



NAVARRE MINERALS LIMITED

ABN 66 125 140 105

Notice of Annual General Meeting

The Annual General Meeting (**Meeting**) of Shareholders of Navarre Minerals Limited (**Navarre or the Company**) will be held on **Friday 30 November 2012 at 11.00am** (Melbourne time) at the RACV City Club, 501 Bourke Street, Melbourne, Victoria, Australia.

The Explanatory Statement that accompanies and forms part of this Notice describes the matters to be considered at the Meeting. Terms used in this Notice and the accompanying Explanatory Statement are defined in the glossary set out at the end of the Explanatory Statement.

AGENDA

Ordinary Business

Annual Accounts and Reports

To receive and consider the Directors' Report, Financial Report and Auditor's Report of Navarre for the financial year ended 30 June 2012.

Resolution 1 — Re-appointment of Mr Colin Naylor as Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That Mr Colin Naylor, who retires by rotation in accordance with the Constitution and, being eligible, offers himself for election, be re-appointed as a Director.

Resolution 2 — Remuneration Report (non-binding resolution)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That the Remuneration Report set out in the Directors' Report of the Company for the financial year ended 30 June 2012 be adopted.

Special Business

Resolution 3a — Approval of issue of 2011 Options to Mr Geoff McDermott

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholder approval is given for the issue of 500,000 Options to Mr Geoff McDermott, the Managing Director of the Company, at an exercise price of 25 cents per Option, under the Company's Option Plan on the terms described in the Explanatory Statement.

Resolution 3b — Approval of issue of 2012 Options to Mr Geoff McDermott

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholder approval is given for the issue of up to 500,000 Options to Mr Geoff McDermott, the Managing Director of the Company, under the Company's Option Plan, at the exercise prices described in the Explanatory Statement and otherwise on the terms described in the Explanatory Statement.

Resolution 4a — Approval of issue of Options to Mr Kevin Wilson

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholder approval is given for the issue to Mr Kevin Wilson, Non-Executive Director of the Company, of 300,000 Options under the Company's Option Plan, at the exercise prices described in the Explanatory Statement and otherwise on the terms described in the Explanatory Statement.

Resolution 4b — Approval of issue of Options to Mr John Dorward

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholder approval is given for the issue to Mr John Dorward, Non-Executive Director of the Company, of 250,000 Options under the Company's Option Plan, at the exercise prices described in the Explanatory Statement and otherwise on the terms described in the Explanatory Statement.

Resolution 4c — Approval of issue of Options to Mr Colin Naylor

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholder approval is given for the issue to Mr Colin Naylor, Non-Executive Director of the Company, of 250,000 Options under the Company's Option Plan, at the exercise prices described in the Explanatory Statement and otherwise on the terms described in the Explanatory Statement.

Resolution 5 — Approval of additional capacity to issue ordinary shares

To consider and, if thought fit, pass the following resolution as a special resolution:

That for the purposes of Listing Rule 7.1A and for all other purposes, Shareholder approval is given for the issue of ordinary shares by the Company pursuant to Listing Rule 7.1A, such that, subject to the conditions described in the Explanatory Statement, the Company will have the benefit of the additional capacity to issue ordinary shares as contemplated by Listing Rule 7.1A.

By order of the Board

Jane Nosworthy
Company Secretary

9 October 2012

Voting Entitlements

The Company has determined that for the purpose of voting at the Meeting, Shareholders eligible to vote at the Meeting are those persons who are the registered holders of Shares at 7.00pm (Melbourne time) on Wednesday 28 November 2012.

How to vote

Your vote is important. You may cast your vote in the following ways:

- by attending and voting at the Meeting on Friday 30 November 2012; or
- by lodging your vote online at the website of the Company's share registry; or
- by completing and returning the enclosed proxy form so that it is received by the Company's share registry by 11.00am (Melbourne time) on Wednesday 28 November 2012; or
- in the case of a corporate shareholder, by appointing a corporate representative to attend the Meeting in person (using a certificate of appointment obtained from the Company's share registry).

Voting in person

To vote in person, attend the Meeting on the date and at the place specified in the Notice. Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the Meeting so that the Company may check their shareholdings against the Company's share register and note attendances.

Voting online

To vote online, please visit www.boardroomlimited.com.au/vote/navarreagm2012.

Voting by proxy

To vote by proxy, the attached proxy form and the power of attorney or other authority (if any) under which it is signed must be provided to the Company's share registry, Boardroom Pty Limited, in any of the following ways:

- **By post** to GPO Box 3993, Sydney NSW 2001, Australia
- **By hand delivery** to Level 7, 207 Kent Street, Sydney NSW 2000, Australia
- **By fax** on +61 2 9290 9655

Proxy forms must be received by the share registry no later than 11.00am (Melbourne time) on Wednesday 28 November 2012 (or, if the Meeting is adjourned, by no later than 48 hours before the commencement of the resumed meeting).

Proxies must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be signed by an attorney or executed by the corporation in accordance with the Corporations Act.

Voting through a corporate representative

A body corporate that is a Shareholder of the Company may appoint an individual to act as its representative at the Meeting in accordance with section 250D of the Corporations Act. The Company will require a certificate of appointment of the corporate representative, executed in accordance with the Corporations Act.

The certificate of appointment must be lodged with the Company's share registry (see details above) before the Meeting or at the registration desk on the day of the Meeting. Please contact Boardroom Pty Limited on +61 1300 737 760 to obtain a certificate of appointment.

Information about proxy voting

Please read this information carefully if you intend to appoint a proxy to attend the Meeting and vote on your behalf.

Appointment of proxies

A Shareholder entitled to attend and vote at the Meeting may appoint one or, if the Shareholder is entitled to cast two or more votes at the Meeting, two proxies to attend and vote on their behalf. Each proxy will have the right to vote on a poll and also to speak at the Meeting. A proxy need not be a member of the Company and can be either an individual or a body corporate.

Voting by proxies

The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where two proxies are appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (ie. each proxy may exercise half the votes).

If a proxy is not directed how to vote on a resolution, the proxy may vote or abstain from voting on that resolution as they see fit.

Non-attendance by nominated proxy

If a proxy form is returned and no person or body corporate is named as the proxy or the nominated proxy does not attend the meeting, or does not vote on the resolution, the chair of the Meeting will act as proxy and vote in accordance with any instructions.

How the chair of the meeting will vote undirected proxies

The chair of the Meeting will vote undirected proxies in favour of each Resolution on which the chair is entitled to vote as proxy.

Proxy appointments in favour of any other Director or the Company Secretary that do not contain a direction on how to vote will be used where possible to support the resolutions proposed in the Notice.

Important information concerning proxy votes for Resolutions 2 to 4c (inclusive)

The Corporations Act places certain restrictions on the ability of Key Management Personnel and their Closely Related Parties to vote on the advisory resolution to adopt the Company's Remuneration Report and resolutions connected directly or indirectly with the remuneration of the Company's Key Management Personnel.

For these reasons, Shareholders who intend to vote by proxy should carefully consider the identity of their proxy and are encouraged to direct their proxy as to how to vote on all Resolutions. If you do not do so, you risk your vote not being cast.

In particular, Shareholders who intend to appoint the chair of the Meeting as their proxy (including an appointment by default) are encouraged to direct the chair as to how to vote on all Resolutions by marking either the 'for', 'against' or 'abstain' box in the proxy form.

If you appoint the chair of the Meeting as your proxy but do not direct the chair how to vote in respect of any of Resolutions 2 to 4c (inclusive), **then you must mark the box indicated on the proxy form** if you wish the chair to exercise your proxy vote in respect of those resolutions. Marking that box will constitute an express authorisation by you directing the chair of the Meeting to vote your proxy in favour of all of Resolutions 2 to 4c (inclusive) (unless you have exercised your right to direct the chair otherwise in respect of a particular resolution by marking the 'against' or 'abstain' column in respect of any of the relevant resolutions). The express authorisation acknowledges that the chair of the Meeting may vote your proxy even if he or she has an interest in the outcome of Resolutions 2 to 4c (inclusive). **If you do not mark this box and you have not directed the chair how to vote, the chair will not cast your votes** on Resolutions 2 to 4c (inclusive) and your votes will not be counted in calculating the required majority if a poll is called.

Voting Exclusions and Prohibitions

Resolution 2 – In accordance with the Corporations Act, a vote on Resolution 2 must not be cast (in any capacity) by or on behalf of:

- a member of Key Management Personnel whose details are included in the Remuneration Report; or
- a Closely Related Party of such a member.

However, a person described above may vote on Resolution 2 as proxy if the vote is not cast on behalf of a person described above and either:

- the person does so as a proxy appointed by writing that specifies the way the proxy is to vote on Resolution 2; or
- the person is the chair of the Meeting and the appointment:
 - does not specify the way the proxy is to vote on Resolution 2; and
 - expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

Resolutions 3a to 4c (inclusive) – The Company will disregard any votes cast on these resolutions (in any capacity) by or on behalf of any Director (including Mr McDermott, Mr Wilson, Mr Naylor and Mr Dorward) and any of their associates. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 3a to 4c (inclusive) if the proxy is either:

- a member of Key Management Personnel; or
- a Closely Related Party of such a member,

and the appointment does not specify the way the proxy is to vote on that particular resolution.

However, this prohibition does not apply if the proxy is the chair of the Meeting and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

Resolution 5 - In accordance with Listing Rule 14.11.1, the Company is required to disregard any votes cast on Resolution 5 by a person or an associate of a person who may participate in the proposed issue of ordinary shares or who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

At this stage, the proposed allottees of the ordinary shares are not known and identified. In accordance with the note to Listing Rule 14.11.1, a person's vote will only be excluded from voting on Resolution 5 if there is more than a mere possibility that the person will participate in the proposed issue.

NAVARRE MINERALS LIMITED

ABN 66 125 140 105

Explanatory Statement

The purpose of this Explanatory Statement is to explain the resolutions in the accompanying Notice of Annual General Meeting and to provide Shareholders with all information known to the Company that is material to a decision on how to vote on those resolutions.

The Directors recommend Shareholders read the Notice and this Explanatory Statement in full before making any decision in relation to the Resolutions.

Capitalised terms in this Explanatory Statement are defined in the glossary at the end of this document.

Consider Accounts and Reports

The Corporations Act requires the Director's Report, Financial Report and Auditor's Report of the Company to be laid before the Meeting. Accordingly, the reports for the financial year ended 30 June 2012 will be presented for consideration by Shareholders. No resolution is required on these reports.

The chair of the Meeting will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Resolution 1 – Re-appointment of Mr Colin Naylor as a Director

Mr Colin Naylor retires by rotation in accordance with the Constitution and, being eligible for re-election, offers himself for re-appointment as a Director. Details of Mr Naylor's qualifications and experience are set out in the Company's 2012 Annual Report.

The Directors (other than Mr Naylor) recommend that Shareholders vote in favour of this resolution. Mr Naylor makes no recommendation.

Resolution 2 – Remuneration Report (non-binding resolution)

The Remuneration Report for the financial year ended 30 June 2012 is set out in the Company's 2012 Annual Report. By way of summary, the Remuneration Report sets out the Company's remuneration policies and sets out remuneration details for each Director and other Key Management Personnel of the Company.

Shareholders attending the Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Under the Corporations Act, a listed entity is required to put to the vote a resolution that the Remuneration Report be adopted. The vote on this resolution is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast on Resolution 2 are cast against the adoption of the Remuneration Report at two consecutive annual general meetings, then a 'board spill resolution' must be put to the Shareholders proposing the calling of a Shareholder meeting to consider the appointment of Directors.

If a board spill resolution is passed by the Shareholders, the Company is required to hold a further meeting of Shareholders within 90 days to consider replacing those Directors (other than the Managing Director of the Company) in office at the time the Remuneration Report was approved by the Board.

Less than 25% of votes cast at the last Annual General Meeting of the Company were cast against the resolution to adopt the Remuneration Report for the financial year ended 30 June 2011.

Resolutions 3a and 3b – Issue of 2011 Options and 2012 Options to Mr Geoff McDermott

Listing Rule 10.14 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a director of the company under an employee incentive scheme. Accordingly, in accordance with Listing Rule 10.14, Shareholder approval is sought for the proposed grant of up to 1,000,000 Options to the Company’s Managing Director, Mr Geoff McDermott, under the Option Plan on the terms set out below.

The Options are divided into two groups, which are the subject of separate resolutions and are discussed separately below:

- Resolution 3a relates to 500,000 Options proposed to be granted to Mr McDermott in respect of the Company’s performance in calendar year 2011 (**2011 Options**).
- Resolution 3b relates to 500,000 Options proposed to be granted to Mr McDermott if certain conditions are met in respect of the calendar year ending 31 December 2012 (**2012 Options**).

The following table provides a summary of the terms of the proposed Option grants to Mr McDermott:

Series	Tranche	Number	Test for grant	Exercise price	Expiry date
2011 Options	2011 Performance Options	125,000	VWAP over the trading days during the calendar month of December 2011 is 22 cents or higher	25 cents	31/12/2013
		125,000	VWAP over the trading days during the calendar month of December 2011 is 24 cents or higher	25 cents	31/12/2013
	2011 Retention Options	125,000	VWAP over the trading days during the calendar month of December 2011 is 22 cents or higher	25 cents	31/12/2015
		125,000	VWAP over the trading days during the calendar month of December 2011 is 24 cents or higher	25 cents	31/12/2015
2012 Options	2012 Performance Options	125,000	VWAP over the trading days during the calendar month of December 2012 is 30 cents or higher	30 cents	31/12/2015
		125,000	VWAP over the trading days during the calendar month of December 2012 is 30 cents or higher	35 cents	31/12/2015
	2012 Retention Options	125,000	Share price on 31 December 2012 is 30 cents or higher	30 cents	31/12/2016
		125,000	Share price on 31 December 2012 is 35 cents or higher	35 cents	31/12/2016
	Total	1,00,000			

Details of the specific terms of the 2011 Options and the 2012 Options are set out below.

Issue of 2011 Options to the Managing Director (Resolution 3a)

In the Company's Prospectus dated 24 December 2010 (**Prospectus**), the Company advised that it intended to issue a long term incentive of up to 500,000 Options to the Managing Director, based on the performance of the Company's shares on the ASX in calendar year 2011.

Listing Rule 10.14 provides that a company must not permit a director to acquire securities under an employee option scheme without the prior approval of Shareholders. The Company overlooked the opportunity at the Company's 2011 Annual General Meeting to seek that approval and, as a result, the 2011 Options have not been issued to Mr McDermott despite the performance conditions applicable to the 2011 Options having been met. The Company now seeks approval in accordance with Listing Rule 10.14 for the grant of the 2011 Options to Mr McDermott.

The 2011 Options are divided into two equal tranches as follows:

- **2011 Performance Options:** 250,000 Options as a long term performance incentive for Mr McDermott; and
- **2011 Retention Options:** 250,000 Options as a long term retention incentive for Mr McDermott.

If Shareholder approval is obtained, it is intended that the 2011 Options will be issued shortly after the Meeting, but in any event no later than 12 months after the Meeting or any adjournment of the Meeting.

Test for grant of 2011 Options

As disclosed in the Prospectus, the test for the grant of the 2011 Options was the VWAP over the trading days during the calendar month of December 2011 (**December 2011 VWAP**) as follows:

- 50% (125,000) of the 2011 Performance Options and 50% (125,000) of the 2011 Retention Options would be granted if the December 2011 VWAP was 22 cents or higher; and
- 50% (125,000) of the 2011 Performance Options and 50% (125,000) of the 2011 Retention Options would be granted if the December 2011 VWAP was 24 cents or higher.

The Board (excluding Mr McDermott) has determined that the tests described above were satisfied in relation to all of the 2011 Options because the December 2011 VWAP was 27.5 cents. Accordingly, the Board (excluding Mr McDermott) has approved the grant of the 2011 Options to the Managing Director, subject to obtaining all necessary Shareholder approvals.

Exercise price

The exercise price for each of the 2011 Options is 25 cents.

Vesting

The 2011 Performance Options will vest when the Company's closing share price exceeds the exercise price of the Options for ten consecutive trading days after the date of grant of the Options.

The 2011 Retention Options will vest in thirds, subject to the following vesting conditions, which must be satisfied or waived by the Company:

- one-third will vest when the Company's closing share price exceeds the exercise price of the Options for ten consecutive trading days after the date of grant of the Options;
- one-third will vest when the Company's closing share price exceeds the exercise price of the Options for ten consecutive trading days after 1 January 2013; and

- one-third will vest when the closing share price exceeds the exercise price of the Options for ten consecutive trading days after 1 January 2014.

In each case, Mr McDermott must also be employed by the Company as Managing Director at the time when the relevant vesting conditions are satisfied or waived.

Expiry

The expiry date of the 2011 Performance Options is 31 December 2013. The expiry date of the 2011 Retention Options is 31 December 2015.

If Mr McDermott ceases employment with the Company, any vested Options held by Mr McDermott may be exercised within a period of 90 days following the cessation of employment, and in any event no later than their expiry date (31 December 2013 for the 2011 Performance Options and 31 December 2015 for the 2011 Retention Options), after which time the vested Options will lapse.

Issue of 2012 Options to the Managing Director (Resolution 3b)

The 2012 Options are divided into two equal tranches as follows:

- **2012 Performance Options:** 250,000 Options as a long term performance incentive for Mr McDermott; and
- **2012 Retention Options:** 250,000 Options as a long-term retention incentive for Mr McDermott.

If Shareholder approval is obtained, it is intended the 2012 Options will be issued in January 2013, but in any event no later than 12 months after the Meeting or any adjournment of that Meeting. It is important to note that the 2012 Options will only be issued if the Board (excluding Mr McDermott) determines that the applicable tests for grant of those Options (outlined below) have been satisfied. This will be considered by the Board (excluding Mr McDermott) in January 2013, based on a recommendation from the Remuneration & Nomination Committee (excluding Mr McDermott).

2012 Performance Options

Test for grant

The test for the grant of the 2012 Performance Options is the VWAP over the trading days during the calendar month of December 2012 (**December 2012 VWAP**), as follows:

- **tranche 1:** 50% (125,000) of the 2012 Performance Options will be granted if the December 2012 VWAP is 30 cents or higher; and
- **tranche 2:** 50% (125,000) of the 2012 Performance Options will be granted if the December 2012 VWAP is 35 cents or higher.

Exercise price

The exercise price for tranche 1 of the 2012 Performance Options will be 30 cents. The exercise price for tranche 2 of the 2012 Performance Options will be 35 cents. These exercise prices represented increases of 15% (for tranche 1) and 25% (for tranche 2) above the prevailing share price when they were set on 19 March 2012. In the view of the Board (excluding Mr McDermott), this provides a challenging increase to the Company's share price as a hurdle to the exercise of the 2012 Performance Options. Given that the Company does not currently pay dividends, growth in the Company's share price is a strong indication of growth in Shareholder wealth. The Company's share price on 16 March 2012 (the trading day before 19 March 2012) was 26 cents.

Vesting

The 2012 Performance Options will vest when the Company's closing share price exceeds the exercise price of the Options for ten continuous trading days after the date of grant of the Options, provided that Mr McDermott is employed as Managing Director of the Company on the date of vesting.

Upon vesting, the 2012 Performance Options are exercisable at any time prior to the expiry date. However, if Mr McDermott ceases employment as Managing Director of the Company, any vested Options held by him may be exercised within a period of 90 days following the cessation of employment, and in any event no later than their expiry date, after which time they will lapse.

Expiry date

The expiry date of the 2012 Performance Options is 31 December 2015.

2012 Retention Options

Test for grant

The test for the grant of the Retention Options is the price of the Company's shares on 31 December 2012, as follows:

- **tranche 1:** 50% (125,000) of the Performance Options will be granted if the share price is 30 cents or higher; and
- **tranche 2:** 50% (125,000) of the Performance Options will be granted if the share price is 35 cents or higher.

Exercise price

The exercise price for tranche 1 of the Retention Options is 30 cents. The exercise price for tranche 2 of the Retention Options is 35 cents. These exercise prices represented increases of 15% (for tranche 1) and 25% (for tranche 2) above the prevailing share price when they were set on 19 March 2012. In the view of the Board (excluding Mr McDermott), this provides a challenging increase to the Company's share price as a hurdle to the exercise of the 2012 Retention Options. Given that the Company does not currently pay dividends, growth in the Company's share price is a strong indication of growth in Shareholder wealth. The Company's share price on 16 March 2012 (the trading day before 19 March 2012) was 26 cents.

Vesting

Each tranche of the Retention Options will vest in thirds, subject to the following vesting conditions, which must be satisfied or waived by the Company:

- one-third will vest when the Company's closing share price exceeds the exercise price of the Options for ten consecutive trading days after the date of grant of the Options;
- one-third will vest when the Company's closing share price exceeds the exercise price of the Options for ten consecutive trading days after 1 January 2014; and
- one-third will vest when the closing share price exceeds the exercise price of the Options for ten consecutive trading days after 1 January 2015.

Mr McDermott must also be employed as Managing Director of the Company at the time when the relevant vesting condition is satisfied or waived.

Upon vesting, the 2012 Retention Options are exercisable at any time prior to the expiry date. However, if Mr McDermott ceases employment as Managing Director of the Company, any vested Options held by the Managing Director may be exercised within a period of 90 days following the cessation of employment, and in any event no later than their expiry date, after which time they will lapse.

Expiry date

The expiry date of the Retention Options is 31 December 2016.

Additional information required by Listing Rule 10.15

- The maximum number of Options that may be issued to Mr McDermott if Resolutions 3a and 3b are passed by is 1,000,000.
- Mr McDermott is a Director.
- Each Option will be granted for nil consideration.
- No Options have been issued to Directors or other related parties since the last approval under the Listing Rules was obtained at the 2011 Annual General Meeting.
- All Directors are entitled to participate in the Option Plan.
- Voting exclusion statements apply to Resolutions 3a and 3b as set out in the Notice.
- Mr McDermott will not receive a loan in relation to the exercise of the Options.
- If Shareholders do not approve the proposed grant of Options to Mr McDermott, the Company will need to consider other means of providing a long term incentive for the Managing Director, including providing a benefit to him in the form of cash.

The Board (other than Mr McDermott) unanimously recommends that Shareholders vote in favour of Resolutions 3a and 3b. Mr McDermott makes no recommendation.

Resolutions 4a, 4b and 4c – Issue of Options to the Non-Executive Directors

Listing Rule 10.14 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a director of the company under an employee incentive scheme. Accordingly, in accordance with Listing Rule 10.14, Shareholder approval is sought for the proposed grant of Options to each of the Non-Executive Directors under the Option Plan on the terms set out below. The grant of Options to Mr Colin Naylor pursuant to Resolution 4c is subject to Shareholders passing Resolution 1, being the re-election of Mr Naylor as a Director.

The Directors have considered the current structure of Non-Executive Director remuneration and have concluded that the proposed issue of Options is appropriate and reasonable in the circumstances, given the Company's size and stage of development. The Board is aware that the ASX Corporate Governance Council's guidelines do not support the issue of options to non-executive directors as part of their remuneration. However, for a small company with no cash generating assets and limited cash resources, the grant of options is a useful tool for attracting and retaining quality non-executive directors and ensuring that the remuneration paid to Directors is competitive in comparison to its peers, without diminishing the Company's cash reserve.

The following table summarises the proposed Option grants to the Non-Executive Directors:

Director	Tranche	Exercise price	Expiry date
Mr K Wilson	Tranche 1 (150,000 options)	30 cents	31/12/2015
	Tranche 2 (150,000 options)	35 cents	31/12/2015
Mr J Dorward	Tranche 1 (125,000 options)	30 cents	31/12/2015
	Tranche 2(125,000 options)	35 cents	31/12/2015
Mr C Naylor	Tranche 1(125,000 options)	30 cents	31/12/2015
	Tranche 2(125,000 options)	35 cents	31/12/2015

Details of the specific terms applicable to the proposed Option grants to the Non-Executive Directors are set out below.

Specific terms of the proposed Option grants to the Non-Executive Directors

Vesting

Each Non-Executive Director's Options will vest in two equal tranches as set out in the table above, subject to the following vesting conditions, which must be satisfied or waived by the Company:

- The first tranche will vest when the Company's closing share price exceeds the exercise price of the Options for ten consecutive trading days after 31 December 2012.
- The second tranche will vest when the Company's closing share price exceeds the exercise price of the Options for ten consecutive trading days after 31 December 2013.

The Options will only vest if the Non-Executive Director is a Director on the relevant vesting date. If a Non-Executive Director ceases to hold office as a Director prior to the relevant vesting date, that Non-Executive Director's Options will lapse.

Upon vesting, each Non-Executive Director's Options will be exercisable at any time prior to their expiry date. However, if a Non-Executive Director ceases to hold office as a Director, any vested Options held by the Non-Executive Director may be exercised within a period of 90 days following the cessation of office, and in any event no later than the expiry date of the Options, after which time they will lapse.

Exercise price

The exercise price for tranche 1 of each Non-Executive Director's Options is 30 cents. The exercise price for tranche 2 of each Non-Executive Director's Options is 35 cents. These exercise prices are aligned with the exercise prices applicable to the 2012 Options to be granted to the Managing Director, subject to Shareholders passing Resolution 3b.

Expiry date

The expiry date of the Options to be granted to the Non-Executive Directors is 31 December 2015.

Additional information required by Listing Rule 10.15

- The maximum number of Options that may be issued to the Non-Executive Directors if Resolutions 4a, 4b and 4c are passed is 800,000 in total, comprising:

- 250,000 to Mr Dorward; and
- 250,000 to Mr Naylor; and
- 300,000 to Mr Wilson.
- Mr Doward, Mr Naylor and Mr Wilson are each Directors of the Company.
- Each Option will be granted for nil consideration.
- No Options have been issued to any Directors or other related parties since the last approval under the Listing Rules was obtained at the 2011 Annual General Meeting.
- All Directors are entitled to participate in the Option Plan.
- Voting exclusion statements apply to Resolutions 4a, 4b and 4c, as set out in the Notice.
- None of the Non-Executive Directors will receive a loan in relation to the exercise of the Options.
- If Shareholder approval is obtained, it is intended that the relevant Options will be issued to the Non-Executive Directors shortly after the Meeting, but in any event no later than 12 months after the Meeting or any adjournment of the Meeting.

The Board does not make a voting recommendation to Shareholders in relation to Resolutions 4a, 4b and 4c due to the Non-Executive Directors' interest in the resolutions.

Resolution 5 – Approval of additional capacity to issue ordinary shares

Listing Rule 7.1A entitles eligible entities to issue equity securities of up to 10% of the Company's existing issued capital, subject to shareholder approval. In this regard, approval is sought from the Shareholders for the issue of ordinary shares by the Company pursuant to Listing Rule 7.1A such that the Company will have the benefit of the additional capacity to issue ordinary shares as contemplated by Listing Rule 7.1A.

Resolution 5 is a special resolution and therefore must be approved by at least 75% of the total number of votes cast by Shareholders entitled to vote on the resolution (in person, by proxy, by attorney or, in the case of a body corporate, by a corporate representative).

An eligible entity for the purposes of Listing Rule 7.1A is an entity that, at the time of its annual general meeting, is not included in the S&P/ASX300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

If Resolution 5 is passed, the maximum number of ordinary shares that the Company will be entitled to issue is the number calculated in accordance with the following formula (as set out in Listing Rule 7.1A.2):

$$(A \times D) - E$$

where:

- A = the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement,
- plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2,
 - plus the number of partly paid ordinary securities that became fully paid in the 12 months,

- plus the number of fully paid ordinary securities issued in the 12 months with the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4,
- less the number of fully paid ordinary securities cancelled in the 12 months.

D = 10%

E = the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4.

For example, on 30 April 2012, the Company had 55,829,603 ordinary shares on issue. Assuming 1 million ordinary shares are issued between 30 April 2012 and 30 April 2013 (ie. pursuant to options being exercised) then the Company will, as at 30 April 2013, be able to issued 5,682,960 ordinary shares. This assumes a value of nil for variable "E" above.

The ability to issue ordinary shares under Listing Rule 7.1A is in addition to the Company's ability to issue ordinary shares of up to 15% of its existing issued capital over a 12 month period without Shareholder approval permitted by Listing Rule 7.1.

Additional information required by Listing Rule 7.3A

The following information is provided in accordance with Listing Rule 7.3A with respect to Resolution 5:

- **Minimum Price:** The issue price of each ordinary share will be no less than 75% of the VWAP over the 15 trading days on which trades in that class were recorded immediately before:
 - the date on which the price at which the shares are to be issued is agreed; or
 - if the shares are not issued within 5 trading days of the date on which the price is agreed, the date on which the shares are issued.
- **Dilution:** If Resolution 5 is passed, and the Company issues ordinary shares pursuant to the approval under Listing Rule 7.1A, the existing Shareholders' voting power in the Company will be diluted with examples of such dilution being set out in the table below. There is a risk that:
 - the market price for the Company's ordinary shares may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and
 - the ordinary shares may be issued at a price that is at a discount to the market price for those ordinary shares on the issue date,

which may have an effect on the amount of funds raised by the issue of the ordinary shares.

As required by Listing Rule 7.3A.2, the table below shows the potential dilution of existing Shareholders on the basis of three different assumed issue prices and values for the variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 (as set out above). The following assumptions are made in the table:

- the issue price is the closing price of the Company's ordinary shares on 8 October 2012;
- the number of shares on issue is at 8 October 2012. This could increase as a result of the issue of ordinary shares either with or without shareholder approval; and
- the maximum number of ordinary shares are issued by the Company as are permitted under Resolution 5.

Variable "A" in Listing Rule 7.1A.2 (Number of shares on issue)	50% decrease in issue price \$0.075		Issue price \$0.15		100% increase in issue price \$0.30	
	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised
55,829,603 (Current)	5,582,960	\$418,722	5,582,960	\$837,444	5,582,960	\$1,674,888
83,744,405 (50% increase in Current Variable A)	8,374,440	\$628,083	8,374,440	\$1,256,166	8,374,440	\$2,512,332
111,659,206 (100% increase in Current Variable A)	11,165,920	\$837,444	11,165,920	\$1,674,888	11,165,920	\$3,349,776

- **Issue Date:** Shareholder approval obtained under Listing Rule 7.1A is valid for a period commencing on the date of the Meeting and expiring on the first to occur of the following:
 - the date that is 12 months after the date of the Meeting, being 30 November 2013; and
 - the date of approval by the Shareholders of a transaction under Listing Rule 11.1.2 (significant change to the nature or scale of the Company’s activities) or Listing Rule 11.2 (disposal by the Company of its main undertaking).
- **Purpose:** The purpose for which ordinary shares may be issued pursuant to the approval under Listing Rule 7.1A may be to raise funds for the Company and as non-cash consideration. Funds raised from the issue, if undertaken, would be used for exploration expenses, general working capital requirements and, potentially, the acquisition of new resources (including tenements and expenses associated with such acquisitions).

If the Company issues any ordinary shares for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the ordinary shares complies with Listing Rule 7.1A.3.
- **Allocation Policy:** The allottees may comprise existing Shareholders or new investors or a combination of both. The allottees will be determined by the Board, taking into account:
 - alternative options for raising funds if applicable. For example, the Board will consider whether it is appropriate to raise required funds by way of an entitlement issue;
 - the purpose of the issue;
 - the impact of the issue on the control of the Company;
 - market conditions and the financial position of the Company; and
 - if applicable, advise from external advisors.
- The Company does not yet know the names of the allottees or, other than described above, the basis on which they will be identified or selected.

- The Company notes that:
 - the Board has formed no specific intentions to offer any placement to any existing Shareholders, class of Shareholder or new investors;
 - the Board will, prior to make any placement, consider whether the raising of funds could be achieved by means of an entitlement issue to existing Shareholders; and
 - if any placement is announced, the Company would, in accordance with Listing Rule 3.10.5A, disclose its reasons for undertaking that particular issue as a placement, rather than an entitlements issue to existing Shareholders.
- The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- A voting exclusion statement applies to Resolution 5, as set out in the Notice.

Glossary

Annual Report	the 2012 Annual Report
ASX	ASX Limited (ACN 008 624 691)
Board	the board of Directors
Business Day	a trading day on the financial market operated by ASX
Company (or Navarre)	Navarre Minerals Limited (ACN 125 140 105)
Constitution	the constitution of the Company
Corporations Act	Corporations Act 2001 (Cth)
Closely Related Party	in respect of a member of Key Management Personnel, certain family members and dependants of the member and companies controlled by the member, as defined in section 9 of the Corporations Act
Director	a director of the Company
Explanatory Statement	this explanatory statement
Key Management Personnel	has the meaning given to that term in the accounting standards and broadly includes 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)
Listing Rules	the Listing Rules of ASX
Meeting	the Annual General Meeting of the Company to be held on 30 November 2012 at 11:00am (Melbourne time)
Non-Executive Directors	the Company's non-executive Directors, being Mr John Dorward, Mr Colin Naylor and Mr Kevin Wilson
Notice	the Notice of Annual General Meeting accompanying this Explanatory Statement
Option	an option issued to subscribe for a Share
Option Plan	the Navarre Minerals Limited Option Plan
Prospectus	the prospectus issued by the Company dated 24 December 2010
Remuneration Report	contained in the Director's Report section of the Annual Report
Resolution	a resolution contained in the Notice
Share	a fully paid ordinary share in the capital of the Company
Shareholder (or member)	a registered member of the Company
VWAP	the volume weighted average price of the Company's shares