



Kin Advances WA Gold Strategy

4 June 2014

Highlights

Board of Directors

Terry Grammer
Chairman

Trevor Dixon
Managing Director

Fritz Fitton
Technical Director

Joe Graziano
Non-Executive Director &
Company Secretary

- **Shareholder meeting convened for 04 July 2014 to approve a change in the scale of the Company's activities as a result of the proposed \$2.7M acquisition of the Leonora Gold Project in WA.**
- **Independent valuation of the Leonora Gold Project by Optiro Pty Ltd ascribes a value of \$3.8M – 14.5M, with a preferred value of \$8.4M.**
- **Discussions well advanced with potential financiers and strategic cornerstone investors. The Company is currently finalising the structure for the planned \$5M capital raising to complete the Leonora Project acquisition and provide working capital.**

Further to its announcement of 7 May 2014, Kin Mining NL (ASX: KIN) is pleased to advise that its \$2.7 million acquisition of the advanced Leonora Gold Project in WA has advanced to the next stage with an independent valuation of the project received and completion of the transformational deal on track for early July 2014.

The Company has convened a shareholder meeting for 04 July 2014 to approve a change in scale of its activities as a result of the acquisition, which will fast-track its planned transition to gold producer. This approval is required under ASX Listing Rule 11.1.2.

Kin, which listed on the ASX in October last year as a junior gold explorer, has reached agreement to acquire all of the issued capital of Navigator Mining Pty Ltd from the Administrator of Navigator Resources, Mr Bryan Hughes of Pitcher Partners, for \$2.7 million, with a \$200,000 deposit already paid.

This represents an acquisition cost of approximately \$3.60 per resource ounce.

Completion of the transaction, which is now targeted for early July, is conditional on Kin obtaining shareholder approval, successfully raising \$5 million to fund the acquisition and provide working capital and no material adverse event occurring. All other conditions precedent have been satisfied.

The Company has received an independent valuation of the Leonora Gold Project from independent consultants Optiro Pty Ltd. Optiro's opinion of the fair market value of the Mineral Resources and exploration potential of the Leonora Project is that it lies within the range of \$3.8 million to \$14.5 million, with a preferred value of \$8.5 million.

This equates to a valuation of \$11.30 per resource ounce.

The Leonora Project, located 35km north-east of the mining centre of Leonora in WA's North-eastern Goldfields comprises the Mertondale, Cardinia, Raeside and Gambier Lass project areas, complementing KIN's current asset holding in the area.

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38,653,003 (KIN)

Options on Issue:
19,362,512 at \$0.30
Expiring 31 January 2015

ASX: KIN

As previously announced, Kin has initiated technical studies aimed at upgrading the Project's existing Indicated and Inferred Resource of 12.29Mt grading 1.9g/t gold for 745,000oz (over 70% of which is classified in the higher confidence Indicated category) to JORC 2012 compliant status.

This updated resource estimate will provide the basis of the Bankable Feasibility Study, which is scheduled to begin in early 2015. A decision to mine is targeted by October 2015.

Kin Managing Director Trevor Dixon said discussions with potential financiers and cornerstone investors were progressing well, with the Company aiming to announce the final structure of the capital raising in the near future.

"The independent valuation from Optiro supports the conclusions of our due diligence and confirms that the Leonora Project is a valuable asset with an established gold inventory to be acquired at an extremely attractive price," he said.

"We are looking forward to completing the acquisition and executing the next key steps of our strategy to become a significant WA gold producer."

Background on the Leonora Gold Project

Kin's proposed acquisition of the Leonora Project from the Administrator of Navigator Resources, which produced 7,233oz at an average grade of 2.33g/t Au from trial mining of two pits at Leonora in 2010 before turning its attention to the Bronzewing Project.

Total historical production from the Project area amounts to nearly 2Mt at an exceptional average grade of 4.92g/t gold for over 316,000oz.

Substantial planning and development work has already been completed at Leonora, with pit optimisation studies completed for each of the key deposits. Metallurgical test work has also returned strong results, including recoveries of 95% plus. A CIP gold plant designed to treat 500kt/pa from the project has been the subject of a previous feasibility study to determine potential capital and operating costs.

At the same time, Kin has initiated technical studies aimed at upgrading the Project's existing Indicated and Inferred Resource of 12.29Mt grading 1.9g/t gold for 745,000oz (over 70% of which is classified in the higher confidence Indicated category) to JORC 2012 compliant status.

A Pre-Feasibility Study completed by Navigator in 2009 for 97% of the total Mineral Resource demonstrated an economically viable project with considerable upside.

These studies also demonstrated that 282,000oz are contained outside the main resource areas, highlighting the substantial exploration potential within the broader 308 km² tenement package.

As well as upgrading the resource estimate to JORC 2012 compliance, Kin plans to launch a significant drilling program to expand and grow the inventory in these areas.

Competent Persons Statement

The information in this report relates to Exploration Results based on information compiled by Paul Maher who is a member of the AusIMM and an employee of the company and fairly represents this information. Mr Maher has sufficient experience of relevance to the styles of mineralisation and the types of deposit under consideration, and to the activities undertaken to qualify as a Competent Person as defined in the 2012 edition of the JORC Australian code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Maher consents to the inclusion in the report of the matters based on information in the form and context in which it appears. The information in this report that relates to the JORC resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.



Kin Mining NL Independent Valuation on the Leonora Gold Project



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<p>Important Information:</p> <p>This Report is provided in accordance with the proposal by Optiro Pty Ltd ("Optiro") to Kin Mining NL and the terms of Optiro's Consulting Services Agreement ("the Agreement"). Optiro has consented to the use and publication of this Report by Kin Mining NL for the purposes set out in Optiro's proposal and in accordance with the Agreement. Kin Mining NL may reproduce copies of this entire Report only for those purposes but may not and must not allow any other person to publish, copy or reproduce this Report in whole or in part without Optiro's prior written consent.</p> <p>Optiro has used its reasonable endeavours to verify the accuracy and completeness of information provided to it by Kin Mining NL which it has relied in compiling the Report. We have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of Optiro acting as an independent valuer to perform any due diligence procedures on behalf of the Company. The Directors of the Kin Mining NL Limited are responsible for conducting appropriate due diligence in relation to the Leonora Gold project. Optiro provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.</p> <p>The opinion of Optiro is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.</p> <p>The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.</p> <p>The terms of engagement are such that Optiro has no obligation to update this report for events occurring subsequent to the date of this report.</p>			

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1. EXECUTIVE SUMMARY

At the request of Kin Mining NL (Kin Mining), Optiro Pty Ltd (Optiro) has prepared an Independent Valuation of the Leonora gold project. On 8 April 2014, Kin Mining announced that it had executed a binding term sheet with the Administrator of Navigator Resources Limited (Administrator Appointed) (Navigator) to acquire the Leonora gold project. Optiro understands that under the terms of the agreement Kin Mining will acquire the Leonora gold project by payment of A\$2.7 M in cash, subject to certain conditions.

Optiro understands that this report may be used as a public document in relation to Kin Mining's proposed of the Leonora gold project. As such, this report has been prepared in accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code, 2005). A site inspection of the Leonora project was previously carried out by Optiro between 7 August and 10 August 2012. Optiro understands there have been no material changes to the project since that time.

The Leonora gold project is located 30 km northeast of the mining town of Leonora in an area of favourable infrastructure, including a road network, airstrip with regular services to Perth and proximity to an established mining supply network. Navigator completed a Pre-Feasibility Study in March 2009 and carried out a trial mining and milling program at Leonora between February and June 2010, producing over 7,000 ounces of gold.

Optiro has determined the fair market value of the Leonora gold project at an effective valuation date of 9 May 2014. Optiro has used comparable transactions as the preferred method of valuation of the exploration potential within these properties and to determine the valuation for the Mineral Resources. Optiro's opinion of the fair market value of the Mineral Resources and exploration potential is that it lies within the range A\$3.8 M to A\$14.5 M, with a preferred value of A\$8.4 M (Table 1.1). The values assigned to the mineral assets are in Australian dollars (A\$) and were prepared at the effective valuation date.

Table 1.1 Valuation summary

Mineral asset	Equity	Value (A\$M)		
		Low	High	Preferred
Leonora Mineral Resources	100%	3.0	13.4	7.5
Leonora Exploration Potential	100%	0.8	1.1	0.9
Total		3.8	14.5	8.4

The opinions expressed and conclusions drawn with respect to this valuation of the mineral assets are appropriate at the valuation date of 9 May 2014. The valuation is only valid for this date and may change with time in response to variations in economic, market, legal or political conditions, in addition to future exploration results.

2. INTRODUCTION AND TERMS OF REFERENCE

2.1. TERMS OF REFERENCE AND PURPOSE OF REPORT

Optiro understands that on 18 February 2013, Navigator Resources Limited (Navigator), the owner of the Leonora gold project, announced to the Australian Securities Exchange that it expected to make an announcement in relation to its funding requirements and then on 28 March 2013, that it had appointed Pitcher Partners as Administrator pursuant to Section 436A of the Corporations Act.

On 8 April 2014, Kin Mining NL (Kin Mining) announced that it had executed a binding term sheet with the Administrator of Navigator Resources Limited (Administrator Appointed) to acquire the Leonora gold project. The acquisition is by way of Kin Mining acquiring all the issued securities in Navigator Mining Pty Ltd (Navigator Mining), a subsidiary of Navigator and registered holder of the Leonora gold project. Optiro understands that under the terms of the agreement Kin Mining will acquire the Leonora gold project by payment of A\$2.7 M in cash subject to the completion of the following conditions:

- Kin Mining completing financial, technical and legal due diligence
- Kin Mining obtaining shareholder approval
- Navigator settling objections to the Applications for Exemption and forfeiture applications in relation to certain mining leases held by Navigator Mining
- execution of a formal share purchase agreement
- no event occurring which is materially adverse to Navigator Mining or the tenements comprising the Leonora gold project
- Kin Mining completing a fund raising to a minimum of A\$5 M
- creditor approval of the transaction and any variation to the Navigator and Navigator Mining Deeds of Company Arrangement.

On 29 April 2014, Kin Mining announced it had completed its technical due diligence and accordingly paid a non-refundable deposit of A\$200,000 to the Administrator of Navigator. Furthermore, Kin Mining announced the creditors to Navigator and Navigator Mining had approved the proposed transaction.

As such and at the request of Kin Mining, Optiro has prepared an Independent Valuation of the Leonora gold project. Optiro understands that this report may be used as a public document in relating to the acquisition of the Leonora gold project.

2.1. RESPONSIBILITY FOR THE REPORT AND DATA SOURCES

This report was prepared by Mr Jason Froud (Principal) and was reviewed by Mrs Christine Standing (Principal) of Optiro. The report has been prepared in accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code, 2005). The authors of this report are Members of the Australasian Institute of Mining and Metallurgy (AusIMM), and therefore are obliged to prepare mineral asset valuations in accordance with the Australian reporting guidelines as set out in the VALMIN Code. All values have been compiled in Australian dollar (A\$) terms.

In developing its technical assumptions for the valuation, Optiro has relied upon information provided by Kin Mining, Navigator and their consultants, as well as information obtained from other public sources. The material on which this report is based includes internal and open-file project documentation, technical reports, drillhole databases and Mineral Resource models.

Optiro has reviewed all relevant technical and corporate information made available by the management of Kin Mining. Prior to this report, Optiro had previously valued the Leonora gold project

for Navigator and reviewed all relevant technical and corporate information made available by them. Optiro has accepted this information in good faith as being true, accurate and complete, having made due enquiry of both Kin Mining and Navigator. Furthermore, Optiro has sourced publically available information on the Leonora gold project area and recent transactions involving gold as well as discussions with Navigator and Kin Mining staff.

Optiro previously visited the Leonora gold project between 7 and 10 August 2012. Optiro understands there have been no material developments since this time and considered that a further site visit would not reveal information or data material to the outcomes of this report. Optiro is satisfied that sufficient current information was available for these projects to allow an informed appraisal to be made without carrying out a further site inspection.

Figure 2.1 Location of Navigator's mineral projects including the Leonora gold project



2.2. LIMITATIONS AND EXCLUSIONS

This report is based predominantly on information provided by Kin Mining and Navigator, either directly from discussions and data provided, or from reports and correspondence with other organisations whose work is the property of Kin Mining or Navigator.

This report is based on information made available to Optiro up to 9 May 2014. Kin Mining has not advised Optiro of any material change, or event likely to cause material change, to the technical assessment of the mineral assets contained within the Leonora gold project. This report specifically excludes any aspects relating to legal issues, commercial and financing matters, land titles and agreements, excepting such aspects as may directly influence the technical assessment of the asset.

The conclusions expressed in this report are valid as at 9 May 2014. The valuation is only appropriate for this date, and may change with time and response to variations to economic, market, legal or political factors, in addition to ongoing exploration results.

3. LEONORA GOLD PROJECT

In 2004, Navigator, through its 100% owned subsidiary Mazzelli Holdings Pty Ltd, acquired the tenements associated with the original Mertondale property from the Sons of Gwalia Ltd Administrators. Subsequently, in 2009, Navigator changed the name of the operating company from Mazzelli Holdings Pty Ltd to Navigator Mining Pty Ltd.

The tenements collectively referred to by Navigator as the Leonora gold project, comprise the Mertondale, Cardinia, Gambier Lass and Raeside project areas. Navigator's original proposed operational focus was the re-establishment of mining around the previously mined Mertondale open pits and underground workings, the Raeside Forgotten Four Pit and the Bruno-Lewis prospect of the Cardinia deposit, which was the subject of a Pre-Feasibility study (PFS) finalised in March 2009. The location for the main administration centre, processing plant and tailings storage facility is to be sited adjacent to the Mertondale 3-4 Pit.

Subsequent to the successful completion of the Leonora acquisition, Kin Mining plans to assess the project area with a view to update and improve the Mineral Resources and JORC classification with the intention of establishing an economic mining operation. Importantly, the Leonora gold project is within close proximity to Kin Mining's existing projects.

3.1. LOCATION AND ACCESS

The Leonora gold project is located in the centre of the Eastern Goldfields, approximately 35 km northeast of Leonora and 700 km northeast of Perth in Western Australia (Figure 2.1).

Road access to the Leonora gold project from Perth is 600 km via the Great Eastern Highway to Kalgoorlie, then a further 235 km north through Menzies to the Leonora township. From Leonora access is gained to the Mertondale/Cardinia minesite by travelling northeast along the Leonora to Nambi Road for approximately 35 km. The well-maintained but unsealed road may become impassable for a limited period following heavy rain events. Alternative access to the project area can be achieved via the Leonora to Laverton Road and entering the southern end of the property via station roads.

Access to the Raeside deposits is either from the west via the Leonora to Kalgoorlie Road or from the north via the Leonora to Laverton Road. The operations can also be serviced by air using an all-weather sealed airstrip, suitable for propeller aircraft, located in Leonora. This service is approximately 1.5 hours flying time from Perth.

3.2. TENURE AND OWNERSHIP

The Leonora gold project comprises 162 granted tenements and one mining lease application covering a total area of 322 km² (32,236 ha). This tenement portfolio includes two granted exploration licences, 135 granted prospecting licences and 25 granted mining leases (Table 3.1).

Optiro understands that E37/866 has expired but remains a live tenement as it and E37/868 are currently in the process of being converted to mining licence application M37/1298. A further eight granted miscellaneous licences are also present, but as these exclude mineral rights Optiro has considered them only in general terms in its valuation.

Tenement rentals due to the Western Australian Department of Mines and Petroleum total A\$171,809.10, shire rates a further A\$109,000 and minimum expenditure commitments on all granted project tenements total A\$1,691,080 for the current year.

Table 3.1 details Navigator's current Leonora tenement schedule as at 7 May 2014, and a plan of the tenement areas is included as Figure 3.1. All tenements are currently 100% held by Navigator, with the exception of M37/646, P37/7274, P37/7275 and P37/7276 which are 80% held by Navigator.

Table 3.1 Leonora gold project – tenement schedule

Licence Number	Name	Area (ha)	Grant date	Expiry date
E37/866*	Raeside	30	21 Nov 2007	20 Nov 2012
E37/868*	Raeside	158.1	22 Nov 2007	21 Nov 2017
E37/1103	Raeside	1518.9	19 Oct 2011	18 Oct 2016
M37/81	Mertondale	327	10 Oct 1986	9 Oct 2028
M37/82	Mertondale	384.3	25 Jul 1986	24 Jul 2028
M37/86	Cardinia	271.1	22 Dec 1986	21 Dec 2028
M37/88	Cardinia	17.8	19 Nov 1986	18 Nov 2028
M37/223	Cardinia	183.6	13 Jul 1989	12 Jul 2031
M37/227	Cardinia	7.6	18 Jul 1989	17 Jul 2031
M37/231	Mertondale	886.2	6 Nov 1989	5 Nov 2031
M37/232	Mertondale	670	6 Nov 1989	5 Nov 2031
M37/233	Mertondale	997	6 Nov 1989	5 Nov 2031
M37/256	Raeside	7.3	31 Jan 1990	30 Jan 2032
M37/277	Cardinia	454.7	11 Apr 1990	10 Apr 2032
M37/299	Cardinia	69.2	22 Oct 1990	21 Oct 2032
M37/300	Cardinia	60	22 Oct 1990	21 Oct 2032
M37/316	Cardinia Pacmin	777.5	28 Dec 1990	27 Dec 2032
M37/317	Cardinia Pacmin	659.8	17 Dec 1990	16 Dec 2032
M37/369	Raeside	177.2	8 Jul 1992	7 Jul 2034
M37/377	Raeside	21.6	13 Oct 1992	12 Oct 2034
M37/379	Raeside	465.8	15 Jan 1993	14 Jan 2035
M37/422	Cardinia	199.1	4 Feb 1994	3 Feb 2015
M37/428	Cardinia	31.8	4 Feb 1994	3 Feb 2015
M37/487	Cardinia	80.7	14 Jun 1995	13 Jun 2016
M37/594	Cardinia	0.1	9 Aug 2006	8 Aug 2027
M37/646†	Cardinia JV	122.9	28 Jun 2006	27 Jun 2027
M37/720	Cardinia	1.9	19 Mar 2010	18 Mar 2031
M37/1284	Mertondale	19.4	17 Apr 2009	16 Apr 2030
M37/1298		1116.2	Pending	
P37/6923	Mertondale	200	3 Nov 2006	2 Nov 2014
P37/6924	Mertondale	200	3 Nov 2006	2 Nov 2014
P37/6925	Mertondale	200	3 Nov 2006	2 Nov 2014

Licence Number	Name	Area (ha)	Grant date	Expiry date
P37/6926	Mertondale	200	3 Nov 2006	2 Nov 2014
P37/6927	Mertondale	200	3 Nov 2006	2 Nov 2014
P37/6928	Mertondale	200	3 Nov 2006	2 Nov 2014
P37/6929	Mertondale	200	3 Nov 2006	2 Nov 2014
P37/6930	Mertondale	192	3 Nov 2006	2 Nov 2014
P37/7241	Cardinia	191	16 Oct 2008	15 Oct 2016
P37/7242	Cardinia	163	16 Oct 2008	15 Oct 2016
P37/7243	Cardinia	174	16 Oct 2008	15 Oct 2016
P37/7244	Cardinia	194	16 Oct 2008	15 Oct 2016
P37/7245	Cardinia	196	16 Oct 2008	15 Oct 2016
P37/7246	Cardinia	200	16 Oct 2008	15 Oct 2016
P37/7247	Cardinia	200	16 Oct 2008	15 Oct 2016
P37/7248	Cardinia	200	16 Oct 2008	15 Oct 2016
P37/7249	Cardinia	200	16 Oct 2008	15 Oct 2016
P37/7250	Cardinia	200	16 Oct 2008	15 Oct 2016
P37/7251	Cardinia	200	16 Oct 2008	15 Oct 2016
P37/7252	Cardinia Pacmin	192	16 Oct 2008	15 Oct 2016
P37/7253	Cardinia	196	16 Oct 2008	15 Oct 2016
P37/7254	Cardinia	199	16 Oct 2008	15 Oct 2016
P37/7255	Cardinia	158	16 Oct 2008	15 Oct 2016
P37/7256	Cardinia	195	16 Oct 2008	15 Oct 2016
P37/7257	Cardinia	200	16 Oct 2008	15 Oct 2016
P37/7258	Cardinia Pacmin	198	30 Dec 2008	29 Dec 2016
P37/7259	Cardinia Pacmin	198	30 Dec 2008	29 Dec 2016
P37/7260	Cardinia Pacmin	139	16 Oct 2008	15 Oct 2016
P37/7261	Cardinia Pacmin	124	16 Oct 2008	15 Oct 2016
P37/7262	Cardinia	172	16 Oct 2008	15 Oct 2016
P37/7263	Cardinia	183	16 Oct 2008	15 Oct 2016
P37/7264	Cardinia	143	20 Mar 2008	19 Mar 2016
P37/7265	Cardinia	174	16 Oct 2008	15 Oct 2016
P37/7266	Cardinia	200	18 Nov 2008	17 Nov 2016
P37/7267	Cardinia	200	18 Nov 2008	17 Nov 2016
P37/7268	Cardinia	188	18 Nov 2008	17 Nov 2016
P37/7269	Cardinia	114	18 Nov 2008	17 Nov 2016
P37/7270	Cardinia	184	18 Nov 2008	17 Nov 2016
P37/7271	Cardinia	168	18 Nov 2008	17 Nov 2016
P37/7272	Cardinia	200	18 Nov 2008	17 Nov 2016
P37/7273	Cardinia	115	16 Oct 2008	15 Oct 2016
P37/7274†	Cardinia JV	93	20 Mar 2008	19 Mar 2016
P37/7275†	Cardinia JV	102	18 Nov 2008	17 Nov 2016
P37/7276†	Cardinia JV	120	18 Nov 2008	17 Nov 2016
P37/7277	Cardinia	28	16 Oct 2008	15 Oct 2016
P37/7655	Mertondale	29	29 May 2009	28 May 2017
P37/7656	Mertondale	127	29 May 2009	28 May 2017
P37/7657	Mertondale	189	29 May 2009	28 May 2017

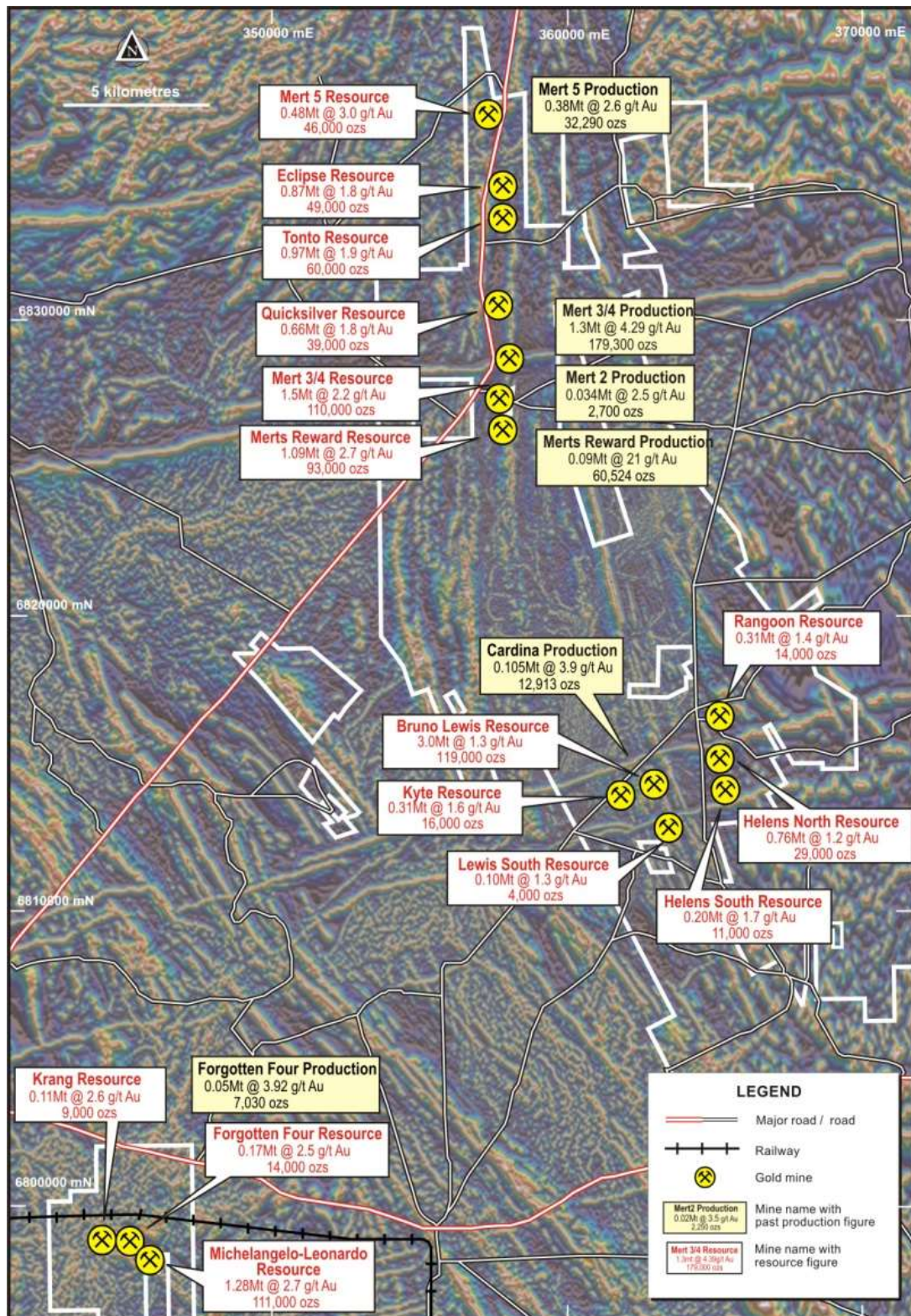
Licence Number	Name	Area (ha)	Grant date	Expiry date
P37/7658	Mertondale	200	29 May 2009	28 May 2017
P37/7659	Mertondale	200	29 May 2009	28 May 2017
P37/7660	Mertondale	200	29 May 2009	28 May 2017
P37/7661	Mertondale	200	29 May 2009	28 May 2017
P37/7662	Mertondale	200	29 May 2009	28 May 2017
P37/7663	Mertondale	198	29 May 2009	28 May 2017
P37/7664	Mertondale	131	29 May 2009	28 May 2017
P37/7665	Mertondale	193	29 May 2009	28 May 2017
P37/7666	Mertondale	200	29 May 2009	28 May 2017
P37/7667	Mertondale	187	29 May 2009	28 May 2017
P37/7668	Mertondale	171	29 May 2009	28 May 2017
P37/7669	Mertondale	187	29 May 2009	28 May 2017
P37/7670	Mertondale	181	29 May 2009	28 May 2017
P37/7671	Mertondale	157	29 May 2009	28 May 2017
P37/7672	Mertondale	171	29 May 2009	28 May 2017
P37/7673	Mertondale	60	29 May 2009	28 May 2017
P37/7674	Mertondale	177	29 May 2009	28 May 2017
P37/7675	Mertondale	193	29 May 2009	28 May 2017
P37/7697	Leonora	172	23 Jul 2009	22 Jul 2017
P37/7698	Cardinia	165	23 Jul 2009	22 Jul 2017
P37/7699	Cardinia	200	11 Sep 2009	10 Sep 2017
P37/7700	Cardinia	146	11 Sep 2009	10 Sep 2017
P37/7701	Cardinia	200	11 Sep 2009	10 Sep 2017
P37/7702	Cardinia	200	11 Sep 2009	10 Sep 2017
P37/7703	Cardinia	200	11 Sep 2009	10 Sep 2017
P37/7704	Cardinia	200	11 Sep 2009	10 Sep 2017
P37/7705	Cardinia	200	11 Sep 2009	10 Sep 2017
P37/7706	Cardinia	195	11 Sep 2009	10 Sep 2017
P37/7707	Cardinia	200	11 Sep 2009	10 Sep 2017
P37/7708	Cardinia	200	11 Sep 2009	10 Sep 2017
P37/7711	Cardinia	179.6	11 Sep 2009	10 Sep 2017
P37/7712	Leonora	165.5	25 Nov 2009	24 Nov 2017
P37/7713	Leonora	171.7	25 Nov 2009	24 Nov 2017
P37/7714	Leonora	190.7	25 Nov 2009	24 Nov 2017
P37/7715	Leonora	194.9	25 Nov 2009	24 Nov 2017
P37/7716	Cardinia	196.9	11 Sep 2009	10 Sep 2017
P37/7736	Cardinia	176	11 Sep 2009	10 Sep 2017
P37/7737	Cardinia	179	11 Sep 2009	10 Sep 2017
P37/7738	Cardinia	177	11 Sep 2009	10 Sep 2017
P37/7756	Leonora	98	18 Dec 2009	17 Dec 2017
P37/7757	Leonora	105	18 Dec 2009	17 Dec 2017
P37/7758	Leonora	194	18 Dec 2009	17 Dec 2017
P37/7759	Leonora	200	18 Dec 2009	17 Dec 2017
P37/7760	Leonora	197	18 Dec 2009	17 Dec 2017
P37/7761	Leonora	198	18 Dec 2009	17 Dec 2017

Licence Number	Name	Area (ha)	Grant date	Expiry date
P37/7776	Leonora	198	12 May 2010	11 May 2014
P37/7777	Leonora	96	12 May 2010	11 May 2014
P37/7779	Leonora	200	12 May 2010	11 May 2014
P37/7780	Leonora	184	12 May 2010	11 May 2014
P37/7805	Leonora	9.7	23 Oct 2009	22 Oct 2017
P37/7891	Cardinia	40	2 Dec 2010	1 Dec 2014
P37/7892	Cardinia	50	2 Dec 2010	1 Dec 2014
P37/7893	Cardinia	6	2 Dec 2010	1 Dec 2014
P37/7941	Mertondale	5.6	12 Apr 2011	11 Apr 2015
P37/7953	Cardinia	199.9	12 May 2011	11 May 2015
P37/7954	Cardinia	199.9	12 May 2011	11 May 2015
P37/7969	Mertondale	188.3	28 Jun 2011	27 Jun 2015
P37/7970	Mertondale	165.9	28 Jun 2011	27 Jun 2015
P37/7971	Mertondale	191.4	28 Jun 2011	27 Jun 2015
P37/7972	Mertondale	191.5	28 Jun 2011	27 Jun 2015
P37/7973	Mertondale	191.3	28 Jun 2011	27 Jun 2015
P37/7974	Mertondale	200	28 Jun 2011	27 Jun 2015
P37/7975	Mertondale	120.3	28 Jun 2011	27 Jun 2015
P37/7976	Mertondale	165.1	28 Jun 2011	27 Jun 2015
P37/7977	Mertondale	188.8	28 Jun 2011	27 Jun 2015
P37/7978	Mertondale	183	28 Jun 2011	27 Jun 2015
P37/7979	Mertondale	184.6	28 Jun 2011	27 Jun 2015
P37/7980	Mertondale	75.1	28 Jun 2011	27 Jun 2015
P37/7981	Mertondale	200	28 Jun 2011	27 Jun 2015
P37/7982	Mertondale	199.8	28 Jun 2011	27 Jun 2015
P37/7983	Mertondale	200	28 Jun 2011	27 Jun 2015
P37/7984	Mertondale	199.5	28 Jun 2011	27 Jun 2015
P37/7985	Mertondale	200	28 Jun 2011	27 Jun 2015
P37/7986	Mertondale	176.3	28 Jun 2011	27 Jun 2015
P37/7987	Mertondale	198.6	28 Jun 2011	27 Jun 2015
P37/7988	Mertondale	200	28 Jun 2011	27 Jun 2015
P37/7990	Cardinia	23.9	1 Jul 2011	30 Jun 2015
P37/8007	Cardinia	29.5	16 Aug 2011	15 Aug 2015
P37/8043	Cardinia	179	16 Aug 2011	15 Aug 2015
P37/8044	Cardinia	35	16 Aug 2011	15 Aug 2015
P37/8045	Cardinia	181	16 Aug 2011	15 Aug 2015
P37/8057	Perserverance	140	30 Mar 2012	29 Mar 2016
P37/8196	Mertondale	123.4	14 Sep 2012	13 Sep 2016
P37/8199	Mertondale	67.6	24 Oct 2012	23 Oct 2016
P37/8209	Mertondale/Gambier Lass	195.6	31 Oct 2012	30 Oct 2016
P37/8210	Mertondale/Gambier Lass	200	31 Oct 2012	30 Oct 2016
P39/5172	Cardinia	190	16 Aug 2011	15 Aug 2015
Total		32,235.5		

† 80% equity in joint venture

* Pending conversion to M37/1298

Figure 3.1 Leonora gold project area showing resource locations



3.3. PROJECT HISTORY

The current project is owned and operated by Navigator Mining Pty Ltd, a fully owned subsidiary of Navigator Resources Limited. Numerous parties have held the project ground since it was first discovered in 1899, with each assessing the financial efficacy of resource extraction to varying degrees of detail and confidence. A brief chronology of significant events relating to Mertondale is as follows:

- Gold was first discovered in the Mertondale area in 1899 by Fred Merton. The town of Mertondale and the Merton's Reward underground were a direct result of this discovery.
- 1899 to 1911 was the main phase of underground mining
- 1911 to 1915 and 1941 to 1942 saw limited mining, with Western Australian Mines Department records indicating a total of 88,991 t of ore mined from Merton's Reward for a total of 60,524 ounces at an average grade of 20.8 g/t gold
- 1981 to 1984, Telluride Mining NL, Nickel Ore NL, International Nickel (Australia) Ltd and Petroleum Securities Mining Co. Pty Ltd all conducted exploration programs in the immediate area
- 1984, Hunter Resources Ltd began exploration in the Mertondale region
- 1986, an initial NOI was submitted by Hunter Resources Ltd and a joint venture agreement with the then Harbour Lights JV was established to treat the ore
- 1986 to 1988, Mertondale 4 Pit was mined
- 1989, Harbour Lights Mining Ltd acquired the tenements from Hunter Resources Ltd
- 1991, mining was concluded with the completion of the Mertondale 5 Pit
- Sons of Gwalia Ltd acquired the tenements in the intervening period
- In 2004, Navigator, through its 100% owned subsidiary Mazzelli Holdings Pty Ltd (now Navigator Mining Pty Ltd), acquired the tenements associated with the original Mertondale property from the Administrators of Sons of Gwalia Ltd.

Historical gold production is over 270,000 ounces from three areas:

- Mertondale 3-4 Pit (1.3 Mt at 4.3 g/t gold)
- Mertondale 5 Pit (385,000 t at 2.56 g/t gold)
- Merton's Reward (90,000 t at 21 g/t gold from underground production 1899 to 1911)

3.4. GEOLOGY AND MINERALISATION

3.4.1. REGIONAL GEOLOGY

The project area is situated within the Eastern Goldfields Province, the easternmost subdivision of the Archaean Yilgarn Block. The Eastern Goldfields Province comprises volcanic and sedimentary rocks (greenstones) that were deposited around 2,700 Ma ago, multiply folded, metamorphosed to low or medium grade, extensively intruded by granitoids at about 2,680 to 2,660 Ma, and subjected to major faulting along northerly to north-north westerly trends. The greenstones can be further subdivided into terranes generally separated by major faults or granitoids. For Leonora, the terranes, from west to east are the Malcolm, Murrin, Laverton and Cosmo Newbery greenstones.

The Malcolm greenstones occupy a small area southwest of the Yilgarn Fault (Keith-Kilkenny Lineament) and mainly consist of basalt, gabbro-dolerite, mafic schist and sediments. The Raeside project area is located within the Malcolm greenstones.

The Murrin greenstones are located between the Yilgarn Fault (Keith-Kilkenny Lineament) and the Celia Lineament, and host the Cardinia and Mertondale project areas. The area is typified by basalt, sandstone, siltstone, felsic volcanic rocks, dolerite, peridotite and volcanoclastic rocks that have been

deformed by large scale D1 and D2 folds and D3 faults and intruded by several small to large, ovoid to elongate granitoid plutons.

In the central part of the Murrin terrane, the stratigraphically lowest rocks are extensive felsic volcanics that form large volcanic edifices (Kauri Well and Manger Bore areas - east of Mertondale and Cardinia). They are overlain and flanked by volcanoclastic rocks (the Welcome Well Complex) derived from the felsic volcanic rocks. The volcanoclastic rocks interfinger with, and are overlain by, a thick sequence of basalt interbedded with sandstone and siltstone. Numerous thick, extensive units of dolerite and peridotite formed within the sequence and there is a peridotite body in the upper part of the andesite volcanic pile; part of the Welcome Well Complex. D1 and D2 folds form interference structures in the Welcome Well-Cardinia Hill area. The metamorphic facies is mainly prehnite-pumpellyite. In the southeast (Mt Kowtah), the sequence comprises mainly basalt and dolerite, and is metamorphosed to greenschist facies.

In the northwest (north of Mertondale), basalt and sandstone outcrop between granitoid bodies, and are metamorphosed to amphibolite facies. In the southwest, the Pig Well Graben is filled with conglomerate and feldspathic sandstone.

Proterozoic mafic dykes cut greenstone sequences and granitoids, and are members of a widespread swarm of mafic, ultramafic and intermediate dykes that intruded the Yilgarn Craton. The dykes are poorly exposed, but readily identified as pronounced east-northeast linear anomalies on aeromagnetic images. In the project area, they are known to occur immediately north of Mertondale 5, at the north end of the Mertondale 3-4 Pit, and to the north of Bruno and south of Lewis at Cardinia.

Major faults and lineaments occurring in the general project area belong to a group of north-north westerly striking, regional scale faults and shear zones that cut the Yilgarn Craton for hundreds of kilometres. Activity on these faults may have begun early in the tectonic history of the Eastern Goldfields, as they appear to have controlled greenstone basin size, shape and location from their inception through felsic and mafic volcanism and intrusion, sedimentation, deformation and dismemberment, to mineralisation. They are possibly strongly modified successors to initial extensional faults that controlled the original greenstone basins. The major north-northwest faults in the project area are the Keith-Kilkenny Lineament (made up of the Yilgarn Fault and the faults bounding the Pig Well Graben) located between the Malcolm and Murrin terranes and the Celia Lineament on the eastern side of the Murrin terrane.

Deformation within the region is related to vertical granitoid emplacement and dominantly strike slip movement along the major structures. The north-striking Mertondale Shear Zone is largely covered by the Mertondale tenement package and is a major, multiphase brittle-ductile shear zone of up to 500 m width and which contains all of the known mineralisation in the Mertondale area.

3.4.2. PROJECT GEOLOGY

MERTONDALE

The Mertondale prospects extend over a total of 12 km strike length from Merton's Reward (Mertondale 1) in the south to Mertondale 5 in the north. Merton's Reward, Mertondale 2 and Mertondale 3-4 are contained within the eastern branch of the Mertondale Shear Zone and extend over approximately 3 km of strike, whilst Quicksilver, Tonto, Eclipse and Mertondale 5 are all contained within the western branch of the shear zone and extend over approximately 9 km of strike.

The Mertondale area consists of a central felsic volcanic sequence bounded on either side by a tholeiitic basalt-dolerite-carbonaceous shale +/- felsic porphyry sequence. The western and eastern

shear zone branches are generally located near the felsic volcanics/mafic contacts. Outcrop within the area is generally poor.

Oxidation at Mertondale is variable, being quite shallow (less than 5 m) at Merton's Reward whilst being quite deep (approximately 80 m) at Eclipse, with a combination of depletion and the presence of Permian sediments masking the bedrock geochemistry.

MERTON'S REWARD

At the historic Merton's Reward underground mine, two types of lode were mined – shear lodes and intershear lodes.

Shear lodes consist of steeply dipping bodies, usually less than 1 m thick and confined to shear zones. They are continuous for 50 m to 100 m along strike and down dip, and often average greater than 30 g/t gold. The lodes are highly cleaved parallel to their dip and strike, with abundant quartz-carbonate veinlets parallel to cleavage. Gold mineralisation is usually associated with 5% to 10% finely disseminated pyrite-arsenopyrite in a sheared and sericitised, carbonated basalt.

Intershear lodes consist of narrow, flat (0° to 30°) to moderately (40° to 60°) east to northeast dipping quartz veins, from which most of the gold at Merton's Reward was mined. The veins attain a maximum thickness of 40 cm and are contained within a highly carbonated, pyritic alteration selvage of up to 12 m thick. The vein selvages contain up to 20% pyrite, 5% arsenopyrite and 90% ankerite and/or siderite, with gold typically concentrated in the central quartz veinlet which usually assays greater than 30 g/t gold. The selvage may grade up to 8 g/t gold.

Intershear lodes may persist for up to 40 m along strike, and are usually truncated on their eastern and western sides by shears and/or shear lodes. Conversely, in some cases intershear lodes overprint shear lodes and it is probable that the two lode types developed contemporaneously. Structural features in the intershear lodes suggest they formed in zones of dilation during deformation in the area.

The Mertondale 2 Pit is located between Merton's Reward and Mertondale 3-4, and is more closely associated with the Merton's Reward style of mineralisation.

Diamond drillhole NMDD024 intersected 9 m at 3.65 g/t gold from 61 m and is outside the A\$1,250/oz optimised pit shell. This hole requires follow-up drilling on the same and adjacent sections to determine the extent of this mineralisation, which may be the easterly down dip extension of one of the intershear lodes, or even possibly an intersection on one of the steeply dipping shear lodes.

MERTONDALE 3-4

The Mertondale 3-4 deposits are located in the Mertondale Shear Zone within the basalt unit. In the shear zone a number of units can be recognised, including the porphyry and others which represent varying degrees of carbonation, sericitisation and shearing of a basalt parent. It is difficult to correlate units other than the porphyry between drillholes and sections.

At Mertondale 3-4, a series of steep east dipping, locally folded lenses of gold mineralisation have been delineated over strike lengths of at least 900 m. Mineralised lenses are up to 35 m thick and generally straddle the hangingwall porphyry-basalt contact. The strongest mineralisation is generally at this contact in highly foliated and altered porphyry and basalt. The porphyry unit occurs as a series of flattened, cigar-shaped bodies with dimensions of 200 m to 300 m along strike, up to 30 m thick, and 75 m down the foliation. Long axes of the 'cigars' are flat and parallel to the plunge of stretching lineations mapped in the open cut. The mineralised lenses have similar shapes to the porphyry units, although they tend to be more extensive in the foliation plane. In general, the thickest mineralisation lies adjacent to the thickest porphyry.

All mineralised zones contain pyrite and arsenopyrite, which are generally present as fine grained crystals up to 2 mm in diameter in elongate clusters parallel to the foliation. Locally the sulphide content is up to 30% by volume, although most lenses average between 5% and 10% sulphides.

Gold is fine, generally less than 10 µm (rarely up to 45 µm) and is usually located in the silicates as individual grains (specks) or clusters of grains. There is a tendency for the gold to occur along the cleavages of micaceous minerals, although it also occurs rarely as grains marginal to pyrite and arsenopyrite or as irregular aggregates within these sulphides.

Drilling that has intersected the Mertondale 3-4 mineralised zone beneath the A\$1,250/oz pit shell generally suggests that the potential for high grade underground shoots is fairly restricted. Most of the better grade intersections at Mertondale 3-4 are within the pit shell.

QUICKSILVER

The Quicksilver prospect extends over a strike length of about 5 km on the western branch of the Mertondale Shear Zone, immediately south of Tonto.

The western branch of the fault zone typically contains black mafic mylonite, a black shale, shale, quartz-dolerite, basalt, basaltic andesite and to the east, a felsic volcanic derived from a rhyolite. Felsic porphyritic intrusives occur irregularly along the shear zone. Generally, the black sulphide-graphite-rich mafic mylonite has reasonably high background gold anomalism, in the order of 0.1 to 0.5 g/t gold.

When developed, mineralisation is generally located near the sub-vertical mafic-felsic contact. Sulphidic black shales are commonly present near the mineralisation.

Deeper drilling (holes greater than 100 m deep) at Quicksilver has not been particularly successful. Over the 5 km strike length of the prospect, some 44 deeper holes have been drilled, and only three gave narrow +3 g/t gold intersections.

TONTO

The Tonto prospect extends over a strike length of about 1 km on the western branch of the Mertondale Shear Zone, between the Quicksilver and Eclipse prospects. Lithologies at Tonto are similar to Quicksilver – black mafic mylonite, a black shale, shale, quartz-dolerite, basalt, basaltic andesite and felsic volcanics. The steeply dipping high-grade lode at Tonto is likely to be structurally controlled, and appears to potentially have a shallow southerly plunge. Visually the gold mineralisation remains very difficult to pick, with no obvious association with sulphide content, quartz veining or alteration of either graphite or sericite.

Changes in lithology within the Tonto area tend to coincide with apparent northeasterly/southwesterly striking cross-faults which are evident on both the gravity and magnetic geophysical images. The changes in lithology also appear to be related to a substantial cut-off in gold mineralisation. The changes in lithology include the mylonitic unit becoming much more broken up, a shaly unit appearing and the bottom quartz-dolerite contact not being intersected along a very consistent contact.

The footwall consists of the massive quartz dolerite. This dolerite has a noticeable bleached or carbonated halo on its immediate contact with the mylonite, but grades into a strongly chloritic massive quartz-dolerite. The quartz-dolerite is devoid of gold and often assays below detection. The bleached quartz-dolerite can be difficult to pick but typically contains distinguishable bright green fuchsite 'spots' of alteration. In some places the bleaching is not overly intense but the fuchsite is very intense. Some epidote alteration and veining has also been noted. The bottom contact is generally quite sharp.

The Tonto prospect has a number of deeper high grade intersections that may have some continuity. This area requires further analysis of the results to date before planning any further drilling.

ECLIPSE

The Eclipse prospect extends over a strike length of about 2 km on the western branch of the Mertondale Shear Zone, immediately north of Tonto and south of Mertondale 5.

At Eclipse, the geology appears to have changed in comparison to Tonto. The mafic mylonite is present, but is much more discontinuous, whereas the quartz-dolerite is not restricted to the footwall and appears within the central mafic unit quite regularly. A shale unit is also commonplace throughout Eclipse.

A shallow, flat-dipping to horizontal sulphidic quartz vein has been traced over approximately 150 m in the southern to central portions of Eclipse. This vein contains fresh arsenopyrite and pyrite within the quartz, and typically assays with very high gold values.

Toward the northern end of Eclipse, a felsic volcanic is common and is typically found alternating with the mafics. An unclassified granite/porphyry intrusive has also been noted in this area, along with a relatively unsheared chloritic basalt that is slightly talcose and is possibly representative of a high-magnesium basalt. This talcose basalt has been traced up the western margin of the shear, where it is intimately associated with a basaltic andesite and a dolerite.

At the northern end of Eclipse, epithermal-like alteration has been identified. This system of alteration was traceable over several hundred metres in a strong north-south direction. Alteration includes massive fresh sulphides at depth, with a distinctive gossan forming higher up in the oxide profile. The gossan typically contains light blue sugary quartz; black quartz and iridescent haematite/goethite are also present throughout the gossan.

Within the general A\$1,250/oz optimised pit shell area at Eclipse, a total of 32 drillholes have tested the mineralisation beneath 400 mRL (the surface is at about 475 mRL). The grades are generally insufficient to drive an open pit deeper into the fresh rock.

MERTONDALE 5

The Mertondale 5 prospect extends over a strike length of about 1.5 km on the western branch of the Mertondale Shear Zone, immediately north of Eclipse.

The Mertondale 5 mineralisation is hosted in a north-south striking sequence of carbonate/sericite schists, graphitic schists and quartz-feldspar porphyries. The unit is relatively narrow, at 5 m to 15 m wide, is bounded to the west by chloritised/carbonated basalts, and to the east by quartz feldspar porphyries containing up to 50% by volume of pyrite and some graphitic schists with high percentages of pyrite.

The footwall contact is well-defined by green chlorite/carbonate basalts, which are moderately to strongly sheared and which strike at 2° to 3° west of grid north. The sericite content is less intense in the footwall sequence than in the adjacent mylonite zone. The hangingwall contact is less well defined, as mixing with mafics has occurred along its contact. The hangingwall lithology is predominantly intensely-altered quartz feldspar porphyry. The mineralised package is strongly weathered to about 100 m, with intense weathering to 75 m.

CARDINIA

The Cardinia tenements overlie a sequence of intermediate-mafic and felsic volcanic lithologies and locally derived epiclastic sediments. These lithologies are on the western limb of the regionally faulted

south-plunging Benalla anticline. Minor felsic porphyries and lamprophyre lithologies have been recognised within and adjacent to the Lewis and Bruno areas. At Lewis these intrusive rocks are often associated with mafic-felsic contacts. The eastern edge of the Bruno-Lewis system has been intruded by a dolerite sill. The regional lithological strike is 345° and lithological contacts dip between 30° and 40° to the west while foliation trends dip moderately to the east.

Interpretation of sections, in conjunction with detailed mapping, has shown a series of mineralised structures evident as quartz-ironstone veining and float in outcrop. At Lewis, the primary mineralisation is interpreted to dip from 40° to 70° to the east and lenses vary in width from 1 m to around 7 m true thickness.

Primary gold mineralisation is associated with zones of increased shearing in association with lithological contacts between the mafic and felsic rocks. Disseminated carbonate-sericite-quartz-pyrite alteration zones are present adjacent to the gold mineralisation characterised by increased quartz veining, silicification and shearing.

The deeply weathered nature of the subcropping zones of mineralisation has resulted in variable zones of depletion, ranging from 0 m to 20 m deep, with subsequent supergene enrichment occurring beneath the depleted zone and extending in places to at least 50 m deep. Surface silicification is apparent in the top 4 m.

In the Bruno-Lewis-Kyte resource area, virtually all of the known Mineral Resources are associated with flat-lying to shallowly-dipping zones of mineralisation, thought to be related to supergene gold. These zones have an east-west extent of up to 400 m and they extend over a strike length of about 2 km from the southern end of Lewis to the northern end of Bruno. Vertical thicknesses vary from 0 m to 30 m, with an average of about 5 m to 10 m. Grades can be highly variable in adjacent drillholes; however, continuity appears to be generally quite good, at even a 0.5 g/t gold lower cut-off grade. This supergene mineralisation cuts across all weathered lithologies without any obvious effects.

Mineralised zones at the Helen's and Rangoon areas, located in the northeast of the Cardinia region, are more subvertical in nature and are associated with narrow (1 m to 5 m) steeply dipping zones of shearing and quartz development.

Mineralisation trends are either north-northwest or north-south. At the various Helen's deposits, the mineralised shear zones are generally in mafics, but close to a felsic volcanic/sediment contact, whilst at Rangoon the shear zones are in felsic volcanics/sediments but close to a mafic contact. At Helen's North Lode, good visual correlation has been observed between gold grades and bleaching of the oxidised basalt host rock.

RAESIDE

Mineralisation within the Raeside prospect is hosted by a mixed package of fine-grained sediments and a quartz dolerite unit. The dolerite is sill-like in nature, and roughly conforms to observed bedding trends. The dolerite is fine to medium grained with extensive chlorite alteration. Discontinuities and breaks in diamond core are predominantly oriented along foliation planes, and slickensides are prominent throughout.

Gold mineralisation is hosted in a series of stacked, irregular, sub-parallel structures which dip shallowly to the east. Higher gold grades are generally associated with increased quartz/carbonate veining and varying levels of iron alteration. Veins are predominately stockwork in nature and widths of massive veining are generally less than 1 m.

GAMBIER LASS

The Gambier Lass prospect area lies over granitoid faulted against a deformed granitoid pebble conglomerate on the eastern limb of the Malcolm Anticline, near the eastern margin of the Keith-Kilkenny Tectonic Zone. This conglomerate is interpreted to be a fault scarp conglomerate derived from the erosion of the granitoid to the east.

Gold mineralisation is associated with moderately west dipping (40° to 50°) quartz veins in a major northwest-trending shear zone within the granitoid conglomerate. Similarly-orientated mineralised quartz vein systems occur at North and South Gambier. The quartz veins are hosted within pervasively-foliated granitoid and related fault scarp material (quartz-sericite schists), and show intense though narrow sericite-carbonate alteration at the vein margins. Minor pyrite alteration is associated with the gold mineralisation.

3.5. MINERAL RESOURCES

Navigator estimated open pit Mineral Resources for the Mertondale, Cardinia, Raeside and Gambier Lass areas. The Mineral Resources have primarily been generated and reported by independent external consultants in accordance with the guidelines of the 2004 JORC Code, with input from Navigator staff. The Mineral Resources have not been updated since the advent of the 2012 JORC Code.

The Mertondale and Raeside Mineral Resources were estimated by McDonald Speijers Pty Ltd in January 2009 and March 2009 respectively. The estimation was completed using a 'recovered fraction' technique. Recovered fraction is a probabilistic technique that estimates the volumetric proportion of each block likely to be above a particular cut-off grade.

The Cardinia Mineral Resources were estimated by Runge Limited in January 2009, using ordinary kriging interpolation constrained within mineralisation envelopes prepared at a nominal 0.2 g/t gold cut-off grade.

The Mineral Resources at the Leonora gold project are summarised in Table 3.2.

Table 3.2 Leonora gold project Mineral Resources (reported in accordance with the 2004 JORC Code)

Category	Deposit	Equity	Cut-off (g/t)	Tonnes (Mt)	Gold grade (g/t)	Gold (koz)
Indicated	Mertondale					
	Mertondale 3-4	100%	0.7	0.87	2.3	65
	Merton's Reward	100%	0.7	1.01	2.7	87
	Tonto	100%	0.7	0.97	1.9	60
	Eclipse	100%	0.7	0.62	1.8	35
	Mertondale 5	100%	0.7	0.32	3.2	33
	Quicksilver	100%	0.7	0.55	1.8	31
	Subtotal			4.34	2.2	311
	Cardinia					
	Bruno-Lewis exploration	100%	0.7	1.04	1.1	37
	Helen's North	100%	0.7	0.63	1.2	24
	Rangoon	100%	0.7	0.09	1.7	5
	Lewis grade control	100%	0.7	0.29	1.4	13
	Bruno grade control	100%	0.7	0.11	1.4	5
	Helen's South	100%	0.7	0.19	1.8	11
	Subtotal			2.35	1.3	95
	Raeside					
	Michelangelo-Leonardo	100%	0.7	1.28	2.7	111
	Forgotten Four	100%	0.7	0.07	3.0	7
	Krang	100%	0.7	0.11	2.6	9
	Subtotal			1.47	2.7	127
	Total Indicated			8.16	2.0	533
Inferred	Mertondale					
	Mertondale 3/4	100%	0.7	0.66	2.1	45
	Merton's Reward	100%	0.7	0.07	1.8	4
	Eclipse	100%	0.7	0.25	1.7	14
	Mertondale 5	100%	0.7	0.16	2.7	13
	Quicksilver	100%	0.7	0.11	2.1	8
	Subtotal			1.25	2.1	84
	Cardinia					
	Bruno-Lewis exploration	100%	0.7	1.52	1.3	63
	Helen's North	100%	0.7	0.13	1.2	5
	Kyte	100%	0.7	0.31	1.6	16
	Rangoon	100%	0.7	0.23	1.3	9
	Bruno grade control	100%	0.7	0.03	1.0	1
	Helen's South	100%	0.7	0.01	1.3	0
	Lewis South	100%	0.7	0.10	1.3	4
	Black Chief	100%	0.7	0.12	1.6	6
	Subtotal			2.44	1.3	104
	Raeside					
	Forgotten Four	100%	0.7	0.10	2.1	7
	Subtotal			0.10	2.1	7
	Gambier Lass	100%	0.7	0.34	1.6	17
	Total Inferred			4.13	1.6	212

Table 3.2 (cont)

Category	Deposit	Equity	Cut-off (g/t)	Tonne s (Mt)	Gold grade (g/t)	Gold (koz)
Total	Mertondale					
	Mertondale 3/4	100%	0.7	1.5	2.2	110
	Merton's Reward	100%	0.7	1.1	2.6	91
	Tonto	100%	0.7	1.0	1.9	60
	Eclipse	100%	0.7	0.9	1.8	49
	Mertondale 5	100%	0.7	0.5	3.0	46
	Quicksilver	100%	0.7	0.7	1.8	39
	Subtotal			5.6	2.2	395
	Cardinia					
	Bruno-Lewis exploration	100%	0.7	2.6	1.2	100
	Helen's North	100%	0.7	0.8	1.2	29
	Kyte	100%	0.7	0.3	1.6	16
	Rangoon	100%	0.7	0.3	1.4	14
	Lewis grade control	100%	0.7	0.3	1.4	13
	Bruno grade control	100%	0.7	0.1	1.3	6
	Helen's South	100%	0.7	0.2	1.7	11
	Lewis South	100%	0.7	0.1	1.3	4
	Black Chief	100%	0.7	0.1	1.6	6
	Subtotal			4.8	1.3	199
	Raeside					
	Michelangelo-Leonardo	100%	0.7	1.3	2.7	111
	Forgotten Four	100%	0.7	0.2	2.5	14
	Krang	100%	0.7	0.1	2.6	9
	Subtotal			1.6	2.6	134
	Gambier Lass	100%	0.7	0.3	1.6	17
	Total			12.3	1.9	745

3.6. STUDY RESULTS

3.6.1. MINING

The PFS investigated open pit mining at Mertondale, Cardinia, Tonto-Eclipse and Raeside to deliver 1 Mtpa of ore to a centrally located treatment facility at Merton's Reward. Estimated plant feed within the base case A\$1,250 pit shell was 6 Mt at 1.8g/t gold, with average production of 53,000 oz of gold per annum recovered over a 6 year mine life.

The open pits are planned to be mined via conventional benching using a hydraulic excavator and 100 t dump trucks. A 180 t excavator is planned for mining in the Mertondale area, and will operate in tandem with a 100 t excavator at Cardinia and later at Raeside.

The PFS assumes all waste will be tipped on surface waste dumps, but potential was identified to develop an in-pit backfilling mining sequence to minimise truck overhaul, the size of the truck fleet and reduce tyre exposure to excessive tyre heat loadings.

The Cardinia pits are characterised by their extended strike lengths and opportunity was identified to develop ramps within the optimum pit shell and along the strike of mineralisation. Designing for starter ramps and final ramps on in-pit fill will allow final designs that reduce the strip ratio below the currently planned maximum of 7.1 to 1.

Mining costs were based on independent mining contractor estimates that are in line with contract mining benchmark figures. Average mining costs equate to A\$18.00 per/tonne of ore treated.

No allowance for underground mining was made in the PFS.

3.6.2. PROCESSING

Three processing alternatives were considered in the PFS: 1) a standalone carbon-in-leach (CIL) processing facility; 2) a heap leach option; and 3) a toll treatment option. Selection of the base case processing option included consideration of capital and operating costs, as well as operability, maintainability, technology and process risk.

A standalone CIL treatment plant was considered to have the advantage of maximising gold recovery from the resource, and will produce the optimum return in an escalating gold price environment. The main disadvantage is a higher start-up capital expenditure.

The standalone 1 Mtpa CIL option adopted for the PFS base case model assumed a centrally located facility at Merton's Reward, adjacent to the well-formed gravel road and 30 km from Leonora. The proposed plant incorporates a conventional two-stage crushing circuit that feeds a ball mill with an in-circuit MMD (Mining Machinery Developments Ltd) sizer to provide for long term flexibility to process a full range of high clay and harder ores.

Capital and operating costs used for the PFS were based on the purchase and re-location of an unspecified second-hand treatment plant. The capital cost of the treatment plant was estimated on the basis that it will require additional equipment in order to ensure that the metallurgical recovery from the plant is maximised. This equipment included a Falcon gravity concentrator and Gekko intensive leach reactor to maximise gold extraction prior to the CIL process. In addition, the residence time within the CIL circuit will be optimised (as required) by the inclusion of additional leach capacity to ensure sufficient leach residence time to achieve target gold recovery.

The proposed Merton's Reward plant site is located 15 km north of the Cardinia gold system, and 6 km south of the Tonto-Eclipse gold system. Ore mined from the Cardinia and Tonto gold systems will be trucked to the Merton's Reward treatment facility. The location of the proposed plant at Merton's Reward is also relatively close to longer term resource growth targets identified along the Mertondale Shear Zone.

The PFS design assumed conventional wet tailings deposition into completed pits, with pit wall spigots and liquor recovery from in-pit pontoons.

3.6.3. METALLURGY

A number of metallurgical test programs were conducted for Navigator on all the larger deposits by AMMTEC under the supervision of Metallurgical Design. The ores were predominantly oxide (62%) and generally soft as defined by the Bond ball mill work index (BWi), with the exception of some primary ores in the Mertondale area. Metallurgical testwork indicated that process throughput rates are optimised if the clay-rich oxide ores are blended with harder ores from Mertondale and other areas. The plant design will allow for flexibility in this approach, with separate clay and competent ore circuits included in the comminution circuit design.

The PFS assumed a 90% metallurgical recovery, which Navigator considers conservative given that the metallurgical testwork in the oxide zones at Mertondale, Cardinia and Raeside indicates high (plus 95%) metallurgical recoveries, as well as a significant gravity gold fraction (up to 30%).

Metallurgical recoveries of approximately 80% from deeper transition and primary ores in the Mertondale areas are attributed to the presence of high levels of sulphides. In some cases the mineralogical evaluation found that the fine gold was associated with pyrite and arsenopyrite.

3.6.4. INFRASTRUCTURE

POWER SUPPLY

Navigator estimated that the project will require an installed power capacity to 5 MW, with the plant requirement expected to be 3 MW.

WATER SUPPLY

The PFS is based on sourcing all water required for the project from known underground aquifers and from the current storage contained within the existing open pits, until such time as onsite (in-pit) tails dams are created and harvesting can occur to supplement bore water.

Capital and operating costs for a reverse osmosis plant were included in the plant costs. The capital cost estimate has taken into consideration the necessity to pump water from the furthest pit at Mertondale 5 to the proposed mine site.

ROADS

The national road between Kalgoorlie and Leonora is the main transport corridor in the area. Access to the project from the town of Leonora is by an existing well-formed gravel road (Nambi Road). Capital has been allocated for the construction of new gravel roads for ore haulage within the project site.

ACCOMMODATION

The PFS allows for accommodation of the work force either by the establishment of a separate accommodation village on the mine site or by the use of existing facilities in the town of Leonora.

3.7. TRIAL MINING

In July 2010, Navigator completed a trial mining and processing test from the Leonora gold project. A total of 74,200 tonnes of material was milled at St Barbara Limited's Leonora processing facility, comprising 60,200 tonnes of Bruno supergene ore and 14,000 tonnes of Mertondale 2 hard rock blending ore. Gold recovered was 4,876 ounces at an average recovery of 97.9% (Table 3.3). Following the favourable results at St Barbara Limited facility, Navigator mined and trucked a further 39,800 tonnes of material to the Bronzewing project for treatment, recovering 2,773 ounces of gold at a recovery of 94.2% (Table 3.3).

Table 3.3 Leonora trial mining statistics

Resource	Item	
St Barbara Limited – Leonora processing		
Bruno	Ore (tonnes)	60,200
	Gold grade (g/t)	2.35
Mertondale 2	Ore (tonnes)	14,000
	Gold grade (g/t)	1.03
Total	Ore (tonnes)	74,200
	Gold grade (g/t)	1.91
	Recovery (%)	97.9
	Gold recovery (ounces)	4,450
Bronzewing processing		
Bruno	Ore (tonnes)	39,800
	Gold grade (g/t)	2.30
	Recovery (%)	94.2
	Gold recovery (ounces)	2,773

4. VALUATION CONSIDERATIONS

There are a number of recognised methods used in valuing mineral assets. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset and the extent and reliability of information available in relation to the asset. The VALMIN Code classifies mineral assets according to the maturity of the asset:

- **Exploration areas** - properties where mineralisation may or may not have been identified, but where a Mineral Resource has not been declared.
- **Advanced exploration areas** - properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some form of detailed geological sampling. A Mineral Resource may or may not have been estimated, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more prospects to the resource category.
- **Pre-development projects** - properties where Mineral Resources have been identified and their extent estimated, but where a decision to proceed with development has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- **Development projects** - properties for which a decision has been made to proceed with development, but which are not commissioned or are not operating at design levels.
- **Operating mines** - mineral properties that have been fully commissioned and are in production.

The VALMIN Code defines value as the fair market value of a mineral asset. The fair market value is the amount of money (or the cash equivalent of some other consideration) for which the mineral asset should change hands on the valuation date in an open and unrestricted market between a willing buyer and a willing seller in an “arm’s length” transaction, with each party acting knowledgeably, prudently and without compulsion. In times of high commodity prices and/or buoyant share market conditions the fair market value ascribed to mineral assets may be higher than their technical value. The fair market value of the mineral asset comprises

- The underlying or technical value, which is an assessment of a mineral asset's future economic benefit under a set of assumptions, excluding any premium or discount for market, strategic or other considerations
- the market component, which is a premium or discount relating to market, strategic or other considerations.

In assessing the value of Kin Mining's mineral assets, Optiro has considered both the technical value and the fair market value of the assets.

5. VALUATION APPROACH AND METHODOLOGY

In determining the appropriate valuation method(s) to be used for the Leonora gold project, Optiro has taken into consideration the classification of these assets according to the categories defined in the VALMIN Code and the different methodologies that are generally accepted as industry practice for each classification. Generally there are three broad methods of valuation that are used for valuing mineral assets: these are the market approach, cost approach and income approach. The market and cost approaches are used for the grass-roots through to advanced exploration stages, and the income approach is used for advanced projects with defined reserves to operating mines.

In relation to the classification of the Leonora gold project, it is considered to be an advanced exploration to pre-development project.

Whilst there are capital and operating cost estimates in place for the Leonora gold project, along with generalised production estimates, there are no Ore Reserves in place and Optiro considers that the cost and schedule are insufficiently robust to allow a DCF style valuation to determine fair market value and, furthermore, that they do not adequately account for the risk profile of the project. As such, the valuation approaches that Optiro has elected to use are defined as inferential methods, and rely on comparative or subjective inputs, such as a "rule of thumb" or appraised value method. Such a method values the property in dollars per unit area or dollars per resource tonne.

The methodologies considered by Optiro to determine a value for the mineral projects and the exploration potential are summarised below.

5.1. GEOSCIENTIFIC RATING METHOD

The most well-known method of the Geoscientific ratings type is the modified Kilburn Geological Engineering/Geoscientific method, which was developed by a Canadian geologist who wished to introduce a more systematic and objective way of valuing exploration properties. The Kilburn and similar rating approaches are acknowledged as industry-standard valuation tools. This method is Optiro's preferred valuation tool for early stage exploration projects.

The Kilburn method uses a Geoscientific rating which has as its fundamental value a base acquisition cost (BAC) of the tenement. The BAC is the average cost to acquire a unit of exploration tenement (generally a graticular block, square kilometre or hectare) and maintain it for one year, including statutory fees and minimum expenditure commitments.

The determination of the BAC for exploration licences in Western Australia considered the application and retention costs as set by the Government of Western Australia, Department of Mines and Petroleum, and the average identification, administration and expenditure costs. Based on Optiro's assessment, the BAC applied to the exploration licences is A\$1,114 per graticular block or A\$344/km².

Four technical factors are then applied serially to the BAC of each tenement which enhance, downgrade or have no impact on the value of the property, and which allow a value per tenement to be determined. The four technical factors are:

- **Off-property factor** – relates to physical indications of favourable evidence for mineralisation, such as workings and mining on the nearby properties, which may or may not be owned by the company being valued. Such indications are mineralised outcrops, old workings through to world-class mines.
- **On-property factor** – this is similar to the off property factor but relates to favourable indications on the property itself, such as mines with significant production.
- **Anomaly factor** – the anomaly factor relates to the degree of exploration which has been carried out and the level and/or number of the targets which have been generated as a consequence of that exploration. Properties which have been subject to extensive exploration without the generation of sufficient or quality anomalies are marked down under the Kilburn approach.
- **Geological factor** – this refers to the amount and exposure of favourable lithology and/or structure (if this is related to the mineralisation being valued) on the property. Thus properties which have a high coverage of favourable lithology and through-going structures will score most highly.

The ratings applied by Optiro are listed in Table 5.1.

This methodology is used to determine the technical value, and a fifth factor, reflecting the current state of the market, is applied to determine the market value. This market value determined from the Geoscientific rating method has been verified by consideration of the current market for gold exploration properties in Australia.

Table 5.1 Geoscientific rating criteria (modified by Optiro)

Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally favourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within tenement	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified, initial indications positive	
2.0	Resource targets identified	Exploration targets identified	Significant intersections - not correlated on section	Favourable geological setting
2.5				
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production	Several significant ore grade intersections that can be correlated	Mineralised zones exposed in prospective host rocks
3.5				
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

5.2. COMPARABLE TRANSACTION METHOD

The comparable market value approach is a market-based approach, and is an adaptation of the common real estate approach to valuation. For the purposes of mineral asset valuation, a valuer

compiles and analyses transactions, converted to a 100% equity basis, of projects of similar nature, time and circumstance, with a view to establishing a range of values that the market is likely to pay for a project. The comparable market approach

- is intuitive, easily understood and readily applied
- implies a market premium/discount for the prevailing sovereign risk
- captures market sentiment for specific commodities or locations
- accounts for intangible aspects of a transaction (i.e. intellectual property).

The transactions deemed to be analogous to the mineral asset being valued are used to determine a unit price (e.g. \$/km² or \$/tonne metal, etc.) for the asset being valued. However, there is an intricate value dynamic between the quantity (size) and quality (grade or prospectivity) that may result in the exclusion of a large number of comparable transactions, which in turn may undermine the accuracy of this method.

The comparable market value approach is widely used throughout the minerals industry; however, the valuer must take into account that this approach is largely retrospective, and therefore cannot take into account anticipated or recent commodity or other market price movements.

5.3. JOINT VENTURE TERMS METHOD

The joint venture terms method is a variation of the comparable market value method. This technique involves transactions where only partial ownership of a project is acquired. The joint venture terms method provides the valuer with a larger acquisitions dataset than the comparable market value method, and consequently these approaches are often used simultaneously in mineral asset valuations.

It is recognised that the market will attribute a sliding-scale premium in accordance with the level of ownership acquired (e.g. a joint venture agreement for a 51% interest in a project may attract a market value significantly above that for an identical project in which a 49% interest is acquired). The valuer therefore needs to account for any potential associated with ownership premiums.

5.4. APPRAISED VALUE METHOD

The cost approach or Appraised Value method is founded on the assumption that the intrinsic value of the exploration tenement is based on the exploration expenditure, and that a highly prospective tenement will generally encourage a higher level of exploration expenditure.

This valuation methodology relies upon the premise that a project is at least worth what the owner has previously spent and/or committed to spending in the future. It considers historical and/or planned future expenditure on the mineral asset and includes the amount of expenditure that has been meaningfully used in the past to define a target or resource and the future costs in advancing the exploration.

The value of the property may be determined from the sum of past effective exploration expenditure (usually limited to the past three years), plus any committed exploration expenditure in the current year and the application of a prospectivity enhancement multiplier (PEM). The PEM is determined by the level of sophistication of the exploration for which positive exploration results have been obtained, and usually ranges between 0.5 and 3.0.

The principal shortcomings of this method are that there is no consistent base from which to derive the valuation and there is no systematic approach taken in determining the PEM. Optiro places less reliance on values determined this method than those determined from the Geoscientific ratings and comparable transaction methods.

6. VALUATION

Optiro's approach has been to use the following valuation methodologies for the Mineral Resources and exploration potential for mineralisation within the Leonora exploration tenements:

- comparable transactions
- joint venture terms.

Optiro considered using the appraised value method but the data was inadequate to provide a meaningful valuation. Optiro considered the use of the Geoscientific rating method for the valuation of exploration potential at Leonora, but given the large number of small prospecting licences and mining leases in place, it is unlikely that this method would yield reliable results.

6.1. MINERAL RESOURCE VALUATION

Optiro reviewed recent transactions involving Yilgarn Craton gold deposits similar to the Leonora Mineral Resources. To obtain a dataset that is relevant under the current time and circumstance, Optiro reviewed transactions that occurred since the beginning of 2012 and in particular since May 2013 when the gold price has typically been averaging below US\$1,400 per ounce. From these, Optiro selected transactions that involved gold deposits with Indicated and Inferred Mineral Resources at a similar gold grade to that estimated at the Leonora deposits. The selected transactions are summarised in Appendix A.

Optiro has established from its search of publically available information on recent market transactions of similar gold projects with Inferred and Indicated Mineral Resources that the market has generally been paying in the range of A\$4 to A\$60 per resource ounce of gold metal in the ground for gold resource projects. When considering projects of similar grade and development stage to the Leonora gold project, the value per ounce is typically with the range of A\$4 to A\$18 per resource ounce of gold metal.

Optiro notes that the Leonora gold project Mineral Resources are predominantly unencumbered by third party royalties and that the ounces are largely nearer surface, thus resultant mining costs would likely be relatively low.

Based on its review and the current market volatility, Optiro has applied a range of A\$4 to A\$18 and a preferred value of A\$10 per resource ounce of gold metal to determine the value of the gold resources within the Leonora gold project.

Optiro's estimate of the current market value of the gold Mineral Resources within the Leonora gold project lies in the range A\$3.0 M to A\$13.4 M, with a preferred value of A\$7.5 M. Optiro's estimate of the current market value of these gold resources and based on the equity held by Navigator is included as Table 6.1.

Table 6.1 Valuation based on Leonora Mineral Resources

Deposit	Value (A\$M)		
	Low	High	Preferred
Leonora gold project	3.0	13.4	7.5

6.2. EXPLORATION POTENTIAL VALUATION

In determining the value of the exploration potential of the Leonora gold project, Optiro considered:

- the large, semi-contiguous, ~322 km² licence package located in the prospective Eastern Goldfields Province
- the positive outcome of the PFS completed in March 2009 based upon A\$1,250 pit shells

- untested potential along strike and structure from existing resources
- positive results from the 2012 soil sampling program
- that historic production is relatively minor
- the existence of only wide spaced and shallow drilling in numerous prospective areas
- a number of mining leases already in place in many prospective areas
- that in recent years exploration has not been well funded and numerous targets remain untested.

Optiro considered the use of the Geoscientific rating method, but given the large number of small prospecting licences and mining leases in place, it is likely that this method would yield unreliable results. Optiro's analysis of comparable transactions suggests that Yilgarn gold exploration projects similar to the Leonora gold project would typically attract market values in the range A\$700/km² to A\$30,000/km², with a strong negative correlation between tenement size and unit value.

When considering the size, exploration stage and potential, the comparable transactions identified by Optiro imply that the Leonora gold project exploration potential would trade within a valuation range of A\$2,500/km² to A\$3,500/km². The valuation of exploration potential at the Leonora gold project is considered to be between A\$0.80 M and A\$1.1 M, with a preferred value of A\$0.9 M.

6.3. SUMMARY VALUATION

Optiro's opinion of the fair market value of the Mineral Resources and exploration potential is summarised in Table 6.2.

Table 6.2 Valuation summary of Navigator's Leonora gold project mineral assets based on relevant equity interests

Mineral asset	Value (A\$M)		
	Low	High	Preferred
Leonora Mineral Resources	3.0	13.4	7.5
Leonora Exploration Potential	0.8	1.1	0.9
Total	3.8	14.5	8.4

In this report, Optiro has determined the current fair market value of the mineral assets within the Leonora gold project as at 9 May 2014. Optiro's opinion of the fair market value of these assets is that it is within the range A\$3.8 M to A\$14.5 M, with a preferred value of A\$8.4 M. The values assigned to these mineral assets are in nominal Australian dollars (A\$) and were prepared with an effective valuation date of 9 May 2014.

7. DECLARATIONS BY OPTIRO

7.1. INDEPENDENCE

Optiro is an independent consulting and advisory organisation which provides a range of services related to the minerals industry including, in this case, independent geological services, but also resource evaluation, corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 50 Colin Street, West Perth, Western Australia, and Optiro's staff work on a variety of projects in a range of commodities worldwide.

This report has been prepared independently and in accordance with the VALMIN and JORC Codes. The authors do not hold any interest in Kin Mining, Navigator, its associated parties, or in any of the mineral properties which are the subject of this report. Fees for the preparation of this report are

being charged at Optiro's standard rates, whilst expenses are reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this report.

7.2. QUALIFICATIONS

The principal person responsible for the preparation of this report is Mr Jason Froud (Principal) of Optiro. Peer review was carried out by Mrs Christine Standing.

Mr Jason Froud [BSc (Hons), Grad Dip (Fin Mkts), MAusIMM] is a geologist with over 18 years experience in mining geology, exploration, resource definition, mining feasibility studies, reconciliation, consulting and corporate roles in gold, iron ore, base metal and uranium deposits principally in Australia and Africa. Jason has previously acted as a Competent Person and Independent Expert across a range of commodities with expertise in mineral exploration, grade control, financial analysis, reconciliation and quality assurance and quality control.

Mrs Christine Standing [BSc (Hons) Geology, Grad Dip (Min Econ), MAusIMM, MAIG] is a geologist with 30 years extensive experience in the exploration and mining industry. She has been consulting in resource estimation and generating independent experts' reports since 1988, and her skills include resource evaluation studies, grade control and reconciliation work. Christine is a Principal for Optiro in Perth and is involved in independent technical reviews, audits and valuations of exploration assets.

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9. GLOSSARY OF ABBREVIATIONS AND TECHNICAL TERMS

Term	Explanation
Abbreviations	A\$ – Australian dollars, BAC - Base Acquisition Cost, DCF - Discounted cashflow, °C - degrees Celsius, EL - Exploration Licence, EV - Enterprise Value, g/t –grams per tonne, ha – hectare, JVA - joint venture agreement, km – kilometre, km ² – square kilometre, m – metre, m ³ – cubic metres, MA – million years, mm – millimetre, M – million, ML – Mining Licence, Mt – million tonnes, NPV - Net Present Value, % - percentage, RC - Reverse Circulation drilling, SG - specific gravity , t – tonnes, US\$ – United States dollars
Chemical elements	Au – gold
airborne magnetic survey	A measurement of the magnetic susceptibility of rocks, measured from a plane in flight.
alteration	A change in mineralogical composition of a rock through reactions with hydrothermal fluids, temperature or pressure changes.
apatite	A group of phosphate minerals, usually referring to hydroxylapatite, fluorapatite, and chlorapatite.
Archaean	Era of the geological time scale containing rocks greater than 2,500 million years old.
bedrock	The solid rock lying beneath superficial material such as gravel or soil.
bulk density	A property of particulate materials. It is the mass of many particles of the material divided by the volume they occupy. The volume includes the space between particles as well as the space inside the pores of individual particles.
carbonate	A class of sedimentary rocks composed primarily of carbonate minerals. The two major types are limestone and dolomite.
classification	A system for reporting Mineral Resources and Ore Reserves according to a number of accepted Codes.
composite	A sample comprised of a number of smaller samples.
concentrate	End product of the flotation process.
cut-off grade	The grade that differentiates between mineralised material that is economic to mine and material that is not.
diatreme	A breccia-filled volcanic pipe that was formed by a gaseous explosion. Diatremes often breach the surface and produce a tuff cone, a filled relatively shallow crater known as a maar, or other volcanic pipes.
diamond drilling	Drilling method which produces a cylindrical core of rock by drilling with a diamond tipped bit.
dolomite	A carbonate rock consisting of calcium magnesium carbonate.
electromagnetic (EM) geophysical surveys	Survey over an area involving the measurement of alternating magnetic fields associated with currents artificially or naturally maintained in the ground.
exploration licence	Rights to explore for minerals in an area, granted by a government to an individual/company.
fault	A fracture in rock along which displacement has occurred.
fold (folded)	A flexure in rocks.
formation	A defined interval of strata, often comprising similar rock types.
gabbro	A coarse-grained, intrusive mafic igneous rock chemically equivalent to basalt.
geological domains	Spatial domains created to represent areas with similar geological characteristics.
geophysical survey	A survey that measures the physical properties of rock formations, commonly magnetism, specific gravity, electrical conductivity and radioactivity.
granite	A coarse grained intrusive felsic igneous rock.
granitoid	A common and widely-occurring type of intrusive, felsic, igneous rock.
greywacke	A variety of sandstone generally characterized by its hardness, dark colour, and poorly-sorted, angular grains of quartz, feldspar, and small rock fragments set in a compact, clay-fine matrix.
hydrothermal	The actions of hot water or the products produced by the action of hot water.
Indicated Mineral Resource	‘An ‘Indicated Mineral Resource’ is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.’ (JORC 2004)
Inferred Mineral Resource	‘An ‘Inferred Mineral Resource’ is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate

Term	Explanation
	techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.’ (JORC 2004)
intercept	Mineralised intersection in a borehole.
intrusion	The emplacement of magma into pre-existing rock.
iron oxides	Minerals composed of iron and oxygen, e.g., hematite, magnetite.
isoclinal	A fold in which the limbs are parallel or near-parallel.
JORC Code	The JORC Code provides minimum standards for public reporting to ensure that investors and their advisers have all the information they would reasonably require for forming a reliable opinion on the results and estimates being reported. The current version is dated 2004.
laterite	A soil residue composed of secondary oxides of iron, aluminium or both.
mafic	Silicate minerals, magmas, and volcanic and intrusive igneous rocks that have relatively high concentrations of the heavier and darker minerals.
magnetic anomaly (high / low)	Magnetic signatures different from the background, made up of a high and a low (dipole) compared to the average field.
Mesoproterozoic	A geological era that occurred between 1,600 Ma and 1,000 Ma ago.
metallurgy	Study of the physical properties of metals as affected by composition, mechanical working and heat treatment.
metamorphics	Rocks that have undergone metamorphism.
Mineral Resource	‘A ‘Mineral Resource’ is a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.’ JORC 2004.
mineralisation	The process by which a mineral or minerals are introduced into a rock, resulting in a valuable deposit.
mineralogical	The study of minerals: formation, occurrence, properties, composition and classification.
mining lease/licence	A right to operate a mine.
mudstone	A detrital sedimentary rock composed of clay minerals similar to shale but lacking the well developed bedding planes.
ordinary kriging	A geostatistical estimation method which relies upon a model of spatial continuity as defined in a variogram.
ore	Mineralised material which is economically mineable at the time of extraction and processing.
orogeny	The process of mountain building, and may be studied as a tectonic structural event, as a geographical event and a chronological event, in that orogenic events cause distinctive structural phenomena and related tectonic activity, affect certain regions of rocks and crust and happen within a time frame.
oxidation, oxidised	The addition of oxygen to the metal ion, generally as a result of weathering.
Palaeoproterozoic	The first of the three sub-divisions (eras) of the Proterozoic occurring between 2500 Ma and 1600 Ma (million years ago).
pit optimisation	A mathematical process whereby an open cut volume is optimised according to certain financial criteria.
pre-feasibility study	Preliminary assessment of a project to determine mining and processing methods, capital costs, logistics etc.
Prospecting Licence	Authorization granted by a government to an individual permitting the person to prospect for minerals.
Proterozoic	Era of the geological time scale within the Precambrian eon containing rocks of approximately 1000 – 2500 million years old.
quartz	Crystalline silica (SiO ₂).
radiometric survey (radiometrics)	A survey pertaining to the measurement of geologic time by the study of parent and/or daughter isotopic abundances and known disintegration rates of the radioactive parent isotopes.
recovery	Metallurgical: The percentage of metal that can be recovered given the limitations of the processing equipment.
reverse circulation drilling (RC)	Drilling method that uses compressed air and a hammer bit to produce rock chips.
sediments	Loose, unconsolidated deposit of debris that accumulates on the Earth’s surface.
shear	Fault.
siltstone	A type of sedimentary rock where the individual particles are predominantly between <0.05 mm in size.

Term	Explanation
sinistral	Refers to the horizontal component of movement of blocks on either side of a fault or the sense of movement within a shear zone.
stockwork	A network of veins.
stream sediment sampling	Soil sampling of sediments from stream beds.
stripping	Open pit mining term relating to the removal of uneconomic waste material to expose ore. Metallurgical term relating to the removal of copper from the organic phase in the solvent extraction process.
supergene	A mineral deposit or enrichment formed near the surface.
top cut	A process that reduces the effect of isolated (and possible unrepresentative) outlier assay values on the estimation.
transitional	The partially oxidised zone between oxidized and fresh material.
turbiditic greywackes	A type of sandstone deposited by submarine currents.
ultramafic	Igneous rocks with very low silica content (less than 45%), generally >18% MgO, high FeO, low potassium and are composed of usually greater than 90% mafic minerals.
vein	A tabular or sheet like body of one or more minerals deposited in openings of fissures, joints, or faults.
volcaniclastics	Sedimentary rocks derived from erosion of volcanic rocks.
volcanics	Sequence of strata formed from an erupting volcano.

Appendix A Western Australian Gold Mineral Resource Transactions

Project	Date	Buyer	Seller	Interest	Consideration	Gold (contained ounces)	Implied value (A\$/oz)
Vivien	9/02/2012	Ramelius Resources Ltd	Agnew Gold Mining Company	100%	\$10,000,000	154,000	\$64.90
Sandstone	14/08/2012	Southern Cross Goldfields Limited	Troy Resources Limited	100%	\$5,000,000	720,000	\$6.90
Andy Well	21/08/2012	Doray Minerals Ltd	Murchison Resources Pty Ltd	20%	\$70,000,000	338,000	\$207.10
Beavis	27/08/2012	Wiltshire Asset Management	GBM Gold Ltd	100%	\$5,000,000	34,000	\$148.40
Turner River	24/09/2012	Polymetals Mining Ltd	Lansdowne Resources Pty Ltd	75%	\$2,330,000	298,000	\$7.80
Peak Hill	27/09/2012	Resources and Investment NL	Montezuma Mining Company Ltd	100%	\$2,900,000	547,000	\$5.30
Goodenough	16/11/2012	Stratum Metals Ltd	Resource Assets Pty. Ltd	100%	\$3,150,000	36,000	\$87.50
Spargoville	20/12/2012	Mithril Resources Ltd	KalNorth Gold Mines Limited	80%	\$2,500,000	87,000	\$28.80
Goodenough	27/12/2012	Mountain Gold International Ltd	Stratum Metals Ltd	40%	\$3,380,000	36,000	\$93.80
Southern Cross	9/01/2013	St Barbara	Hanking Gold Mining Pty Ltd	100%	\$22,500,000	2,405,000	\$9.40
Frogs Leg	10/02/2013	La Mancha Resources Australia Pty Ltd	Alacer Gold Corporation	49%	\$287,760,000	1,110,000	\$259.20
Youanmi	12/02/2013	Infinity Fame Limited	Apex Minerals NL	100%	\$15,500,000	953,000	\$16.30
Wiluna	12/03/2013	Everprosperity Investment Co Ltd	Apex Minerals NL	100%	\$4,600,000	2,800,000	\$1.60
Comet Vale	20/03/2013	Crest Minerals Ltd	Reed Resources Ltd	100%	\$6,000,000	211,000	\$28.50
Drew Hill	28/05/2013	Exco Resources Ltd	Polymetals Mining Ltd	50%	\$2,880,000	161,000	\$17.90
Egerton gold	29/05/2013	Gascoyne Resources Limited	Exterra Resources Ltd	100%	\$1,000,000	24,000	\$41.70
Halleys East	9/07/2013	Beacon Minerals Ltd	Duketon Consolidated Pty Ltd	20%	\$3,250,000	69,000	\$47.20
Adelaide Hills	19/07/2013	Terramin Australia Ltd	Maximus Resources Ltd	100%	\$1,950,000	237,000	\$8.20
Gympie	2/08/2013	Private company	Fe Limited	100%	\$2,450,000	49,000	\$50.10
Dohertys	5/08/2013	Classic Minerals Ltd	Golden West Resources Ltd	100%	\$220,000	20,000	\$10.90
Yilgarn South	22/08/2013	Gold Fields Ltd	Barrick Gold Corporation	100%	\$300,000,000	1,800,000	\$166.70
Birthday Gift	23/08/2013	Blue Tiger Mines Pty Ltd	Barra Resources Ltd	100%	\$2,000,000	31,000	\$65.40
Melrose and Darlot East	11/10/2013	Unspecified	Korab Resources Ltd	100%	\$1,500,000	340,000	\$4.40
Sabbath	25/10/2013	Unspecified	Dourado Resources Ltd	100%	\$100,000	14,000	\$7.20
Plutonic Dome	19/11/2013	Ord River Resources	Dampier Gold Ltd	75%	\$8,000,000	683,000	\$11.70
Norton	11/12/2013	Mantle Mining Corporation Ltd	Norton Gold Fields Ltd	100%	\$330,000	108,000	\$3.10

Project	Date	Buyer	Seller	Interest	Consideration	Gold (contained ounces)	Implied value (A\$/oz)
Plutonic	23/12/2013	Northern Star Resources	Barrick Gold Corporation	100%	\$25,000,000	1,750,000	\$14.30
Comet Vale	6/02/2014	Private company	Reed Resources Ltd	100%	\$2,000,000	211,000	\$9.50
Wiluna	20/02/2014	Blackham Resources Ltd	Apex Minerals NL (Receivers & Managers Appointed)	100%	\$50,000,000	2,800,000	\$17.90
Lake Carey	13/03/2014	Fortitude Gold Pty Ltd	Midas Resources Ltd	100%	\$330,000	405,000	\$0.80
Bullabulling	17/04/2014	Norton Gold Fields Ltd	Bullabulling Gold Limited	100%	\$23,960,000	3,753,000	\$6.40

Appendix B Western Australian (Yilgarn) Gold Exploration Transactions

Project	Date	Buyer	Seller	Interest	Consideration	Area (km ²)	Implied value (A\$/ km ²)
Cue	24/02/2012	Western Mining Pty Ltd	Canyon Resources Ltd	100%	\$400,000	16	25,418
Kintore	14/05/2012	Phoenix Gold Ltd	Private vendor	100%	\$800,000	7	119,766
McPhees	7/06/2012	Epic Resources Ltd (now Asct Resources Ltd)	Red Field Pty Ltd	100%	\$31,000	6	4,799
Horse Well Extension	19/09/2012	Alloy Resources Limited	Phosphate Australia Ltd	80%	\$115,000	56	2,068
Fraser Range	20/09/2012	AAQ Holdings (changing name to Fraser Range Metals Group)	Fraser Range Resources Pty Ltd	100%	\$1,800,000	1,296	1,389
Plumridge	20/09/2012	AAQ Holdings (changing name to Fraser Range Metals Group)	International Goldfields Limited	100%	\$2,300,000	831	2,768
Lucky Bay South	16/11/2012	Octagonal Resources Ltd	Gold Attire Pty Ltd	20%	\$1,275,000	38	33,410
Hogans	16/11/2012	Octagonal Resources Ltd	Gladiator Resources Ltd	30%	\$850,000	126	6,749
West River	16/11/2012	Octagonal Resources Ltd	West River Pty Ltd	30%	\$850,000	97	8,781
Velvet Strike	16/11/2012	Octagonal Resources Ltd	Velvet Strike Pty Ltd	30%	\$850,000	74	11,469
Lake Darlot	10/12/2012	Leopard Resources NL	Interglobal Investments Ltd	100%	\$390,000	102	3,816
Juglah Rocks	16/01/2013	Ironstone Resources Ltd	Classic Minerals Ltd	100%	\$750,000	135	5,556
Fortescue	22/01/2013	Northern Star Resources Limited	Fortescue Metals Group Ltd	25%	\$8,000,000	6,635	1,206
Aurora Tank	15/02/2013	Apollo Minerals Ltd	Marmota Energy	75%	\$1,200,000	48	25,000
East Yilgarn	15/03/2013	MRG Metals Ltd	Sasak Resources Australia Pty Ltd	100%	\$11,220,000	2,000	5,610
Horseshoe Range	3/04/2013	Resource and Investment NL	Naracoota Resources	100%	\$300,000	46	6,593
Lake Grace and Griffins Find	19/04/2013	Auzex Exploration Limited	Panoramic Resources Ltd	60%	\$4,000,000	10,500	381
Mt Egerton and Gordon fields	30/04/2013	3D Resources Ltd	Tech-Sol Pty Ltd	85%	\$529,412	19	27,348
Long Horse	1/05/2013	Carnavale Resources Limited	Barrambie Minerals Limited	51%	\$490,196	255	1,923
Lynas Find	7/05/2013	Alloy Resources Limited	Trafford Resources	51%	\$1,274,510	28	46,239
Mt Barrett and Roe Hills Nickel	14/05/2013	Mining Projects Group Limited	Oroya Mining Limited	100%	\$200,000	509	393
Tick Hill	17/06/2013	Superior Resources Ltd	Diatreme Resources Ltd	50%	\$1,700,000	4	435,897
Plumridge	21/06/2013	Fraser Range Resources Pty Ltd	International Goldfields Limited	60%	\$1,666,667	831	2,005
Spargoville	1/07/2013	Ero Mining Ltd (changed name to Tychean Resources Ltd)	Ramelius Resources	100%	\$400,000	114	3,497

Project	Date	Buyer	Seller	Interest	Consideration	Area (km ²)	Implied value (A\$/ km ²)
Spargoville (Wattle Dam Mine)	1/07/2013	ERO Mining Ltd (now called Tychean Resources)	Ramelius Resources Ltd	100%	\$400,000	114	3,497
Valley Floor Prospect	4/07/2013	Ero Mining Ltd (changed name to Tychean Resources Ltd)	Valley Floor Resources Pty Ltd	100%	\$150,000	6	27,273
Yundamindera	9/07/2013	Legacy Iron Ore Ltd	Ling prospecting syndicate	60%	\$383,333	51	7,516
Gidgee Prospect	12/08/2013	Gateway Mining Ltd	Panoramic Resources Ltd	70%	\$1,714,286	87	19,597
Cuddingwarra	12/08/2013	Gleneagle Gold Ltd	Plasia Pty Ltd	100%	\$20,000	115	174
Mt Jewell, Wills Creek, Royal Tasman and Nickel First	13/08/2013	InterMet Resources Ltd	Lancaster Resources Pty Ltd	100%	\$250,000	82	3,058
Grafters area	17/10/2013	Excelsior Gold Limited	Fe Limited and Cazaly Resources Limited	100%	\$250,000	18	13,889
Cue	28/11/2013	Parker Resources NL	Unspecified	60%	\$100,000	40	2,508
Miclere	19/12/2013	Plenty Gold Pty Ltd	Rift Valley Resources	100%	\$395,000	111	3,559
Viking	3/03/2014	Genesis Minerals Ltd	AngloGold Ashanti Australia Ltd	100%	\$50,000	970	52
Mystique	7/03/2014	Parmelia Resources Ltd	Black Fire Minerals Ltd and Entrée Gold Inc	100%	\$312,957	205	1,529
Turner River	25/03/2014	Rugby Mining Ltd	De Grey Mining Ltd	80%	\$2,625,000	701	3,745
Tandarra	31/03/2014	Catalyst Metals Ltd	Navarre Minerals Ltd	51%	\$5,882,353	69	85,318
Yellow Jack and Devils Mountain	14/04/2014	Laura Exploration Pty Ltd	Eclipse Metals Ltd	100%	\$125,000	167	750
Mystique	22/04/2014	Black Fire Minerals Ltd	Entrée Gold Inc	40%	\$75,000	205	366