



NAVARRE MINERALS LIMITED

ABN 66 125 140 105

**Half-Year Financial Report and Directors' Report
31 December 2022**

Navarre Minerals Limited

ABN 66 125 140 105

Corporate Directory

Company

Navarre Minerals Limited
(ABN 66 125 140 105)

Directors

Kevin Wilson (Non-Executive Chairman)
Ian Holland (Managing Director)
Geoff McDermott (Technical Director)
Garth Campbell-Cowan (Non-Executive Director)

Company Secretary

Mathew Watkins

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Share Registrar

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Auditor

RSM Australia Partners
Level 21,
55 Collins Street
Melbourne Victoria 3000 Australia

Stock Exchange Listing

Australian Securities Exchange
ASX Limited
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525 Collins Street
Melbourne Victoria 3000 Australia
ASX Code: NML

Incorporated 30 April 2007

Victoria, Australia

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FORWARD LOOKING STATEMENTS

This Financial Report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Group or not currently considered material by the Group.

Navarre Minerals Limited

ABN 66 125 140 105

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

The directors present their report together with the consolidated financial statements of the group comprising Navarre Minerals Limited (variously the "Company", "Navarre" and "Navarre Minerals") and its subsidiaries (together, the "Group") for the half-year ended 31 December 2022.

1. DIRECTORS

The names and details of the Company's directors in office during the half-year ended 31 December 2022 and at the date of this report are as follows. The directors were in office during the entire period unless otherwise stated.

Kevin Wilson *Non-Executive Chairman* (Independent)

Ian Holland *Managing Director*

Geoff McDermott *Technical Director*

Garth Campbell-Cowan *Non-Executive Director* (Independent)

2. REVIEW OF OPERATIONS

2.1 Financial Results

The loss after tax of the Group for the half-year ended 31 December 2022 was \$9,134,997 (31 December 2021: profit of \$5,583,472).

2.2 Summary of Operations

The half-year ended 31 December 2022 was a watershed period for Navarre as the Company focused on building steady-state production at its Mt Carlton Operations in northern Queensland, Australia, acquired in October 2021.

During this period the Company received final regulatory approval from the Queensland Government for the development and open pit mining of the Mt Carlton United (MCU) gold-silver-copper deposit to supplement existing open pit production from the mainstay V2 mine.

Mineral Resources for MCU as well as five other satellite deposits have grown substantially throughout the period following Navarre's aggressive investment in exploration and resource definition drilling across the greater Mt Carlton Operations to underpin future production. The Company completed 22,057 metres of exploration and resource definition drilling during the half-year ended 31 December 2022.

During the half the Company reported production of 7,986 ounces of payable gold, 243,218 ounces of payable silver and 486 tonnes of payable copper.

Sourced mainly from the V2 open pit, production became more skewed to copper and silver in the December 2022 quarter as the Company's Stage 6 mining front accessed this ore type on the western side of the deposit.

Subsequent to balance date, the Company announced a new 10,000 metre exploration drilling campaign at Mt Carlton, due to start in March 2023.

In Victoria, wet weather and landholders' seasonal cropping requirements meant the Company did not carry out any additional drilling during the half-year period.

QUEENSLAND ACTIVITIES

On 5 October 2021, Navarre announced that it had entered into an agreement to acquire 100 per cent of the Mt Carlton Operations 150 kilometres south of Townsville in North Queensland from Evolution Mining Limited.

Commissioned in 2013, the Mt Carlton Operation now comprises two open pit mines, five satellite gold and silver ± copper deposits and a circa 950,000 tonnes per year processing plant, on a tenement package of approximately 815 square kilometres.

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

2.2 Summary of Operations (cont.)

Mt Carlton is an established operation with a long track record and a proven history of strong cash generation. Mt Carlton has been operating continuously since commissioning, producing approximately one million ounces of gold along with copper and silver by-products.

Mt Carlton Production

During the period, mining remained focused on delivering open pit ore from the V2 orebody. First ore was mined at MCU late in the period and the contribution from this ore source will become more significant as production ramps up in the second half of FY2023.

In the September 2022 quarter the Company reported production from Mt Carlton, consisting of payable metal of 5,113 ounces of gold, 73,126 oz of silver and 214 tonnes of copper. The all-in sustainable cost (AISC) for the quarter was \$3,539 per ounce, reflective of lower head grades accessed during the latter stages of mining V2.

Payable metal production for the December 2022 quarter was 2,873 ounces of gold, 170,092 ounces of silver and 272 tonnes of copper. The higher proportion of silver and copper was due mainly to the Company processing predominantly V2 Stage 6 ore. The AISC for the December 2022 quarter was \$2,222 per ounce, aided by the material contribution from by-product copper and silver credits. Mill throughput was significantly lower in the December 2022 quarter, impacted by several factors including an extended power outage due to network maintenance, as well as high recirculating loads in the semi autogenous grinding (SAG) mill when treating softer V2 Stage 6 ore. By the end of the period, mill throughput rates improved markedly following a scheduled mill re-line combined with adjusted operating practices.

While costs for the half in aggregate were elevated, this was in line with expectation as access to higher grade MCU ore will only make a material contribution in the second half of FY2023. From an expenditure perspective, operating costs have tracked generally in line with expectation, with no significant inflationary pressure experienced in the first half of the financial year. The Company reported a significant increase in ore stockpiles during the period, with mining exceeding processing by 256,000 tonnes of ore. Production of concentrate also exceeded sales during the period, with stockpiles increasing at the mine site and at the Port of Townsville.

Mt Carlton Exploration

The Company's focus during the half-year was aimed at the rapid conversion of shallow prospects into satellite mineral deposits and mineral inventory, with the aim to extend mine life and improve confidence in existing mineral resources of the Mt Carlton mine.

During this period the Company completed drilling programs at MCU, Telstra Hill, Crush Creek and into sparsely drilled areas between the V2 and A39 orebodies. Results from this drilling will be included in the annual Mineral Resource and Ore Reserve update for the Mt Carlton operation scheduled for reporting in March 2023.

Subsequent to balance date, the Company announced it commenced a 10,000 metre drilling program to explore up to 32 gold, silver and copper targets as part of the Company's Large Orebody Discovery Exploration Initiative (LODE). The targets were identified from reprocessing and interpretation of legacy geophysical data acquired with the purchase of the Mt Carlton Mine.

VICTORIAN PROJECTS

During the period, no drilling was undertaken on the Group's Victorian projects due to land access constraints associated with heavy Spring rains and local flooding.

CORPORATE

On 28 December 2022 the Company entered into a new offtake contract and associated finance facility with Glencore International AG. This agreement will see all of Navarre's gold-silver-copper concentrate production sold to Glencore for the remainder of FY2023.

While the agreement remains commercial in confidence, the terms are highly competitive and provide Navarre with additional product specification flexibility to create maximum value from the mine output.

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

2.2 Summary of Operations (cont.)

The associated \$US7 million (\$A10 million) finance facility has provided the Group with additional working capital and support for development of additional ore sources for the mine as well as full testing of the exceptional surrounding exploration targets.

Agreement was also reached with the former owner of Mt Carlton, Evolution Mining, to revise the terms of the existing environmental bonding facility. The amortisation schedule of the guarantee which Evolution is providing for Navarre has been extended to June 2025, at which time the bonding will be fully cash backed by Navarre.

MINERAL RESOURCE

In October 2022 the Company released its mid-year Mineral Resource Statement showing Navarre had reached one million ounces of gold equivalent metal in Group mineral inventory in just under one year of ownership of the Mt Carlton Operation. This consisted of 819,000 ounces of gold, 19,583,000 ounces of silver and 19,200 tonnes of copper.

The update included a maiden Inferred Mineral Resource for the BV1 deposit at Crush Creek, consisting of 40,000 ounces of gold and 116,000 ounces of silver. BV1 is the seventh mineral deposit discovered within the Mt Carlton tenement package.

Of the total Group Mineral Resource, 515,000 ounces of gold is attributable to the Queensland tenements, up 24 per cent compared with December 2021, as well as 10.6 million ounces of silver (up 58%) and 19,200 tonnes of copper (up 81%).

The resource estimates were unchanged for the Victorian projects as well as the A39, BV7 and Delta prospects in Queensland.

OUTLOOK

The Company has revised its production outlook for the full year to 30 June 2023, from the previously guided 35,000-40,000 ounces of gold to 20,000 oz of gold (35,000 oz gold equivalent). This revision is the result of lower first half mine performance and the likely deferral of the Telstra Hill project into the 2023-24 year. This results in a higher proportion of revenue from silver and copper than previously projected, with production sourced from MCU and stockpiled V2 for the remainder of 2022-23.

This ore blend combination has a lower overall gold grade, but higher silver and copper grades. Nonetheless, the Company expects stronger production in the second (June) half as higher-grade open pit ore from MCU is accessed.

2.3 Significant changes in the state of affairs of the Group during the half-year

In October 2022, the Group received final regulatory approval from the Queensland Government for the development and open pit mining of MCU, approximately 4 kilometres from the Mt Carlton processing facility. Mining at MCU began in December 2022, and with an increase in contribution expected in the second half of FY2023, MCU is anticipated to be the primary ore source for the Mt Carlton Operations.

During the half-year period, in accordance with the Vendor Fallback Provisioning terms set out in the Asset Sale Agreement for Mt Carlton, Evolution Mining provided the Group with a transitional environmental bonding facility. This is in the form of a bank guarantee totalling \$31,952,509 to allow the Group to satisfy its obligations under the applicable Queensland environmental legislation. In December 2022, the Group executed an agreement with Evolution Mining to extend the amortisation profile of this facility over a two-year period commencing in July 2023, with an accelerated repayment rate in the final 12 months.

In December 2022, the Group executed a new offtake contract and US\$7,000,000 finance facility agreement with Glencore International AG. The finance facility is linked to the new offtake agreement and was established to provide additional working capital. The facility has a maturity date of June 2023. At balance date, the Group had not utilised this facility.

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

2.4 Events subsequent to balance date

Following the execution of the finance facility agreement with Glencore, Navarre filed the first utilisation notice for the initial US\$5 million tranche of proceeds on 29 December 2022. These funds were received on 5 January 2023. Following the terms set out in the facility agreement, Navarre filed the utilisation for the remaining tranche of funds in late February, with proceeds of US\$2 million received on 27 February 2023.

In March 2023, Navarre entered into a \$5.0 million share subscription agreement with The Lind Partners (Lind). The agreement sees Lind pre-pay \$5.0 million to Navarre in exchange for \$5.6 million in credit which may be used by Lind to subscribe for fully paid shares in the company over the duration of the two year facility. On 14 March 2023, Navarre issued 65,000,000 initial shares to Lind in accordance with the share subscription agreement.

There were no other significant matters that arose subsequent to 31 December 2022 and up until the date of this report.

3. OTHER MATTERS

Share Issues

In August 2022, Navarre issued 350,000 fully paid ordinary shares following the exercise of unlisted performance rights (expiry date 30 June 2024), 400,000 fully paid ordinary shares following the exercise of unlisted performance rights (expiry date 30 June 2025) and 994,898 fully paid ordinary shares following the exercise of unlisted performance rights (expiry date 5 July 2023).

Share Options

No share options were issued by the Company to directors or employees of the Company during the half-year ended 31 December 2022.

Share Performance Rights

During the half-year, the Company issued 38,380,998 share performance rights (expiry date 30 June 2025).

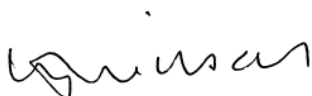
As noted above, a total of 1,744,898 fully paid ordinary shares were issued during the half-year as a result of the exercise of 350,000 unlisted performance rights (expiry date 30 June 2024), 400,000 unlisted performance rights (expiry date 30 June 2025) and 994,898 unlisted performance rights (expiry date 5 July 2023).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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

On behalf of the Directors



K Wilson
Chairman
Melbourne, 15 March 2023

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Navarre Minerals Limited for the half year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**RSM AUSTRALIA PARTNERS****R J MORILLO MALDONADO**

Partner

Dated: 15 March 2023

Melbourne, Victoria

Navarre Minerals Limited

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Note	31/12/2022 \$	31/12/2021 \$
Sales revenue	5	34,559,610	50,177,328
Cost of sales		(37,181,156)	(40,926,501) ¹
Gross profit / (loss)		(2,621,546)	9,250,827
Interest income		1,131	543
Other income	5	376,752	1,380,924
Other mine operating expenses		(2,050,594)	(501,968) ¹
Transaction and integration costs		(22,750)	(2,782,360)
Share of losses of associates accounted for using the equity method	6	(385,006)	-
Interest expense		(240,342)	-
Other expense		(300,285)	-
Corporate and other administration expenses		(2,842,378)	(1,074,800)
Exploration expenditure written-off		(30,975)	(30,242)
Profit / (loss) before income tax		(8,115,993)	6,242,924
Income tax expense	7	(1,019,004)	(659,452)
Net (loss) / profit for the period		(9,134,997)	5,583,472
Other comprehensive income for the period			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on revaluation of equity investments held at fair value through other comprehensive income, net of tax		570,000	(152,000)
Total comprehensive (loss) / income for the period		(8,564,997)	5,431,472
Basic earnings per share (cents per share)		(0.64)	0.68
Diluted earnings per share (cents per share)		(0.64)	0.66

¹In the 31 December 2021 Half-Year Report, all costs related to the activities at the Mt Carlton Operations were classified as production costs (totalling \$41,428,469). To ensure the Group is reporting an accurate gross profit / (loss), and consistent with the presentation of the profit or loss in the annual report for the year ended 30 June 2022, these costs have been reclassified above as either cost of sales (\$40,926,501) or other mine operating expenses (\$501,968). Other mine operating expenses consist of all expenditure not directly related to gold production.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31/12/2022	30/06/2022
CURRENT ASSETS		\$	\$
Cash and cash equivalents		129,694	12,806,285
Trade and other receivables		4,112,287	3,409,030
Contract assets		3,164,750	2,958,019
Inventories		22,200,789	14,135,777
Other financial assets	8	10,000	20,000
TOTAL CURRENT ASSETS		29,617,520	33,329,111
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income		-	950,000
Investments accounted for using the equity method		1,134,994	-
Other financial assets	8	32,958,061	411,990
Property, plant and equipment		49,436,603	51,880,986
Leasehold improvements		30,597	34,055
Right-of-use asset		1,556,015	1,014,981
Deferred tax asset		-	1,017,236
Mine properties and development	9	32,058,662	26,476,300
Exploration and evaluation assets	10	46,793,892	44,149,044
TOTAL NON-CURRENT ASSETS		163,968,824	125,934,592
TOTAL ASSETS		193,586,344	159,263,703
CURRENT LIABILITIES			
Trade and other payables		19,525,504	14,469,582
Interest bearing liabilities	11	5,158,240	371,074
Employee benefits provision		5,545,341	5,440,453
Lease liability		695,187	159,928
TOTAL CURRENT LIABILITIES		30,924,272	20,441,037
NON-CURRENT LIABILITIES			
Interest bearing liabilities	11	27,990,947	38,072
Employee benefits provision		234,556	245,112
Lease liability		932,812	859,767
Rehabilitation provision	12	35,534,000	31,236,326
Contingent consideration		13,418,000	13,418,000
TOTAL NON-CURRENT LIABILITIES		78,110,315	45,797,277
TOTAL LIABILITIES		109,034,587	66,238,314
NET ASSETS		84,551,757	93,025,389
EQUITY			
Contributed equity		108,198,455	108,050,215
Share based payments reserve		723,178	780,053
Net unrealised gains reserve		-	(570,000)
Accumulated losses		(24,369,876)	(15,234,879)
TOTAL EQUITY		84,551,757	93,025,389

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Issued Capital	Share Based Payments Reserve	Net Unrealised Gains Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2022	108,050,215	780,053	(570,000)	(15,234,879)	93,025,389
Net profit for the period	-	-	-	(9,134,997)	(9,134,997)
Other comprehensive gain	-	-	570,000	-	570,000
Total comprehensive gain / (loss) for the year			570,000	(9,134,997)	(8,564,997)
Transactions with owners in their capacity as owners:					
Cost of share based payments	-	93,722	-	-	93,722
Costs of issues	(2,357)	-	-	-	(2,357)
Transfer of equity instruments exercised	150,597	(150,597)	-	-	-
At 31 December 2022	108,198,455	723,178	-	(24,369,876)	84,551,757
	Issued Capital	Share Based Payments Reserve	Net Unrealised Gains Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2021	51,813,994	907,604	-	(12,275,367)	40,446,231
Net profit for the period	-	-	-	5,583,473	5,583,473
Other comprehensive loss	-	-	(152,000)	-	(152,000)
Total comprehensive loss for the year	-	-	(152,000)	5,583,473	5,431,473
Transactions with owners in their capacity as owners:					
Cost of share based payments	-	125,631	-	-	125,631
Share issues	52,996,095	-	-	-	52,996,095
Costs of issues	(1,688,745)	-	-	-	(1,688,745)
Transfer of equity instruments exercised	322,300	(322,300)	-	-	-
Transfer of equity instruments lapsed	-	(128,353)	-	128,353	-
At 31 December 2021	103,443,644	582,582	(152,000)	(6,563,541)	97,310,685

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

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	31/12/2022	31/12/2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	35,385,174	14,305,321
Payments to suppliers and employees (inclusive of GST)	(43,275,546)	(8,588,597)
Payments for transaction and integration costs	(22,750)	(751,264)
Interest received	277	752
Interest paid	(101,688)	-
Net cash inflows / (used in) operating activities	(8,014,533)	4,965,151
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption / (payments) for other financial assets	(583,561)	60,000
Proceeds from sale of plant and equipment	84,545	-
Expenditure on plant and equipment	(19,773)	(137,185)
Expenditure on exploration tenements	(2,441,704)	(4,851,210)
Expenditure on mine development	(1,936,858)	-
Payments to purchase mining operation	-	(30,364,233)
Net cash from / (used in) investing activities	(4,897,351)	(35,292,628)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	-	36,760,095
Transaction costs on issue of shares	(4,125)	(2,420,905)
Proceeds from interest bearing liabilities	1,297,837	-
Repayment of interest bearing liabilities	(491,116)	(1,061)
Payment of principal element of lease liabilities	(287,751)	(8,888)
Net cash from financing activities	514,845	34,330,302
Net increase / (decrease) in cash and cash equivalents	(12,397,039)	4,002,825
Cash and cash equivalents at beginning of period	12,806,285	14,095,825
Effects of exchange rate changes on cash and cash equivalents	(279,552)	(82,558)
Cash and cash equivalents at end of period	129,694	18,016,092

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 1: CORPORATE INFORMATION

The financial report of Navarre Minerals Limited (variously the “Company”, “Navarre” and “Navarre Minerals”) and its subsidiaries (together, the “Group”) for the half-year ended 31 December 2022 was issued on 15 March 2023 in accordance with a resolution of the directors.

Navarre Minerals Limited is a company limited by shares incorporated in Australia. The Company’s shares are publicly traded on the Australian Securities Exchange (ASX). The nature of operations and principal activities of the Group are described in the directors’ report.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose financial report for the half-year ended 31 December 2022 has been prepared in accordance with AASB 134 “Interim Financial Reporting” and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2022 and considered together with any public announcements made by Navarre Minerals Limited during the half-year ended 31 December 2022 in accordance with the continuous disclosure obligations of the ASX listing rules.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(b) Changes in accounting policy, accounting standards and interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period. The adoption of these new or amended Accounting Standards and Interpretations did not have a material effect on the consolidated financial statements for the half-year. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 3: GOING CONCERN

These financial statements have been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As disclosed in the financial statements, during the period the Group incurred a loss after tax of \$9,134,997 and had net cash outflows in operating activities amounting to \$8,014,533. In addition, as at 31 December 2022 the Group’s current liabilities exceeded current assets by \$1,306,752.

The above factors indicate a material uncertainty which may cast significant doubt as to the Group’s ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The directors have considered the Group’s cash forecast for a period exceeding 12 months from the approval date of these financial statements and concluded that the Group will be able to continue as a going concern and will have sufficient cash resources to meet its working capital requirements and its debts as and when they fall due taking into account the following factors:

- forecast cashflow from operations is expected to improve in the second half of FY2023 on the basis of improvements in processing head grade due to the commencement of mining at the higher grade Mt Carlton United deposit following receipt of regulatory approval during the half-year ended 31 December 2022;

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 3: GOING CONCERN (cont.)

- the Group has flexibility to adjust timing and scope of some of its exploration and evaluation activities as funds are available;
- during the half-year, the Group executed a finance facility agreement with Glencore for a credit facility of US\$7 million to provide additional working capital, which was fully drawn down subsequent to reporting date;
- as outlined in Note 15 to the financial statements, subsequent to the reporting date, Navarre entered into a \$5.0 million share subscription agreement with The Lind Partners; and
- if necessary, the Company has the ability to raise future capital (pursuant to ASX listing rules 7.1 and 7.1A).

Accordingly, the directors consider it appropriate to adopt the going concern basis in the preparation of these financial statements.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets and liabilities that might be necessary if the Group does not continue as a going concern.

NOTE 4: SEGMENT INFORMATION

Identification of reportable operating segments

The Group is organised into two operating segments, being mining and exploration operations. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ("CODM")) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Types of products and services

The principal products and services of the operating segments are the mining and mineral exploration operations predominately in Australia.

	Mineral Exploration	Mining operations	Total
31 December 2022			
Revenue	\$	\$	\$
Sales revenue	-	34,559,610	34,559,610
Other revenue	-	376,752	376,752
	-	34,936,362	34,936,362
	Mineral Exploration	Mining operations	Total
	\$	\$	\$
EBITDA	(3,137,386)	(1,331,285)	(4,468,670)
Depreciation and amortisation	(126,631)	(3,281,480)	(3,408,111)
Interest revenue	1,036	95	1,131
Interest expense	(20,861)	(219,481)	(240,342)
Loss before income tax expense	(3,283,842)	(4,832,151)	(8,115,993)
Income tax expense	(4,252,422)	3,233,418	(1,019,004)
Loss after income tax	(7,536,264)	(1,598,733)	(9,134,997)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 4: SEGMENT INFORMATION

Assets

Segment assets	81,590,247	158,039,115	242,629,362
Intersegment eliminations	(49,043,018)	-	(49,043,018)
Total assets	35,547,229	158,039,115	193,586,344

Liabilities

Segment liabilities	2,965,169	155,112,436	154,077,605
Intersegment eliminations	-	(49,043,018)	(49,043,018)
Total liabilities	2,965,169	106,069,418	109,034,587

NOTE 5: REVENUE AND EXPENSES

	31/12/2022	31/12/2021
Revenue from contracts with customers	\$	\$
Gold sales	20,231,183	38,951,105
Silver sales	8,527,719	3,127,921
Copper sales	5,800,708	8,098,302
	<u>34,559,610</u>	<u>50,177,328</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers:

Major product lines

	31/12/2022	31/12/2021
<i>Major product lines</i>	\$	\$
Concentrate sales	34,424,272	43,968,239
Dore sales	135,338	6,209,089
	<u>34,559,610</u>	<u>50,177,328</u>

Geographical regions

	31/12/2022	31/12/2021
<i>Geographical regions</i>	\$	\$
Australia	23,064,281	6,209,089
China	6,415,678	43,968,239
Taiwan	5,079,651	-
	<u>34,559,610</u>	<u>50,177,328</u>

Other income

	31/12/2022	31/12/2021
Other income	\$	\$
Gain on sale of asset	84,545	1,096,558
Scrap metal sales	292,207	-
Net foreign exchange gain	-	284,366
	<u>376,752</u>	<u>1,380,924</u>

NOTE 6: SHARE OF LOSSES OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

	31/12/2022	30/06/2022
	\$	\$
Share of losses – associate, Resource Base Limited	385,006	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 7: INCOME TAX

	31/12/2022	31/12/2021
	\$	\$
<i>Current income tax</i>		
Current income tax	-	-
<i>Deferred income tax</i>		
Origination and reversal of temporary differences	-	659,452
Derecognition of Deferred tax asset at the end of the previous reporting period	1,017,236	-
	1,768	-
	<u>1,019,004</u>	<u>659,452</u>
Income tax expense reported in the consolidated statement of comprehensive income	<u>1,019,004</u>	<u>659,452</u>
	31/12/2022	31/12/2021
	\$	\$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Accounting profit / (loss) before tax	(8,115,993)	6,242,924
At the statutory 30% tax rate (2021: 30%)	(2,434,798)	1,872,877
Adjustment in respect of previous years – Junior Minerals Exploration Incentive credits	757,954	-
Adjustment in respect of previous years – Other	(127,181)	-
Non-deductible expenses	206,351	444,855
Tax losses not brought to account	1,599,442	-
Derecognition of previously recognised (recognition of previously unrecognised) deferred tax assets in relation to temporary differences and tax losses	1,017,236	(1,658,280)
	<u>1,019,004</u>	<u>659,452</u>
Income tax expense reported in the consolidated statement of comprehensive income	<u>1,019,004</u>	<u>659,452</u>

Tax losses

At balance date, the Group has estimated unused tax losses of \$36.7 million (June 2022: \$27.0 million) that are available to offset against future taxable profits subject to continuing to meet relevant statutory tests. To the extent that it does not offset a net deferred tax liability, a deferred tax asset has not been recognised in the accounts for these unused losses because at this stage management has assessed it is not probable that future taxable profit will be available to use against such losses.

In December 2020, the Company created Junior Minerals Exploration Incentive (“JMEI”) tax credits \$667,649 related to FY2020 which were applied and distributed on a pro-rata basis to FY2020 eligible investors. The balance of unused JMEI tax credits from FY2020 (\$757,954) were carried forward to FY2021. In December 2021, the Company created JMEI tax credits totalling \$757,954, which were applied and distributed on a pro-rata basis to FY2020 eligible investors. Accordingly, carry forward tax losses have been reduced by \$2,526,510 (i.e. \$757,954 grossed up by 30%).

NOTE 8: OTHER FINANCIAL ASSETS

	31/12/2022	30/06/2022
	\$	\$
Current		
Term deposits	<u>10,000</u>	<u>20,000</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 8: OTHER FINANCIAL ASSETS (cont.)

	31/12/2022	30/06/2022
Non-current	\$	\$
Restricted term deposits / bank guarantees	301,990	301,990
Restricted term deposits / bank guarantees – Rehabilitation ¹	32,536,071	-
Cash Bond – Exploration Permits	120,000	110,000
	<u>32,958,061</u>	<u>411,990</u>

¹ Refers to a bank guarantee totalling \$31,952,509 provided by Evolution Mining Limited on behalf of Navarre Minerals Queensland Pty Ltd as surety under the Queensland Financial Provisioning Scheme. In addition, prior to commencement of mining at MCU, the Group was required to provide an additional bank guarantee totalling \$583,562.

NOTE 9: MINE PROPERTIES AND DEVELOPMENT

	31/12/2022	30/06/2022
	\$	\$
Net carrying amount at beginning of period	26,476,300	-
Additions from business combination	-	24,218,657
Additions	6,388,563	3,973,600
Amortisation	(806,201)	(1,715,957)
	<u>32,058,662</u>	<u>26,476,300</u>

NOTE 10: EXPLORATION AND EVALUATION COSTS

	31/12/2022	30/06/2022
	\$	\$
Balance at beginning of period	44,149,044	26,213,914
Addition from business combination	-	7,069,614
Expenditure for the period	2,675,823	10,928,554
Expenditure written-off during the period	(30,975)	(63,038)
	<u>46,793,892</u>	<u>44,149,044</u>

Capitalised exploration and evaluation costs at 31 December 2022 relate to Stawell Corridor \$19,426,661 (June 2022: \$19,346,452), Mt Carlton Operations \$14,462,939 (June 2022: \$12,050,681), Bendigo North \$7,225,612 (June 2022: \$7,207,858), St Arnaud Gold Project \$5,151,962 (June 2022: \$5,017,416), Jubilee Gold Project \$526,718 (June 2022: \$526,637) and Stavely Arc Project \$0 (June 2022: \$0).

NOTE 11: INTEREST BEARING LIABILITIES

	31/12/2022	30/06/2022
Current	\$	\$
Loan from Evolution Mining Limited ¹	3,994,062	-
Insurance premium funding	1,153,035	359,931
Chattel mortgage	11,143	11,143
	<u>5,158,240</u>	<u>371,074</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 11: INTEREST BEARING LIABILITIES (cont.)

	31/12/2022	30/06/2022
Non-current	\$	\$
Loan from Evolution Mining Limited ¹	27,958,447	-
Chattel mortgage	32,500	38,072

¹ The Group is utilising the Vendor Fallback Financial Provisioning from Evolution Mining Limited in relation to the applicable Queensland environmental rehabilitation financial provisioning legislation amounting to \$31,952,509 (refer to Note 8). Under the terms of the revised agreement this facility is required to be fully amortised by June 2025.

The terms of this facility are commercial in confidence. Evolution holds a security interest over the property of Navarre Minerals Queensland Pty Ltd in connection with this facility.

NOTE 12: REHABILITATION PROVISION

	31/12/2022	30/06/2022
Non-current	\$	\$
Rehabilitation provision	35,534,000	31,236,326

The rehabilitation provision represents the present value of estimated costs for future rehabilitation of land explored or mined by the Group at the end of the exploration or mining activity.

In FY2022, the Group engaged an independent consultant to assist in calculating the estimated rehabilitation provision by determining the timing and cost of individual rehabilitation activities which was then appropriately inflated and discounted to determine the real value of the provision.

NOTE 13: COMMITMENTS AND CONTINGENCIES

There have been no material changes to commitments since the annual financial statements that were issued for the year ended 30 June 2022.

NOTE 14: BUSINESS COMBINATIONS

Mt Carlton Operation

On 5 October 2021 the Company's newly-incorporated, wholly owned subsidiary, Navarre Minerals Queensland Pty Ltd, acquired the business assets and related liabilities of the Mt Carlton gold mine operations and the nearby Crush Creek gold tenement package (collectively, "Mt Carlton"). Mt Carlton was acquired to provide the Group with a cornerstone asset, comprising a Queensland-based active gold mining operation supplemented by the nearby Crush Creek deposit, which hosts an initial high grade gold mineral resource.

In the 2022 Annual Report, the Group disclosed provisional acquisition accounting values, subject to a final review of the fair value of the rehabilitation provision. In October 2022, the acquisition accounting was finalised. There was no change to the fair value of assets and liabilities as reported at 30 June 2022.

NOTE 15: EVENTS SUBSEQUENT TO BALANCE DATE

Following the execution of the finance facility agreement with Glencore, Navarre filed the first utilisation notice for the initial US\$5 million tranche of proceeds on 29 December 2022. These funds were received on 5 January 2023. Following the terms set out in the facility agreement, Navarre filed the utilisation for the remaining tranche of funds in late February, with proceeds of US\$2 million received on 27 February 2023.

In March 2023, Navarre entered into a \$5.0 million share subscription agreement with The Lind Partners (Lind). The agreement sees Lind pre-pay \$5.0 million to Navarre in exchange for \$5.6 million in credit which may be used by Lind to subscribe for fully paid shares in the company over the duration of the two year facility. On 14 March 2023, Navarre issued 65,000,000 initial shares to Lind in accordance with the share subscription agreement.

There were no other significant matters that arose subsequent to 31 December 2022 and up until the date of this report.

Navarre Minerals Limited

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DIRECTORS' DECLARATION

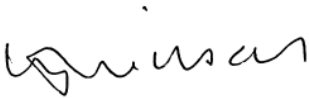
In accordance with a resolution of the directors of Navarre Minerals Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of Navarre Minerals Limited for the half year ending 31 December 2022 are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year then ended.
 - (ii) Complying with Accounting Standard AASB 134 'Interim Financial Reporting' and *Corporations Regulations 2001*.
- (b) 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 section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Board



K Wilson
Chairman
Melbourne, 15 March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Navarre Minerals Limited

Conclusion

We have reviewed the accompanying half-year financial report of Navarre Minerals Limited ('the Company') and its controlled entities (together 'the Group') which comprises the consolidated statement of financial position as at 31 December 2022, 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 then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 Navarre Minerals Limited does not comply with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year then ended; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ('ASRE 2410'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Navarre Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the financial statements which indicates that the Group incurred in a loss of \$9.1 million and had net cash outflows from operating activities of \$8 million for the half year ended 31 December 2022. Also, as at 31 December 2022, the Group's current liabilities exceeded its current assets by \$1.3 million. These events or conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2022 and of 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*.

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.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO

Partner

Melbourne, Victoria

Dated: 15 March 2023