period</b>	7	<b>113</b>	<b>2,222</b>

The accompanying notes form part of these consolidated financial statements and should be read in conjunction with the accompanying notes, particularly Note 1 'Going Concern' and Note 6 Subsequent Events.

**NAVIGATOR RESOURCES LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**1. Statement of Significant Accounting Policies**

**Statement of Compliance**

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with AASB 134 ensures compliance with IAS 34: Interim Financial Reporting.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Navigator Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

**Basis of Preparation**

The half-year financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The company is of a kind referred to in ASIC Class Order 98/100, and accordingly, amounts in the directors' report and the interim financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2013.

**Going Concern**

The Group had a net loss for the period ending 31 December 2013 of \$296,273 (2012: \$18,167,562) and cash outflows from operating activities of \$2,260,000 (2012: \$8,707,000)

On 28 March 2013, the Company entered into a voluntary administration and Pitcher Partners, Perth were the appointed Administrators. On 31 May 2013, the Company and its Subsidiaries entered into a Deed of Company Arrangement ('DOCA'). During the period of administration, the company's first ranking secured creditor, Waterton Global Value LP, undertook to provide the necessary financial support to preserve the value of the group's assets, being the tenements and assets of Bronzewing and Mining (Leonora Gold Project).

Subsequent to period end, there were various DOCA variations with various potential outcomes for the creditors of the Group as set out in Note 6 'Subsequent Events'. As a result of this, there have been significant impacts on the business, as also disclosed in Note 6 'Subsequent Events'.

**NAVIGATOR RESOURCES LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

Notwithstanding that uncertainties exist related to events and conditions that impact on the Company's ability to continue as a going concern, it is the intention of the Board of Directors and management to continue to operate the Company as a going concern. Uncertainty related to the Company's ability to continue as a going concern mainly arises from the ability of the Company to complete successfully a recapitalization proposal made by Otsana Pty Ltd and Auxano LLP Pty Ltd after effectuation of the DOCA. Under the DOCA, the Company would sell its subsidiaries, Navigator Mining Pty Ltd and Navigator Bronzewing Pty Ltd, and the sales proceeds would be used to pay the creditor's trust of the Company and its subsidiaries.

As a result, the Company is dependent upon the successful recapitalization of the Company as outlined in the 'Subsequent Events', in order to remain a going concern:

Should the Company not be successful in achieving the above initiative, there exists a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

**Significant Accounting Judgements and Key Estimates**

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2013.

**Adoption of New and Revised Accounting Standards**

In the half-year ended 31 December 2013, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2013.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2013. The Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.



**NAVIGATOR RESOURCES LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**2. Revenue and expenses**

Loss before income tax from continuing operations includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Group:

	<b>Consolidated</b>	
	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>\$000</b>	<b>\$000</b>
<b>(a) Other revenue</b>		
Interest income	96	153
Others	207	357
	<b>303</b>	<b>510</b>
<b>(b) General and administration expenses</b>		
Salary and wages	258	1,086
Rent expenses	106	133
Remuneration of administrators	175	-
Legal and professional fees	66	397
Others	198	601
	<b>803</b>	<b>2,217</b>
<b>(c) Finance cost</b>		
Interest expense	-	1,016
Credit facility fees	-	38
	<b>-</b>	<b>1,054</b>

**3. Discontinued operations**

**a. Description**

On 28 March 2013, the company entered into voluntary administration. The associated subsidiaries were consequently presented as held for sale at balance date. The subsidiaries, Navigator Mining Pty Ltd (Mining) and Navigator Bronzewing Pty Ltd (Bronzewing) were subsequently sold on 3 November 2014 and 27 June 2014, respectively. Financial information relating to the discontinued operations for the period is set out below.

**NAVIGATOR RESOURCES LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**b. Assets Classified as Held for Sale and Liabilities directly Associated with Assets Classified as Held for Sale**

The carrying amount of assets and liabilities as at 31 December 2013 were:

	31-Dec-13		
	Mining	Bronzewing	Total
	\$'000	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalent	17	89	106
Trade and other receivable	(30)	675	645
Inventory	-	8,957	8,957
Plant & Equipment	150	8,497	8,647
Bank guarantee/environmental Bonds	161	7,078	7,239
Exploration tenements	2,933	6,082	9,015
Deferred mining expenditure	-	14,092	14,092
Production tenements	-	6,045	6,045
<b>Total Assets</b>	<b>3,232</b>	<b>51,514</b>	<b>54,746</b>
<b>Liabilities</b>			
Trade and other payables	237	12,704	12,941
Provision	55	14,213	14,268
Related party loan	-	12,878	12,878
<b>Total Liabilities</b>	<b>292</b>	<b>39,795</b>	<b>40,087</b>

**c. Financial Performance Information**

The financial performance of the discontinued operations for the period, which is included in profit/(loss) from discontinued operations per the statement of profit or loss and other comprehensive income, is as follows:

	31-Dec-13		
	Mining	Bronzewing	Total
	\$'000	\$'000	\$'000
Revenue	-	2,921	2,921
Expenses	(1,097)	(1,620)	(2,717)
Profit/(loss) before income tax	(1,097)	1,301	(204)
Income tax expense	-	-	-
Total profit/(loss) after tax attributable to the discontinued operation	(1,097)	1,301	(204)

	31-Dec-12		
	Mining	Bronzewing	Total
	\$'000	\$'000	\$'000
Revenue	1	58,954	58,955
Expenses	(358)	(72,495)	(72,853)
Loss before income tax	(357)	(13,541)	(13,898)
Income tax expense	-	-	-
Total loss after tax attributable to the discontinued operation	(357)	(13,541)	(13,898)

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**d. Cash Flow Information**

The net cash flows of the discontinued operations, which have been incorporated into the statement of cash flows, are as follows:

	31-Dec-13		
	Mining \$'000	Bronzewing \$'000	Total \$'000
Net cash outflow from operating activities	(958)	(878)	(1,836)
Net cash outflow from investing activities	(128)	-	(128)
Net cash inflow/(outflow) from financing activities	1,097	(618)	479
Net cash increase/(decrease) in cash generated by the discontinued operations	11	(1,496)	(1,485)

	31-Dec-12		
	Mining \$'000	Bronzewing \$'000	Total \$
Net cash outflow from operating activities	(396)	(4,887)	(5,283)
Net cash outflow from investing activities	(628)	(2,179)	(2,806)
Net cash inflow from financing activities	1,022	7,994	9,016
Net cash increase/(decrease) in cash generated by the discontinued operations	(2)	928	927

**4. Segment information**

Segment information for the year ended 30 June 2013 and 31 December 2013 has not been presented as the group entered into voluntary administration on 28 March 2013 and was subsequently subject to a DOCA with all operating assets and liabilities classified as 'available for sale'. Subsequent to balance date and pursuant to a DOCA, the company sold its subsidiaries which were previously described in the segment reporting below as exploration and production segments.

	Corporate \$'000	Exploration \$'000	Production \$'000	Total \$'000
<b>31 December 2012</b>				
Segment revenue	-	-	57,644	57,644
Segment net loss after taxation	(4,267)	(357)	(13,544)	(18,168)
Segment assets	1,421	20,480	60,477	82,378
Segment liabilities	14,939	149	28,208	43,296

**5. Contingent Liabilities**

There has been no change in contingent liabilities since the last annual reporting date.

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**6. Subsequent Events**

As reported in the financial statements, the group entered into voluntary administration on 28 March 2013. Since the end of the financial period, a number of events have occurred for the company and its subsidiaries:

**Subsequent events related to Navigator Bronzewing:**

- a. On 2 January 2014, the company executed a Share Sale Agreement ('BSSA') with Metaliko Resources Ltd ('Metaliko') for the sale of all of the shares of Navigator Bronzewing Pty Ltd. Under the BSSA, Metaliko acquired a 100% interest in the Bronzewing Gold Project by payment of the sum of \$4.82 million in cash. Navigator Bronzewing was also required to arrange the release to the Deed Administrator ('DA') of \$7.08 million of bank deposits previously lodged by the company on behalf of Navigator Bronzewing to cover DMP environmental bonds. This transaction was conditional upon Metaliko being able to arrange funding to complete the purchase within the time frame set out in the BSSA and the requisite shareholder and creditor approvals being obtained.
- b. On 31 January 2014, the company's creditors and Navigator Bronzewing's creditors resolved that the company and Navigator Bronzewing execute the Varied DOCAs to facilitate the sale of all of the shares held by the company in Navigator Bronzewing to Metaliko pursuant to the BSSA.
- c. On 21 February 2014, the Varied DOCAs for the company and Navigator Bronzewing were executed by the Deed Administrator ('DA'). Metaliko requested an extension of time to complete the BSSA which was granted and it was anticipated that completion of the BSSA would occur on or before 8 April 2014.
- d. On 9 April 2014, Metaliko confirmed that it had been unable to raise sufficient funds and therefore terminated the BSSA.
- e. On 14 May 2014, the company executed a revised BSSA with Metaliko for the sale of all of the shares of Navigator Bronzewing. Under the new terms, the consideration to be paid on completion on 30 June 2014 by Metaliko for the acquisition of Navigator Bronzewing consisted of:
  - \$3m in cash to be paid to the company;
  - Metaliko allotting and issuing 33,333,333 shares (notional value of \$1m at the issue price of \$0.03 per share) to Waterton Global Value L.P., the Group's first ranking secured creditor;
  - The ongoing cost of care and maintenance of the Bronzewing Gold Project leading up to completion of the revised BSSA would be met by Metaliko; and
  - Following completion, Navigator Bronzewing would be required to procure the release from the DA of approximately \$7.08m of bank deposits previously lodged by the company on behalf of Navigator Bronzewing to cover DMP environmental bonds.

This transaction was conditional upon the requisite shareholder and creditor approvals being obtained.

- f. On 27 June 2014, the revised BSSA with Metaliko was completed. Since this date, the DOCA in relation to Navigator Bronzewing has been fully effectuated and control of Navigator Bronzewing has passed to Metaliko.

**Subsequent events related to Navigator Mining:**

- a. On 3 April 2014, the company executed a binding Term Sheet with Kin Mining NL ('KIN') for the sale of all of the shares of the company's subsidiary, Navigator Mining Pty Ltd, owner of the Leonora Gold Project, to KIN. Under the Term Sheet, KIN would effectively acquire a 100% interest in Navigator Mining by payment of the sum of \$2.7 million in cash. This transaction was conditional upon KIN completing due diligence to its satisfaction, being able to arrange funding to complete the purchase within the time frame set out in the Term Sheet and the requisite shareholder and creditor approval being obtained. KIN was required to pay a non-refundable deposit subject to the satisfaction of certain conditions. Completion of this transaction was scheduled for 30 June 2014 or a date which is 7 days after satisfaction of the last condition precedent or such other date as the parties agreed.

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- b. On 22 April 2014, creditors of both the company and Navigator Mining resolved to approve the proposed transaction as contemplated in the Term Sheet with KIN dated 3 April 2014 for the sale of all of the shares held by the company in Navigator Mining.
- c. On 27 May 2014, the company executed a Share Sale Agreement ('MSSA') with KIN to formalise the approved transaction for the sale of all of the shares held by the company in Navigator Mining (subject to DOCA).
- d. As a result of issues causing delays in settlement, the MSSA was varied on 3 November 2014 to include the amendment for the consideration to be paid by KIN as follows:
- KIN paying \$1m in cash to the company;
  - KIN issuing 1,000,000 fully paid ordinary shares in KIN to Waterton (this equated to \$150,000 on the basis of the share price of the rights issue undertaken by KIN);
  - The company providing \$1,350,000 as a vendor loan for a term of 24 months at an interest rate of 10% per annum with a first ranking secured position over Navigator Mining (to be assigned to Waterton on completion); and
  - KIN procuring the release of environmental performance bonds held by the DMP in the name of Navigator Mining in relation to the Leonora Gold Project totaling \$172,000 as soon as practicable following completion and paying those funds to Waterton.

The completion of this Varied MSSA occurred on the same day on 3 November 2014.

**Navigator Resources Limited – Deed of Company Arrangement and Subsequent recapitalisation proposal**

Pursuant to a meeting of Creditors held by the Administrator on 11 August 2015, the Creditors agreed to a proposal presented by a syndicate headed by Auxano LLP and Otsana Capital for the restructure and recapitalisation of the Company.

Following approval by the Creditors, a varied deed of company arrangement (**DOCA**) was entered into by the Company on 8 September 2015 where the Administrator was appointed Deed Administrator in order to effectuate the terms of the Proposal.

An extraordinary general meeting of shareholders was held on 21 January 2016 and in that meeting the following relevant resolutions were passed as summarised below:

- Appointment of a new Board of Directors (as outlined in the Directors Report), including the approval for share and option issues to the new Directors;
- Effectuation of the DOCA due to the syndicate lending the Company \$615,000 to make payments required under the terms of the DOCA, thereby allowing the Company to be removed from external administration;
- Authorisation for the issue of shares and options to Auxano and Otsana (or its nominees) to raise up to \$500,250;
- Authorisation for the issue of shares to general investors to raise up to \$1,500,000;
- Authorisation for the issue of 50,000,000 management options to proposed Directors, key management and advisors of the Company;
- Approval for repeal and adoption of a revised constitution

Further details on the above resolutions are included in the explanatory memorandum included in the Notice of Meeting circulated to shareholders, and as announced on the Australian Stock Exchange.

Other than the above, there has not been any matter or circumstances occurring subsequent to the financial period end that has significantly altered, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

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**Note 7: Notes to the Statement of Cash Flows**

**Reconciliation of Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts and cash and cash equivalents that form part of 'Assets Classified as Held for Sale'. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	<b>Consolidated</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash at bank	6	1,176
Cash and cash at bank included in 'Assets Classified as Held for Sale'	107	1,046
	<b>113</b>	<b>2,222</b>