

8 July 2016



WESTERN
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Company Update & Capital Raising Initiatives

- Settlement terms reached with major creditors
- Bridging finance secured via placement of 35,584,502 fully paid ordinary shares ("**Shares**") at an issue price of \$0.001 per Share to raise \$35,584 and convertible loans to raise \$500,000 (together "**Bridging Finance**").
- Pro-rata renounceable rights issue ("**Rights Issue**") to raise up to \$2,182,516 through the issue of up to a maximum of approximately 2,182,516,136 Shares ("**New Shares**").

Creditor Settlement and Funding

Over the past month, the Board has engaged with the various creditors of the Company with a view to agreeing settlement terms and payment plans. The Company is pleased to announce that it has obtained satisfactory settlement and payment terms with respect to the largest outstanding creditors ("**Creditor Settlement**").

Having achieved the Creditor Settlement, the Company has engaged with a variety of potential capital providers in order to strengthen its balance sheet. The Board is pleased to announce that it has reached agreement with a number of sophisticated and professional investors to provide Bridging Finance in the amount of \$535,584 which comprises:

- \$35,384 placement of 35,584,502 fully paid ordinary shares at an issue price of \$0.001 ("**Placement**"); and
- \$500,000 in convertible loans ("**Convertible Loans**").

The Bridging Finance will be applied to the Creditor Settlement and general working capital purposes.

Convertible Loan Details

The Convertible Loans will, subject to shareholder approval (if required), convert into Shares in the capital of the Company on completion of an equity capital raise of at least \$2,000,000 within 3 months from execution date.

The key terms of the Convertible Loans are as follows:

- 10% interest per annum accruing monthly and capitalised into the outstanding moneys;
- the Convertible Loans are unsecured;
- the conversion price under the Convertible Loans will be a 25% discount to the price at which Shares are offered under the equity capital raising;

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BOARD OF DIRECTORS

Nathan Taylor
Non-Executive Chairman

Budi Santoso
Non-Executive Director

Andrew Houtas
Non-Executive Director

David Palumbo
Company Secretary

- for every one Share issued upon conversion of the Convertible Loans, the Company will also issue to the Lender one attaching option. The option entitles the Lender to purchase one Share in the Company at a 50% premium to the Conversion Price for a period of 3 years.

Rights Issue

The Rights Issue will be undertaken on the basis of 8 New Shares for every 1 Shares held on the relevant record date, at an issue price of \$0.001 per New Share.

Full details of the Rights Issue will be set out in a disclosure document to be lodged with ASX. The New Shares issued under the Rights Issue will rank equally with the existing Shares on issue. The Company will provide details of the proposed timetable for the Rights Issue in due course.

The Company would like to confirm that the financing facility provided by Lanstead Capital LP ("**Lanstead Facility**"), which was executed in October 2015, has approximately 12 months to run to completion. Under the terms of the Lanstead Facility, which includes a value sharing agreement, the Company receives additional capital if the share price appreciates above the benchmark price of A\$0.27. Similarly, if the share price depreciates below the benchmark price of A\$0.27, then the Company receives less capital from Lanstead. Given the poor share price performance of the Company since it announced the uneconomic nature of its flagship Tamboli Graphite Project, the Company considers it unlikely that it will receive any further capital from the Lanstead Facility.

On behalf of the board of directors,

Nathan Taylor
Non-Executive Chairman

For Further information visit our website at
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