



**WESTERN MINING NETWORK LIMITED**

ABN 63 144 079 667

**& CONTROLLED ENTITIES**

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Interim Financial Report  
For the Half-Year Ended December 2015

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**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT  
For the Half-Year Ended 31 December 2015**

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**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**COMPANY DIRECTORY**

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**EXECUTIVE CHAIRMAN**

Budi Santoso

**CHIEF EXECUTIVE OFFICER**

David Putnam

**EXECUTIVE DIRECTOR**

Gordon Lewis

**NON-EXECUTIVE DIRECTOR**

Andrew Houtas

**COMPANY SECRETARY**

David Palumbo

**REGISTERED OFFICE**

Level 11, 216 St Georges Terrace

PERTH WA 6000

Telephone: (08) 9481 0389

Facsimile: (08) 9481 6103

**AUDITORS**

Bentleys

Level 3, 216 St Georges Terrace

PERTH WA 6000

**SHARE REGISTRAR**

Advanced Share Registry Services

110 Stirling Highway

Nedlands Western Australia 6009

Telephone: (08) 9389 8033

Facsimile: (08) 93262 3723

**STOCK EXCHANGE CODE**

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Code: WMN

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

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Your directors submit the financial report of the Company for the half-year ended 31 December 2015.

**DIRECTORS**

The names of Directors who held office during or since the end of the half year are:

Budi Santoso	Executive Chairman (Appointed 8 January 2016, previously Executive Director)
Gordon Lewis	Executive Director (Appointed 13 July 2015)
Andrew Houtas	Non-Executive Director (Appointed 30 November 2015)
Christopher Clower	Former Executive Chairman (Resigned 8 January 2016)
Melly Sah Bandar	Former Non-Executive Director (Resigned 30 November 2015)
Roger Pooley	Former Non-Executive Director (Resigned 8 September 2015)

**RESULTS**

The loss after tax for the half-year ended 31 December 2015 was \$7,835,541 (31 December 2014: \$42,515,232).

**REVIEW OF OPERATIONS**

**Tamboli Project**

On 3 August 2015, the Company was granted a Mining Licence known as an IUP-OP (Ijin Usaha Pertambangan – Operasi Produksi) for the mine at the Tamboli project. This is a significant milestone for the project, as the certificate is valid until August 3rd, 2020 and can be extended by two periods of five years beyond that date.

Discussions were undertaken during the period with Mining One regarding their requirement to produce a JORC resource statement for Tamboli. As a result the Company will undertake further check sampling using alternate methods of measurement, together with flake analysis and some basic flotation work in order to enable Mining One to advance their work. The Company will use the services of the Geoservices laboratory in Jakarta for this analysis. Both existing and new core samples will be submitted to the lab to complete the above requirements.

The original purchase agreement for the Tamboli Project included three milestones, each of which triggered the granting of additional shares to the sellers. The issuance of the shares required as a result of the Company achieving the First and Second Milestones was approved at the Company's AGM on 30 November 2015 and this resulted in the issuance of approximately 39 million shares on 29 December 2015.

**PT Grafindo Nusantara (GFN)**

In December 2015, the Company cemented its agreement to acquire PT Grafindo Nusantara with the signing of a conditional share purchase agreement. The terms of the transaction remain unchanged. Closing is subject to the granting of foreign investment approval by the Indonesian Government, the completion of confirmatory due diligence by both parties and any required shareholder approvals. In order to save both time and cost the Company will use the results of its due diligence to further the scoping study to be undertaken for the development of the Balai Sebut graphite deposit.

**Persada**

No substantive work was undertaken during the period in respect of the Persada project. The Company's intention is still to undertake an assessment of the project in the light of its declared focus on the development of its graphite resources.

**WESTERN MINING NETWORK LIMITED  
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**DIRECTORS' REPORT**

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**Financing**

The major activity for the period was focused on efforts to secure funding for the next phase of development of the Company's graphite projects. On 29 October 2015 announced a successful transaction with Lanstead Capital LP.

Under the terms of the placement, Lanstead subscribed for 30,000,000 ordinary shares which were issued at a price of A\$0.20 per share, representing a 25 percent premium to the Company's last traded price. Lanstead also received 7,500,000 free attaching options to acquire ordinary shares at a price of A\$0.27 per share exercisable on or before 30th June, 2017 and a grant of an additional 3,000,000 shares. In addition, the Company has entered into a sharing agreement ("Sharing Agreement") with Lanstead which enables the Company to secure much of the potential upside arising from any share price appreciation above \$0.27 over the next 18 months.

As a result of this transaction, the Company retained A\$900,000 of the aggregate A\$6,000,000 subscription price and the remainder was provided as security to Lanstead for the Sharing Agreement under which the Company will receive 18 monthly cash settlements determined by WMN's share price performance as measured against a benchmark price of A\$0.27 per share (the "Benchmark Price"). The broad effect of the arrangements is that, if the 18 month VWAP of the Company's shares following the date of the deal is A\$0.27, the Company should receive approximately A\$6,000,000 in total including the initial payment of A\$900,000. It will receive more if the average price is above A\$0.27, and less if the average price is below A\$0.27.

**SUBSEQUENT EVENTS**

Subsequent to period end, a total of \$223,005 has been received for the months of January and February 2016 with a further \$65,708 to be received for the month of March 2016 under the Lanstead Sharing Agreement.

The remaining 15 monthly instalments will be determined by the Company's 5 day VWAP over the calculation period. The table below summarises the expected monthly amount to be received based on a varying 5 day VWAP. The current 5 day VWAP at the date of this report is \$0.085.

WMN 5 day VWAP	Monthly Payment
\$0.05	\$8,333
\$0.08	\$45,833
\$0.10	\$70,833
\$0.15	\$133,333
\$0.20	\$195,833
\$0.25	\$258,333
\$0.27	\$283,333

No other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

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**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the half-year ended 31 December 2015 is set out on page 20.

This report is signed in accordance with a resolution of the Board of Directors.



Budi Santoso  
Executive Chairman  
Dated: 15<sup>th</sup> March 2016

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

For the Half-Year Ended 31 December 2015

		<b>31 December 2015</b>	<b>Restated 31 December 2014</b>
		<b>\$</b>	<b>\$</b>
Interest income	Note	61	13,779
Administration expenses		(602,116)	(129,342)
Compliance and regulatory expenses		(259,006)	(130,812)
Diminution in fair value of financial assets	3	(2,811,218)	-
Employee benefits expense		(588,239)	(197,880)
Exploration and evaluation expenditure	2	(5,037)	(42,010,382)
Occupancy costs		(12,225)	(3,986)
Share based payment expense		(3,488,784)	-
Travel and accommodation		(68,977)	(56,609)
<b>Loss before income tax expense</b>		<b>(7,835,541)</b>	<b>(42,515,232)</b>
Income tax expense		-	-
<b>Loss from continuing operations</b>		<b>(7,835,541)</b>	<b>(42,515,232)</b>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(137,313)	10,406
<b>Total comprehensive income</b>		<b>(7,972,854)</b>	<b>(42,504,826)</b>
<b>Loss attributable to:</b>			
Members of the parent entity		(7,788,251)	(42,406,544)
Non-controlling interest		(47,290)	(108,688)
		<b>(7,835,541)</b>	<b>(42,515,232)</b>
<b>Total comprehensive loss attributable to:</b>			
Members of the parent entity		(7,925,564)	(42,396,138)
Non-controlling interest		(47,290)	(108,688)
		<b>(7,972,854)</b>	<b>(42,504,826)</b>
Basic loss per share (cents per share)		(4.44)	(41.02)

The accompanying notes form part of this financial report.

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2015

		31 December 2015	Restated 30 June 2015
		\$	\$
	Note		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		155,702	182,580
Trade and other receivables		246,258	274,131
Financial assets	3	1,525,855	-
Other assets		20,126	12,125
<b>TOTAL CURRENT ASSETS</b>		<b>1,947,941</b>	<b>468,836</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	3	762,927	-
Other assets		15,867	15,585
Plant and equipment		42,123	88,628
<b>TOTAL NON-CURRENT ASSETS</b>		<b>820,917</b>	<b>104,213</b>
<b>TOTAL ASSETS</b>		<b>2,768,858</b>	<b>573,049</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		978,716	688,837
<b>TOTAL CURRENT LIABILITIES</b>		<b>978,716</b>	<b>688,837</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Consideration		735,921	735,921
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>735,921</b>	<b>735,921</b>
<b>TOTAL LIABILITIES</b>		<b>1,714,637</b>	<b>1,424,758</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>1,054,221</b>	<b>(851,709)</b>
<b>EQUITY</b>			
Issued Capital	4	59,771,471	53,381,471
Reserves		7,257,545	3,906,074
Accumulated losses		(65,484,265)	(57,696,014)
Non-controlling interest		(490,530)	(443,240)
<b>TOTAL EQUITY/(DEFICIENCY IN EQUITY)</b>		<b>1,054,221</b>	<b>(851,709)</b>

The accompanying notes form part of this financial report.



**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the Half-Year Ended 31 December 2015

	Issued Capital \$	Foreign translation reserve \$	Options reserve \$	Accumulated Losses \$	Non- controlling interest \$	Total \$
<b>Balance at 1 July 2014 (restated)</b>	<b>12,663,797</b>	<b>(26,821)</b>	<b>3,762,791</b>	<b>(14,079,307)</b>	<b>(63,167)</b>	<b>2,257,293</b>
Loss for the period	-	-	-	(42,406,544)	(108,688)	(42,515,232)
Other Comprehensive Income	-	10,406	-	-	-	10,406
Total comprehensive income	-	10,406	-	(42,406,544)	(108,688)	(42,504,826)
Recognition of non-controlling interest	-	-	-	-	(142,887)	(142,887)
Shares issued during the period (net)	24,729,772	-	-	-	-	24,729,772
<b>Balance at 31 December 2014 (restated)</b>	<b>37,393,569</b>	<b>(16,415)</b>	<b>3,762,791</b>	<b>(56,485,851)</b>	<b>(314,742)</b>	<b>(15,660,648)</b>
<b>Balance at 1 July 2015 (restated)</b>	<b>53,381,471</b>	<b>143,283</b>	<b>3,762,791</b>	<b>(57,696,014)</b>	<b>(443,240)</b>	<b>(851,709)</b>
Loss for the period	-	-	-	(7,788,251)	(47,290)	(7,835,541)
Other Comprehensive Income	-	(137,313)	-	-	-	(137,313)
Total comprehensive income	-	(137,313)	-	(7,788,251)	(47,290)	(7,972,854)
Shares issued during the period (net)	6,390,000	-	-	-	-	6,390,000
Options issued during the period (net)	-	-	3,488,784	-	-	3,488,784
<b>Balance at 31 December 2015</b>	<b>59,771,471</b>	<b>5,970</b>	<b>7,251,575</b>	<b>(65,484,265)</b>	<b>(490,530)</b>	<b>1,054,221</b>

The accompanying notes form part of this financial report.

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Half-Year Ended 31 December 2015

	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(918,805)	(516,883)
Payments for exploration expenditure	(5,037)	(1,276,140)
Interest received	61	13,779
	<hr/>	<hr/>
Net cash used in operating activities	(923,781)	(1,779,244)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	(3,097)	-
Cash inflow on acquisition of entities	-	523,932
Payments for acquisition of entities	-	(361,405)
	<hr/>	<hr/>
Net cash provided by/(used in) from investing activities	(3,097)	162,527
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	900,000	143,684
Payments for capital raising costs	-	(137,000)
	<hr/>	<hr/>
Net cash provided by financing activities	900,000	6,684
<b>Effects of exchange rates changes on cash and cash equivalents</b>	-	21,814
<b>Net decrease in cash held</b>	<b>(26,878)</b>	<b>(1,588,219)</b>
Cash and cash equivalents at beginning of period	182,580	2,179,428
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of reporting period</b>	<b>155,702</b>	<b>591,209</b>
	<hr/>	<hr/>

The accompanying notes form part of this financial report.

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Half-Year Ended 31 December 2015

**1. BASIS OF PREPARATION**

**a) Reporting entity**

Western Mining Network Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. These consolidated interim financial statements were approved by the Board of Directors on 15 March 2016.

**b) Basis of Preparation**

These interim financial statements constitute a general purpose financial report and have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB134 ensures compliance with IAS134: Interim Financial Reports. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2015.

**c) Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, subject to the following changes:

**Exploration and evaluation expenditure**

In the current reporting period the Accounting Policy for reporting and disclosing exploration and evaluation expenditure has changed. All exploration and evaluation expenditure is now expensed as incurred in accordance with the following disclosure. The directors are of the opinion that the change in accounting policy is both in line with Australian Accounting Standards and provides the users with reliable and relevant information. The change in policy is irrespective of whether or not the Board believe expenditure could be recouped from either a successful development and commercial exploitation or sale of the respective assets.

**Effects of Change in Accounting Policy for Exploration and Evaluation**

Had the new accounting policy in relation to exploration and evaluation expenditure always been applied, the following table demonstrates the effect of this change.

	<b>Restated 31 December 2014 \$</b>	<b>Change \$</b>	<b>Previously Reported 31 December 2014 \$</b>
<i>Condensed Consolidated Statement of Profit or Loss</i>			
Impairment of exploration acquisition costs	-	7,559,948	(7,559,948)
Exploration expenditure	(42,010,382)	(41,668,202)	(342,180)
Loss from continuing operations	(42,515,232)	(34,108,254)	(8,406,978)
Basic loss per share (cents)	(41.02)	(32.58)	(8.03)

	<b>Restated 30 June 2014 \$</b>	<b>Change \$</b>	<b>Previously Reported 30 June 2014 \$</b>
<i>Condensed Consolidated Statement of Financial Position</i>			
Exploration and evaluation expenditure	-	(6,767,612)	6,767,612
Reserves	3,735,970	906,608	2,829,362
Accumulated losses	(14,079,307)	(7,674,220)	(6,405,087)

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Half-Year Ended 31 December 2015

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	<b>Restated 30 June 2015 \$</b>	<b>Change \$</b>	<b>Previously Reported 30 June 2015 \$</b>
<i>Condensed Consolidated Statement of Financial Position</i>			
Exploration and evaluation expenditure	-	(41,091,017)	41,091,017
Reserves	3,906,074	136,240	3,769,834
Accumulated losses	(57,696,014)	(41,227,257)	(16,468,757)

**d) Going Concern**

The half year financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the half year ended 31 December 2015 the Consolidated Entity incurred a loss of \$7,835,541 (2014: 42,515,232) included in this loss are share based payment expenses of \$3,488,784 and net cash outflows from operating and investing activities of \$926,878 (2014: \$1,616,717).

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern.

Pursuant to the Sharing Agreement with Lannet (refer to note 3), the Company is to receive 18 monthly cash settlements determined by WMN's share price performance as measured against a benchmark price of A\$0.27 per share (the "Benchmark Price"). Subsequent to period end, a total of \$223,005 has been received for the months of January and February 2016 and a further \$65,708 is to be received for March 2016 under the Sharing Agreement. The remaining 15 monthly instalments will be determined by the Company's 5 day VWAP over the calculation period (refer to note 5).

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the Company's share price performance which impacts the monthly cash settlements from Lannet;
- the ability of the Company to secure further funds by raising capital or obtaining debt financing;
- managing cashflow in line with available funds, including deferment of the CEO and Director salaries as and when required;
- creditors totalling \$566,908 within current and other payables have agreed that payment can be deferred until 8 June 2016. The Company will continue to negotiate these payment terms.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this half-year financial report. Included in the cashflow forecast are inflows from capital raisings which are not currently committed to by way of underwriting agreement or mandate of \$240,000 in April, \$475,000 in May, and \$250,000 per month for the following 4 months. Cashflows will be managed after this point subject to availability of funding alternatives.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Consolidated Entity be unable to continue as a going concern and meet its debts as and when they fall due.

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Half-Year Ended 31 December 2015

**e) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

**2. EXPLORATION AND EVALUATION EXPENDITURE**

	<b>31 December 2015</b>	<b>31 December 2014</b>
	\$	\$
Projects acquired during period – Tamboli (note 6)	-	41,019,806
Projects acquired during period – Persada (note 6)	-	648,396
Exploration expenditure	5,037	342,180
	<u>5,037</u>	<u>42,010,382</u>

**3. FINANCIAL ASSETS**

	<b>31 December 2015</b>	<b>30 June 2015</b>
	\$	\$
<b>Current</b>		
Derivative financial asset - Lanstead sharing agreement	1,525,855	-
<b>Non-Current</b>		
Derivative financial asset - Lanstead sharing agreement	762,927	-

The fair value of the derivative financial assets as at 31 December 2015 have been estimated as follows:

	<b>Share Price</b>	<b>Fair Value</b>
Value recognised on inception	0.20	5,100,000
Consideration received up to 31 December 2015	-	-
Loss on revaluation of derivate financial asset at 31 December 2015	-	(2,811,218)
Value of the derivative financial assets as at 31 December 2015	<u>0.14506</u>	<u>2,288,782</u>

On 29 October 2015, the Company announced a successful transaction with Lanstead Capital LP. Under the terms of the placement, Lanstead subscribed for 30,000,000 ordinary shares at a price of A\$0.20 per share (issued 29 October 2015) and also received an additional 3,000,000 shares (issued 29 December 2015) and 7,500,000 options to acquire ordinary shares at a price of A\$0.27 per share exercisable on or before 30th June, 2017 (issued 5 January 2016).

In addition, the Company has entered into a sharing agreement ("Sharing Agreement") with Lanstead which enables the Company to secure much of the potential upside arising from any share price appreciation above \$0.27 over the next 18 months. As a result of this transaction, the Company retained A\$900,000 of the aggregate A\$6,000,000 subscription price and the remainder was provided as security to Lanstead for the Sharing Agreement under which the Company will receive 18 monthly cash settlements determined by WMN's share price performance as measured against a benchmark price of A\$0.27 per share (the "Benchmark Price"). The nature of the arrangements is that, for each of those 18 months, Lanstead makes a payment to the Company determined by the relevant 5 day VWAP of the Company's shares. If the 5 day VWAP is A\$0.27, the Company will receive A\$283,333. It will receive more if the average price is above A\$0.27, and less if the average price is below A\$0.27.

**WESTERN MINING NETWORK LIMITED  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
For the Half-Year Ended 31 December 2015

**4. ISSUED CAPITAL**

	31 December 2015 \$	30 June 2015 \$
<b>(a) Issued and paid up capital</b>		
Ordinary shares fully paid of no par value	59,771,471	53,381,471
	<b>Number</b>	<b>\$</b>
<b>(b) Movement in ordinary shares on issue</b>		
Balance at 1 July 2015	164,746,512	53,381,471
29 October 2015 – Placement with Lanstead Capital LP	30,000,000	6,000,000
29 December 2015 – Tamboli deferred consideration	39,483,503	-*
29 December 2015 – Lanstead Capital LP	3,000,000	390,000
Balance at 31 December 2015	237,230,015	59,771,471

\* Pursuant to the Tamboli Transaction, the Company is obligated to issue the following tranches of shares to the vendor providing the following market capitalisation hurdles are met within 5 years of acquisition date:

<b>Hurdle #</b>	<b>Market Capitalisation Hurdle</b>	<b>Ordinary shares to be issued</b>
1	\$50,000,000	17,548,224
2	\$80,000,000	21,935,279
3	\$100,000,000	65,805,838

Hurdles 1 and 2 were met during the financial year ended 30 June 2015, with the total value of the shares at each milestone date of \$15,162,914 included within issued capital as at 30 June 2015. The shares for hurdles 1 and 2 were issued on 29 December 2015. Hurdle 3 is not considered probable at this stage, with the fair value of the deferred consideration estimated to be nil at balance date.

**5. SHARE BASED PAYMENTS**

The following share based payments occurred during the period:

**Shares**

On 29 December 2015, 3,000,000 fully paid ordinary shares were issued as part consideration for the Sharing Agreement with Lanstead Capital LP. The fair value of ordinary shares issued were determined by reference to market price.

**Share Options**

Mr David Putnam was appointed to the Company as Chief Executive Officer on 13 July 2015. Upon his appointment, Mr Putnam was granted options on the terms below:

<b>Tranche</b>	<b>Number of Options</b>	<b>Vesting Date</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1	5,000,000	13 July 2016	\$0.345	12 July 2018
2	5,000,000	13 January 2016	\$0.345	12 January 2019
3	5,000,000	13 July 2016	\$0.345	12 July 2019
4	5,000,000	13 January 2017	\$0.345	12 January 2020
5	5,000,000	13 July 2017	\$0.345	12 July 2020

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Half-Year Ended 31 December 2015

The fair value of each tranche of options was calculated using the Black-Scholes option pricing model applying the following inputs:

<b>Tranche</b>	<b>Share Price</b>	<b>Exercise Price</b>	<b>Volatility</b>	<b>Interest Rate</b>	<b>Time to Expiry (years)</b>	<b>Fair value per Option</b>
<b>1</b>	\$0.345	\$0.345	100%	3%	3	\$0.221
<b>2</b>	\$0.345	\$0.345	100%	3%	3.5	\$0.234
<b>3</b>	\$0.345	\$0.345	100%	3%	4	\$0.246
<b>4</b>	\$0.345	\$0.345	100%	3%	4.5	\$0.256
<b>5</b>	\$0.345	\$0.345	100%	3%	5	\$0.265

The options to Mr David Putnam are yet to be issued as at 31 December 2015.

## **6. ACQUISITION OF SUBSIDIARIES**

### **Persada**

On 21 July 2014, the Group completed the acquisition of a 75% equity interest in PT. Persada which holds a gold exploration licence in Indonesia. A summary of the consideration and net assets acquired are as follows:

#### **Consideration transferred**

Deposits paid in previous period	499,405
Deposits in period to 31 December 2014	361,405
<b>Total Consideration</b>	<b>860,810</b>

#### **Net assets acquired**

Cash and cash equivalents	429,170
Other assets	1,098
Trade and other payables	(147,050)
<b>Net assets</b>	<b>283,219</b>
Non-controlling interest	70,804
<b>Acquisition of exploration expenditure</b>	<b>648,396</b>

### **Tamboli Project**

On 23 October 2014 the Company completed the acquisition of the Tamboli Project comprising the option to acquire 75% of PT Mekongga, a 40% interest in PT Eagle Rich with an option to acquire a further 59%. Pursuant to the contractual arrangements, Western Mining Network Limited is deemed to have control over PT Mekongga and PT Eagle Rich. A summary of the consideration and net assets acquired are as follows:

#### **Consideration transferred**

78,967,006 ordinary shares	24,479,772
Deferred consideration	15,898,836
<b>Total Consideration</b>	<b>40,378,608</b>

#### **Net assets acquired**

Cash and cash equivalents	94,762
Other assets	126,545
Property, plant and equipment	101,480
Trade and other payables	(1,177,717)
<b>Net assets</b>	<b>(854,930)</b>
Non-controlling interest	(213,732)
<b>Acquisition of exploration expenditure</b>	<b>41,019,806</b>

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Half-Year Ended 31 December 2015

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**7. OPERATING SEGMENTS**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Management has identified the operating segments based on exploration in two principal locations, being Australia and Indonesia, and two business segments being mineral exploration and treasury.

*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

*Inter-segment transactions*

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

*Segment assets*

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

*Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

*Unallocated items*

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:



**WESTERN MINING NETWORK LIMITED  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
For the Half-Year Ended 31 December 2015

**7. OPERATING SEGMENTS (CONT.)**

(a) Segment Performance

	Exploration \$	Treasury \$	Total Operations \$
Period Ended 31 December 2015			
<b>Revenue</b>			
Interest revenue	-	61	61
<b>Total segment revenue</b>	<b>-</b>	<b>61</b>	<b>61</b>
<i>Reconciliation of segment result to net loss before tax</i>			
Unallocated revenue	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>61</b>	<b>61</b>
<b>Segment net loss before tax</b>	<b>(5,037)</b>	<b>61</b>	<b>(4,976)</b>
<i>Reconciliation of segment result to net loss before tax</i>			
Unallocated items:			
- Administration expenses			(602,116)
- Compliance and regulatory expenses			(259,006)
- Diminution in fair value of derivative assets			(2,811,218)
- Employee benefits expense			(4,077,023)
- Occupancy costs			(12,225)
- Travel and accommodation			(68,977)
<b>Net loss before tax from continuing operations</b>			<b>(7,835,541)</b>

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Half-Year Ended 31 December 2015

**7. OPERATING SEGMENTS (CONT.)**

	Exploration \$	Treasury \$	Total Operations \$
Period Ended 31 December 2014			
<b>Revenue</b>			
Interest revenue	-	13,779	13,779
<b>Total segment revenue</b>	<b>-</b>	<b>13,779</b>	<b>13,779</b>
<i>Reconciliation of segment result to net loss before tax</i>			
Unallocated revenue	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>13,779</b>	<b>13,779</b>
<b>Segment net loss before tax</b>	<b>(42,010,382)</b>	<b>13,779</b>	<b>(41,996,603)</b>
<i>Reconciliation of segment result to net loss before tax</i>			
Unallocated items:			
- Administration expenses			(129,342)
- Compliance and regulatory expenses			(130,812)
- Director fees and salaries			(197,880)
- Occupancy costs			(3,986)
- Travel and accommodation			(56,609)
<b>Net loss before tax from continuing operations</b>			<b>(42,515,232)</b>

**(b) Segment assets**

	Exploration \$	Treasury \$	Total Operations \$
As at 31 December 2015			
<b>Segment assets</b>	<b>-</b>	<b>155,702</b>	<b>155,702</b>
<i>Reconciliation of segment assets to total assets</i>			
Unallocated items:			
- Trade and other receivables			246,258
- Financial assets			2,288,782
- Other assets			35,993
- Plant and equipment			42,123
<b>Total assets</b>			<b>2,768,858</b>

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
For the Half-Year Ended 31 December 2015

**7. OPERATING SEGMENTS (CONT.)**

	Exploration \$	Treasury \$	Total Operations \$
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As at 30 June 2015

<b>Segment assets</b>	<b>-</b>	<b>182,580</b>	<b>182,580</b>
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*Reconciliation of segment assets to total assets*

Unallocated items:

- Trade and other receivables			274,131
- Other assets			27,710
- Plant and equipment			88,628

<b>Total assets</b>			<b>573,049</b>
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**(c) Segment liabilities**

	Exploration \$	Treasury \$	Total Operations \$
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As at 31 December 2015

<b>Segment liabilities</b>	<b>735,921</b>	<b>-</b>	<b>735,921</b>
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*Reconciliation of segment liabilities to total liabilities*

Unallocated items:

- Trade and other payables	-	-	978,716
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<b>Total liabilities from continuing operations</b>			<b>1,714,637</b>
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	Exploration \$	Treasury \$	Total Operations \$
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As at 30 June 2015

<b>Segment liabilities</b>	<b>735,921</b>	<b>-</b>	<b>735,921</b>
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*Reconciliation of segment liabilities to total liabilities*

Unallocated items:

- Trade and other payables			688,837
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<b>Total liabilities from continuing operations</b>			<b>1,424,758</b>
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**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Half-Year Ended 31 December 2015

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**8. EVENTS SUBSEQUENT TO REPORTING PERIOD**

Subsequent to period end, a total of \$223,005 has been received for the months of January and February 2016 with a further \$65,708 to be received for the month of March 2016 under the Lanstead Sharing Agreement.

The remaining 15 monthly instalments will be determined by the Company's 5 day VWAP over the calculation period. The table below summarises the expected monthly amount to be received based on a varying 5 day VWAP. The current 5 day VWAP at the date of this report is \$0.085.

WMN 5 day VWAP	Monthly Payment
\$0.05	\$8,333
\$0.08	\$45,833
\$0.10	\$70,833
\$0.15	\$133,333
\$0.20	\$195,833
\$0.25	\$258,333
\$0.27	\$283,333

No other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

**9. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Pursuant to the Tamboli Transaction, should the Company achieve a market capitalisation of \$100,000,000 within 5 years of acquisition date, a total of 65,805,838 Shares are to be issued to the vendors. The achievement of a market capitalisation of \$100,000,000 not considered probable at this stage, with the fair value of the deferred consideration estimated to be nil at balance date.

The Company has no other contingent assets or contingent liabilities as at 31 December 2015.

**WESTERN MINING NETWORK LIMITED  
& CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**  
For the Half-Year Ended 31 December 2015

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The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 18 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) give a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the interim period ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Budi Santoso  
Executive Chairman

PERTH  
Dated this 15<sup>th</sup> March 2016

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To the Board of Directors

**Auditor's Independence Declaration under Section 307C of the  
Corporations Act 2001**

As lead audit director for the review of the financial statements of Western Mining Network Limited or the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



**BENTLEYS**  
**Chartered Accountants**



**DOUG BELL CA**  
**Director**

Dated at Perth this 15<sup>th</sup> day of March 2016

## Independent Auditor's Review Report

### To the Members of Western Mining Network Limited

We have reviewed the accompanying half-year financial report of Western Mining Network Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

#### Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Independent Auditor's Review Report

To the Members of Western Mining Network Limited (Continued)

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## Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Western mining Network Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

## Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1(d) of the half-year financial report which indicates that the Consolidated Entity incurred a net loss of \$7,835,541 during the half-year ended 31 December 2015. This condition, along with other matters as set forth in note 1(d), indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

**BENTLEYS**  
Chartered Accountants

**DOUG BELL CA**  
Director

Dated at Perth this 15<sup>th</sup> day of March 2016