

NAVIGATOR RESOURCES LTD
ABN 82 063 366 487

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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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 2015. 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)
Mr Andrew Jonathon Tudor (ceased on 12 February 2016)
Mr Guy Redvers Walker (ceased on 12 February 2016)

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

Review of Operations

The consolidated profit of the Company for the period after income tax expense was \$18,887,082 (2014 loss: \$2,415,185).

The Company ceased operations when it, and its previously owned subsidiaries, entered into voluntary administration on 28 March 2013. There have not been any changes to the Company operations since 30 June 2013 and the Company has been operating in accordance with a Deed of Company Arrangement ('DOCA') since then. Refer further information in the Subsequent Events note below.

Subsequent Events

As reported in the financial statements, the Company and its previously owned subsidiaries entered into voluntary administration on 28 March 2013 and since then has been operating in accordance with a DOCA. Since the end of the financial period, a number of events have occurred for the company.

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 above), including the approval for share and option issues to the new Directors;
- Effectuation of the DOCA due to a recapitalisation 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 the recapitalisation partners 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.

NAVIGATOR RESOURCES LTD
DIRECTORS' REPORT (continued)

The Company effectuated the Deed of Company Agreement ('DOCA') on 12 February 2016. The Company lodged a Prospectus with the ASX on 16 February 2016 to raise \$2,000,250.

On 15 March 2016, the Company announced its successful capital raising that raised the maximum subscription amount of \$2,000,250.

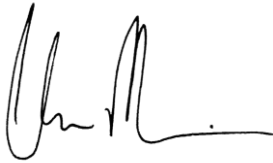
Other than the above, there has not been any matter or circumstances occurring subsequent to the financial period end that has significantly altered, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial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

Auditor's Independence Declaration

The auditor's independence declaration is included on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2015.

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

On behalf of the Directors

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

Glen Dobbie
Managing Director

Sydney, 15 March 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 2015, 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

PKF Hacketts Audit



**Shaun Lindemann
Partner**

Brisbane, 15 March 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"), which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Company's financial position as at 31 December 2015 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*.

Conclusion

Based on our review, which is not an audit, 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 Company's financial position as at 31 December 2015 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, 15 March 2016



Shaun Lindemann
Partner

**DIRECTOR'S DECLARATION
TO THE MEMBERS OF NAVIGATOR RESOURCES LIMITED**

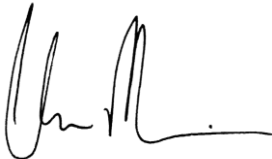
Directors' Declaration

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 Company's financial position as at 31 December 2015 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 read 'Glen Dobbie', with a horizontal line extending to the right.

Glen Dobbie
Managing Director

Sydney, 15 March 2016

NAVIGATOR RESOURCES LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 2015 \$	Consolidated 31 Dec 2014 \$
Revenue from continuing operations			
Operating sales revenue		-	-
Other revenue	2a	18,977,979	36,606
		18,977,979	36,606
Expenses			
Exploration expenses		-	(341,978)
General and administration expenses	2b	(90,897)	(721,955)
Impairment expense		-	(19,246)
Profit/(Loss) before income tax		18,887,082	(1,046,573)
Income tax expense		-	-
Profit/(Loss) from continuing operations		18,887,082	(1,046,573)
Loss from discontinued operations	3	-	(1,368,612)
Profit/(Loss) for the period attributable to the owners of Navigator Resources Limited		18,887,082	(2,415,185)
Earnings/(Loss) per share (EPS) from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
Basic earnings / (loss) per share		103.64	(5.74)
Diluted earnings / (loss) per share		103.64	(5.74)
Earnings/(Loss) per share (EPS) attributable to the ordinary equity holders of the company (cents per share):			
Basic earnings / (loss) per share		103.64	(13.25)
Diluted earnings / (loss) per share		103.64	(13.25)

The accompanying notes form part of these 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
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (continued)

	31 Dec 2015 \$	Consolidated 31 Dec 2014 \$
Profit/(Loss) for the period attributable to the owners of Navigator Resources Ltd	18,887,082	(2,415,185)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period attributable to the owners of Navigator Resources Ltd	18,887,082	(2,415,185)
Total comprehensive income/(loss) for the period attributable to the owners of Navigator Resources Ltd:		
Continuing operations	18,887,082	(1,046,573)
Discontinued operations	-	(1,368,612)
	18,887,082	(2,415,185)

The accompanying notes form part of these 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
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	31 Dec 2015	30 June 2015
	\$	\$
Current Assets		
Cash and cash equivalents	13,335	191,485
Trade and other receivables	-	16,924
Total current assets	13,335	208,409
Non-current assets		
Other financial assets	-	62,429
Total non-current assets	-	62,429
Total assets	13,335	270,838
Current liabilities		
Trade and other payables	628,335	1,116,878
Borrowings	-	18,646,880
Total current liabilities	628,335	19,763,758
Non-current liabilities		
Provisions	-	9,162
Total non-current liabilities	-	9,162
Total liabilities	628,335	19,772,920
Net assets / (liabilities)	(615,000)	(19,502,082)
Equity		
Issued capital	113,409,487	113,409,487
Accumulated losses	(114,024,487)	(132,911,569)
Total equity	(615,000)	(19,502,082)

The accompanying notes form part of these 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
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Fully paid ordinary shares (Issued capital) \$	Accumulated losses \$	Total \$
Balance at 1 July 2014	113,409,487	(130,386,064)	(16,976,577)
Loss for the period	-	(2,415,184)	(2,415,184)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(2,415,184)	(2,415,184)
Issue of shares	-	-	-
Share issue costs	-	-	-
Balance at 31 December 2014	113,409,487	(132,801,247)	(19,391,760)
Balance at 1 July 2015	113,409,487	(132,911,569)	(19,502,082)
Profit for the period	-	18,887,082	18,887,082
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	18,887,082	18,887,082
Issue of shares	-	-	-
Share issue costs	-	-	-
Balance at 31 December 2015	113,409,487	(114,024,487)	(615,000)

The accompanying notes form part of these 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
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 Dec 2015	Consolidated 31 Dec 2014
	\$	\$
Cash flows from operating activities		
Receipts from customers	-	381,622
Payments to suppliers and employees	(182,652)	(4,500,000)
Interest received	460	36,606
Net cash used in operating activities	(182,192)	(4,081,772)
Cash from investing activities		
Proceeds from sale of Navigator Mining Pty Ltd	-	1,882,311
Refund of guarantees / bonds	4,042	-
Net cash provided by investing activities	4,042	1,882,311
Cash flows from financing activities		
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Net cash provided by financing activities	-	-
Net decrease in cash and cash equivalents	(178,150)	(2,199,461)
Cash and cash equivalents at the beginning of the period	191,485	2,294,701
Cash and cash equivalents at the end of the period	13,335	95,240

The accompanying notes form part of these 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 FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

1. Statement of Significant Accounting Policies

Statement of Compliance

The half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: 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 Company 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 2015 and any public announcements made by Navigator Resources Limited 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 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 2015. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative Balances

The current period financial statements and the comparative balances for statement of financial positions consist of the single entity financial statements of Navigator Resources Ltd. The prior period comparative balances for the statement of financial performances, changes in equity and cashflows consists of Group financial statements which include Navigator Resources Ltd (parent entity) and Navigator Mining Pty Ltd which was sold on 3 November 2014.

Adoption of New and Revised Accounting Standards

In the half-year ended 31 December 2015, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for annual reporting periods beginning on or after 1 July 2015.

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 Company and, therefore, no change is necessary to Company 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 2015. The Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Company accounting policies.

Going Concern

The Company recorded a net profit for the period ending 31 December 2015 of \$18,887,082 (2014 loss: \$2,415,185) resulting from a derecognition of liabilities resulting from the subsequent effectuation of the DOCA in place.

As at 31 December 2015, the Company recorded a net current asset deficiency of \$615,000 and was subject to a DOCA. Therefore the ongoing appropriateness of the going concern assumption needs to be considered.

NAVIGATOR RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

As outlined in Note 6, subsequent to balance date the Company has received funding of \$615,000 from Auxano LLP Pty Ltd, its recapitalisation partner, effectuated the DOCA and raised capital of \$2,000,250. On the basis of these events, the Directors believe that the going concern basis of preparation remains appropriate.

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 Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2015.

2. Revenue and expenses

Profit/(Loss) before income tax from continuing operations includes the following revenues, income and expenses whose disclosure is relevant in explaining the performance of the Company:

	31 Dec 2015 \$	Consolidated 31 Dec 2014 \$
(a) Other revenue		
Interest income	460	36,606
Gain on derecognition of liabilities	18,977,519	-
	18,977,979	36,606
(b) General and administration expenses		
Salary and wages	-	49,627
Deed administrators remuneration	45,464	217,117
Legal and professional fees	17,399	352,880
ASX fees	25,000	-
Others	3,034	102,331
	90,897	721,955

NAVIGATOR RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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 that date. Navigator Bronzewing was sold on 27 June 2014, whilst Navigator Mining Pty Ltd (Mining) was sold on 3 November 2014. Financial information relating to the discontinued operations for the prior period is set out below.

b. Financial Performance Information

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

	Mining \$
Revenue	68,559
Expenses	(155,442)
Loss before income tax	(86,883)
Income tax benefit	-
Loss after income tax	(86,883)
Loss on sale of Navigator Mining	(1,281,729)
Total loss after tax attributable to the discontinued operation	(1,368,612)

c. Detail on sale of Navigator Mining Pty Ltd

	\$
Sales consideration:	
Cash	2,082,311
Net assets disposed	
Cash	16,024
Trade and other receivables	157,869
Property, plant & equipment	150,282
Exploration tenements	2,933,839
Environmental bonds	161,026
Provision for rehabilitation	(55,000)
Net assets disposed	3,364,040
Loss on sale of Navigator Mining	(1,281,729)

d. Cash Flow Information

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

	\$
Net cash outflow from operating activities	(471,971)
Net cash inflow/(outflow) from investing activities	-
Net cash inflow from financing activities	487,085
Net increase in cash generated by the discontinued operations	15,114

NAVIGATOR RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

4. Segment information

Segment information for the year ended 30 June 2015 and 31 December 2015 have not been presented as operations predominantly ceased when the Company entered into voluntary administration on 28 March 2013.

5. Contingent Liabilities

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

6. Subsequent Events

As reported in the financial statements, the Company and its previously owned subsidiaries entered into voluntary administration on 28 March 2013 and since then has been operating in accordance with a DOCA. Since the end of the financial period, a number of events have occurred for the company.

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 above), including the approval for share and option issues to the new Directors;
- Effectuation of the DOCA due to a recapitalisation 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 the recapitalisation partners 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.

The Company effectuated the Deed of Company Agreement ('DOCA') on 12 February 2016. The Company lodged a Prospectus with the ASX on 16 February 2016 to raise \$2,000,250.

On 15 March 2016, the Company announced its successful capital raising that raised the maximum subscription amount of \$2,000,250.

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 Company, the results of those operations, or the state of affairs of the Company in future financial periods.