29 August 2016

Dear Shareholder

Non-Renounceable 2-for-5 Entitlement Offer (with free attaching options)

Please note the Offer Closing Date of Friday 16 September 2016.

On 25 August 2016, Navarre Minerals Limited (**Navarre** or **the Company**) announced that it will be offering eligible shareholders the opportunity to acquire new fully paid ordinary shares in the capital of Navarre (**New Shares**) via a non-renounceable entitlement issue on the basis of two (2) New Shares for every five (5) shares held by shareholders registered at 7.00pm (AEST) on 31 August 2016 (**Record Date**) at an issue price of 2.9 cents per New Share, together with one (1) free attaching unlisted options (exercisable at 5 cents on or before 31 March 2018) for every two (2) New Shares subscribed for and issued (**New Options**) to raise approximately $1.14 million before costs (**Offer**). The Offer is fully underwritten by Patersons Securities Limited, which is also the lead manager to the Offer. For information relating to the fees payable to Patersons as lead manager and underwriter, please refer to the Company's Prospectus relating to the Offer (details below).

Navarre has recently been awarded a grant of up to $626,000 under the Victorian Government's TARGET Minerals Exploration Initiative to co-fund exploration at Navarre's Irvine and Benno gold prospects (see ASX announcement on 28 June 2016). Together with the proceeds of a private placement to sophisticated and professional investors that was also announced on 25 August 2016, the proceeds from the Offer will be used to fund Navarre's share of the estimated $1.2 million cost of its proposed exploration program for the Irvine and Benno gold prospects, comprising geophysics, aircore and diamond drilling, and to meet the expenses of the Offer and provide additional working capital for the Company.

The placement to sophisticated and professional investors is expected to raise approximately $285,000 before costs through the issue of 9,830,000 New Shares at an issue price of 2.9 cents per New Shares, together with one (1) free New Option for every two (2) New Shares issued (**Placement**).

Eligible Shareholders

The Offer is being extended to shareholders of the Company who meet all of the following criteria (**Eligible Shareholders**):

- are registered as a holder of Shares at 7.00pm (Melbourne time) on the Record Date of 31 August 2016;
- have a registered address in Australia or New Zealand;
- are not in the United States or a U.S. Person or acting for the account or benefit of such persons; and
- are eligible under all applicable securities laws to receive an offer under the Offer.

Prospectus

The Offer is being made under a prospectus in accordance with section 713 of the Corporations Act 2001 (Cth) (**Prospectus**).

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Offer. Full details of the Offer are set out in the Prospectus.

Eligible Shareholders will be sent a Prospectus, together with a personalised Entitlement and Acceptance Form, on or about 2 September 2016. Those documents will contain important information about the Offer and the number of New Shares that each Eligible Shareholder is entitled to subscribe for under the Offer. A copy of the Prospectus has been lodged with ASX and is available from the ASX website (www.asx.com.au) and the Navarre website (www.navarre.com.au).

Eligible Shareholders should read all of the Prospectus carefully before deciding whether to participate in the Offer. For the purposes of calculating the entitlements of Eligible Shareholders, fractions of entitlements will be rounded up to the nearest whole number of New Shares and New Options.

Action required by Eligible Shareholders

The entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. An Eligible Shareholder's entitlement will be shown on an Entitlement and Acceptance Form which will accompany the Prospectus. Eligible Shareholders may take up their entitlement in full or in part.

If you are an Eligible Shareholder, you may take one of the following actions:

- take up all of your entitlement;
- take up part of your entitlement; or
- do nothing and allow all your entitlement to lapse.

If you wish to take up all or part of your entitlement, you will need to follow the instructions on the Entitlement and Acceptance Form and ensure that your application monies (and your completed Entitlement and Acceptance Form, if you are paying by cheque) are received by no later than 5.00pm (AEST) on the Closing Date of 16 September 2016.

Entitlements under the Offer are non-renounceable, which means that entitlements will not be tradeable on ASX or otherwise transferable.

Ineligible shareholders

Shareholders who are not Eligible Shareholders are ineligible shareholders (**Ineligible Shareholders**). Pursuant to ASX Listing Rule 7.7.1(a), the Company has determined that it would be unreasonable to extend the Offer to shareholders with a registered address outside Australia or New Zealand having regard to:

- the small number of Ineligible Shareholders as a proportion of the total shareholders of the Company;
- the number and value of the New Shares and New Options that would be offered to Ineligible Shareholders if they were eligible to participate in the Offer; and
- the cost to the Company of complying with applicable legal and regulatory requirements in jurisdictions outside of Australia and New Zealand.

Ineligible Shareholders are not eligible to participate in the Offer and will not be sent a copy of the Prospectus.

Key dates for Eligible Shareholders

Navarre expects the Entitlement Offer to be conducted according to the following timetable:

Event	Date
Lodgement of Prospectus with the ASIC	Thursday 25 August 2016
Lodgement of Prospectus & Appendix 3B with ASX	Thursday 25 August 2016
Notice sent to Shareholders	Monday 29 August 2016
Shares commence trading ex-entitlement	Tuesday 30 August 2016
Record Date for determining entitlements to participate in the Offer	Wednesday 31 August 2016
Prospectus despatched to Eligible Shareholders & Company announces despatch has been completed	Friday 2 September 2016
Entitlement Offer opens	Friday 2 September 2016
Entitlement Offer closes	Friday 16 September 2016
New Shares quoted on a deferred settlement basis	Monday 19 September 2016
ASX notified of shortfall	Tuesday 20 September 2016
Despatch of holding statements	Friday 23 September 2016
Normal trading of New Shares on ASX expected to commence	Monday 26 September 2016

Dates and times are indicative only and are subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to vary each of these dates without advance notice to shareholders. Any alteration to these dates will be notified to ASX.

Capital structure

As at the date of the announcement, the Company had 98,346,946 Shares and 850,000 unquoted employee options on issue on issue. The Company expects to issue up to approximately 39,338,779 New Shares and 19,669,390 New Options under the Offer (subject to rounding). Once issued, the New Shares will rank equally in all respects with the Shares currently on issue. After the Offer is completed, assuming no existing options are exercised before the Record Date, the Company expects to have 147,515,725 Shares on issue (including the New Shares issued under the Placement) and 25,434,390 options on issue (including the New Options issued under the Placement).

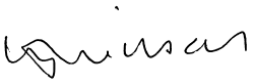
Any New Shares and New Options not take up under the Offer will form the shortfall offer (**Shortfall**). If there is a Shortfall, the Company will place to the nominees of the underwriter, at its discretion, that number of New Shares and New Options.

Further information

I encourage you to keep abreast of continuing developments with respect to the Company and through the Company's announcements, which you will find on our website www.navarre.com.au. If you have any questions, you can contact the Company directly on +61 3 5358 8625.

Please note that this letter is for information only and you need take no action at the moment. **If you are an Eligible Shareholder, the Prospectus and an Entitlement and Acceptance Form will be mailed to you on or about 2 September 2016.**

Yours sincerely
NAVARRE MINERALS LIMITED



Kevin Wilson
Chairman