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## **WESTERN MINING NETWORK LIMITED**

**ACN 144 079 667**

### **NOTICE OF GENERAL MEETING**

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**TIME:** 11.00am WST

**DATE:** Friday, 23 September 2016

**PLACE:** "Mining Corporate Boardroom"  
Level 11, 216 St Georges Terrace  
PERTH WA 6000

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9481 0389.*

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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The General Meeting of the Shareholders of Western Mining Network Limited which this Notice relates to will be held at 11:00am WST on Friday, 23 September 2016 at “Mining Corporate Boardroom”, Level 11, 216 St Georges Terrace, Perth 6000, Western Australia **(Meeting)**.

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### YOUR VOTE IS IMPORTANT

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The business of the Meeting affects your shareholding and your vote is important.

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### VOTING ELIGIBILITY

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The Directors have determined pursuant to Regulations 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm WST on Wednesday, 21 September 2016.

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### VOTING IN PERSON

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To vote in person, attend the Meeting at the time, date and place set out above.

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### VOTING BY PROXY

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all ‘directed’ proxies as directed; and

- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER PLACEMENT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 35,584,502 Shares on the terms and conditions set out in the Explanatory Statement."*

##### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by any person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 2. RESOLUTION 2 – APPROVAL TO ISSUE SHARES AND OPTIONS ON CONVERSION OF CONVERTING LOANS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 546,666,666 Shares and 546,666,666 Options to the Unrelated Lenders in full and final satisfaction of the Company's obligations under the Converting Loan Agreements on the terms and conditions set out in the Explanatory Statement."*

##### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 3. RESOLUTION 3 – APPROVAL TO ISSUE SHARES AND OPTIONS TO A DIRECTOR ON CONVERSION OF CONVERTING LOAN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 136,666,667 Shares and 136,666,667 Options to Mr Nathan Taylor in full and final satisfaction of the Company's obligations under the Converting Loan Agreements on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by Mr Nathan Taylor and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**4. RESOLUTION 4 - APPROVAL FOR DIRECTOR PARTICIPTION IN ENTITLEMENT ISSUE SHORTFALL**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Andrew Houtas (or his nominee) to subscribe for, and be issued, up to 15,000,000 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by Mr Andrew Houtas (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**5. RESOLUTION 5 - APPROVAL FOR DIRECTOR PARTICIPTION IN ENTITLEMENT ISSUE SHORTFALL**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Nathan Taylor (or his nominee) to subscribe for, and be issued, up to 100,000,000 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by Mr Nathan Taylor (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**DATED: 17 AUGUST 2016****BY ORDER OF THE BOARD****DAVID PALUMBO  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER PLACEMENT

Resolution 1 seeks Shareholder ratification of the issue of 35,584,502 Shares on the terms set out below.

#### 1.1 Background

On 8 July 2016, the Company issued 35,584,502 Shares to private investors at an issue price of \$0.001 per Share to raise \$35,584. The funds raised were applied towards creditor settlement.

The Company issued the securities pursuant to the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

#### 1.2 Reason for Resolution 1

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 35,584,502 Shares issued without Shareholder approval pursuant to the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where, a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

By ratifying the issue of the Shares the subject of Resolution 1, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

#### 1.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the number of securities issued by the Company was 35,584,502 Shares;
- (b) the issue price was \$0.001 per Share;
- (c) the Shares were issued to private investors. None of these subscribers are related parties of the Company;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

- (e) funds raised from the issue were applied towards creditor settlement.

## 1.4 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 1. The Board believes that the ratification of the issue of Shares the subject of Resolution 1 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 1 as it provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without prior Shareholder approval.

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## 2. RESOLUTION 2 – APPROVAL TO ISSUE SHARES AND OPTIONS ON CONVERSION OF CONVERTING LOANS

### 2.1 Background

As announced on 8 July 2016, the Company has entered into converting loan agreements with various lenders (**Lenders**) pursuant to which the Lenders have advanced a total of \$500,000 (**Converting Loans**) to the Company (**Converting Loan Agreements**).

One of these Converting Loan Agreements is with Nathan Taylor, a Director, pursuant to which Mr Taylor has advanced \$100,000 to the Company. Other than Nathan Taylor, none of the Lenders are related parties of the Company (**Unrelated Lenders**).

Should the Company raise at least \$2,000,000 under an equity capital raising by the Company in calendar quarter 3 of 2016, then, subject to Shareholder approval, the outstanding Converting Loans (plus accrued interest) will convert into Shares, together with an attaching Option for each Share issued.

Resolution 2 seeks Shareholder approval for the issue of up to 546,666,666 Shares and 546,666,666 Options to the Unrelated Lenders on conversion of Converting Loans in the amount of \$400,000 plus accrued interest. Shareholder approval for conversion of the remaining \$100,000 Converting Loan, which is between the Company and Mr Nathan Taylor, a related party of the Company, is the subject of Resolution 3.

The table below shows the maximum number of Shares and Options that may be issued to the Lenders under the Converting Loan Agreements if the Converting Loans are converted:

Lender	Converting Loan Amount	Interest <sup>1</sup>	Issue Price <sup>2</sup>	Number of Shares issued	Number of Options issued <sup>3</sup>
Unrelated Lenders	\$400,000	\$10,000	\$0.00075	546,666,666	546,666,666
Nathan Taylor	\$100,000	\$2,500	\$0.00075	136,666,667	136,666,667

#### Notes:

1. Interest on the Converting Loans accrues at a rate of 10% per annum accruing monthly and capitalised into the outstanding amount. The table assumes that interest accrues for a period of three months (being the period of time provided under the Converting Loan Agreements for the Company to complete an equity capital raising of at least \$2,000,000).

2. The Shares will be issued at an issue price of \$0.00075 per Share, being a 25% discount to the price of Shares being offered under the Entitlement Issue.
3. Options will be issued free attaching to the Shares on a 1:1 basis.

A summary of the key terms of the Converting Loan Agreements is set out in Section 2.2 below.

## 2.2 Converting Loan Agreements

The key terms of the Converting Loan Agreements are as follows:

- (a) **Conversion:** subject to the receipt of Shareholder approval all outstanding monies under the Converting Loan Agreements will convert into Shares immediately upon completion of an equity capital raising by the Company in calendar quarter 3 of 2016 to raise at least \$2,000,000 (**Recapitalisation Raise**);
- (b) **Number:** the Company shall issue such number of Shares to the Lenders determined by dividing the outstanding monies by the price which is equal to a 25% discount to the price of Shares issued under the equity capital raising;
- (c) **Repayment:** subject to conversion of the Converting Loans into Shares, all outstanding monies shall be repaid by the Company to the Lenders, unless mutually agreed by the parties, on the earlier of:
  - (i) the date that is 3 months from the date of execution of the Converting Loan Agreements; and
  - (ii) no later than 5 days after the date of completion of the Recapitalisation Raise.

In the event that an event of default occurs under the Converting Loan Agreements, each Lender may, for so long as the event of default is continuing, by giving a notice to the Company, declare the outstanding monies to be immediately due and payable to that Lender.

- (d) **Interest:** interest will accrue daily at a rate of 10% per annum on the outstanding amount under each Convertible Loan Agreement and will be calculated on a monthly basis on the amount outstanding and capitalised into the outstanding monies. An interest rate of 15% per annum is payable on any overdue amounts and accrues from day to day from and including the due date for payment up until the actual date of payment. Overdue interest may be capitalised by each Lender at monthly intervals; and
- (e) **Attaching Options:** for every one Share issued by the Company to the Lender upon conversion of the Converting Loans, the Company will also issue to the Lender one attaching Option. Each Option will entitle the Lender to purchase one Share in the Company at a 50% premium to the issue price of Shares on conversion of the Converting Loans for a period of 3 years.

## 2.3 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 1.2 above. The effect of Resolution 2 will be to allow the Company to issue the Shares and Options to the Lenders in accordance with the terms of the Converting Loan Agreements during



the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **2.4 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the maximum number of securities to be issued upon conversion of the \$400,000 of Converting Loans plus accrued interest is 546,666,666 Shares and 546,666,666 Options ;
- (b) the deemed issue price will be \$0.00075 per Share and nil per Option as the Options will be issued free attaching with the Shares on a 1:1 basis;
- (c) the Shares and Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same date;
- (d) the Shares and Options will be issued to the Unrelated Lenders, none of which are related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (g) funds advanced under the Converting Loans have been used for creditor settlement and general working capital purposes.

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## **3. RESOLUTION 3 – APPROVAL TO ISSUE SHARES AND OPTIONS TO A DIRECTOR ON CONVERSION OF CONVERTING LOAN**

### **3.1 Background**

Resolution 3 seeks Shareholder approval for the issue of Shares and Options to Mr Nathan Taylor upon the conversion of the Converting Loan between the Company and Mr Nathan Taylor on the same terms as the Converting Loans the subject of Resolution 2.

### **3.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Mr Nathan Taylor is a related party of the Company as defined under the Corporations Act by virtue of being a Director of the Company. The proposed issue of Shares and Options to Mr Nathan Taylor upon the conversion of the Converting Loan will constitute the provision of a financial benefit to a related party of the Company.

The Directors (other than Nathan Taylor who has a material personal interest in Resolution 3) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Shares and Options on conversion of the Converting Loan between the Company and Mr Taylor as the Shares and Options will be issued to Mr Taylor on the same terms as Unrelated Lenders (refer Resolution 2) and as such the giving of the financial benefit is on arm's length terms.

### **3.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The Directors are of the view that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Shares and Options to Mr Taylor under ASX Listing Rule 10.11.

### **3.4 Technical information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (a) the maximum number of securities to be issued upon conversion of the Converting Loan in the amount of \$100,000 plus accrued interest is 136,666,667 Shares and 136,666,667 Options;
- (b) the deemed issue price will be \$0.00075 per Share and nil per post Option as the Options will be issued free attaching with the Shares on a 1:1 basis;
- (c) the Shares and Options will be issued to Mr Nathan Taylor no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same date;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) funds advanced under the Converting Loans have been used for creditor settlement and general working capital purposes.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares and Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares and Options to Mr Nathan Taylor will not be

included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **4. RESOLUTIONS 4 AND 5 – APPROVAL FOR DIRECTOR PARTICIPTION IN ENTITLEMENT ISSUE SHORTFALL**

### **4.1 Background**

Pursuant to the prospectus lodged with ASIC on 14 July 2016 and supplementary prospectus lodged with ASIC on 28 July 2016 (together the **Prospectus**), the Company undertook an 8 for 1 pro rata renounceable entitlement issue (**Entitlement Issue** or **Offer**) of approximately 2,182,516,136 Shares at an issue price of \$0.001 each to raise up to approximately \$2,182,516.

Any entitlements not taken up pursuant to the Entitlement Issue form the shortfall (**Shortfall**). Eligible Shareholders and investors who are not Shareholders of the Company can apply for Shortfall Shares under the Prospectus (**Shortfall Placement**). Shortfall will be allocated in priority to Eligible Shareholders who apply for Shortfall Shares. The issue price for each Share to be issued under the Shortfall Placement shall be \$0.001 being the price at which Shares have been offered under the Entitlement Issue.

As announced to ASX on 5 August 2016, acceptances to the Entitlement Issue of 245,172,544 Shares were received, along with applications for 157,992,998 additional Shares and 128,915,095 Shortfall Shares to raise a total of \$532,080.64. The remaining Shortfall of 1,650,435,499 Shares will be dealt with in accordance with the procedures set out in the Prospectus.

Resolution 4 seeks Shareholder approval for Mr Andrew Houtas to participate in the Shortfall and subscribe for, and be issued, up to 15,000,000 Shares under the Shortfall Placement.

Resolution 5 seeks Shareholder approval for Mr Nathan Taylor to participate in the Shortfall and subscribe for, and be issued, up to 100,000,000 Shares under the Shortfall Placement.

Messrs Houtas and Taylor are not currently Shareholders of the Company. Accordingly, Eligible Shareholders who subscribe for Shortfall under the Shortfall Placement will be allocated Shares in priority to Messrs Houtas and Taylor.

For the avoidance of doubt the Shares proposed to be issued to Mr Houtas pursuant to Resolution 4 and Mr Taylor pursuant to Resolution 5 will form part of, and are not additional to, the Shares issued under the Entitlement Issue and any Shortfall Placement.

### **4.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Messrs Houtas and Taylor are related parties of the Company as defined under the Corporations Act by virtue of being a Director of the Company. The proposed participation by Messrs Houtas and Taylor in the Shortfall Placement will constitute the provision of a financial benefit to a related party of the Company.

The Directors (other than Andrew Houtas who has a material personal interest in Resolution 4 and Nathan Taylor who has a material personal interest in Resolution 5) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the participation in the Shortfall Placement as the Shares will be issued to Messrs Houtas and Taylor on the same terms as Shares issued to non-related parties who participate in the Shortfall Placement, and as such the giving of the financial benefit is on arm's length terms.

#### **4.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The Directors are of the view that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Shares to Messrs Houtas and Taylor under ASX Listing Rule 10.11.

#### **4.4 Technical information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 4 and 5:

- (a) the maximum number of Shares to be issued is 115,000,000, comprised of 15,000,000 to Mr Andrew Houtas (or his nominee) pursuant to resolution 4 and 100,000,000 to Mr Nathan Taylor (or his nominee) pursuant to resolution 5;
- (b) the issue price will be \$0.001 per Share, being the same as all other Shares issued under the both the Entitlement Issue and the Shortfall Placement;
- (c) the Shares will be issued to Mr Andrew Houtas (or his nominee) and Mr Nathan Taylor (or his nominee) no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (e) funds raised from the issue (being a maximum of \$115,000) will be applied towards the purposes of the Entitlement Issue being expenses of the Offer, an exploration program on the Persada Gold Project, review of acquisition opportunities, corporate overheads and working capital.

Approval pursuant to ASX Listing Rule 7.1 is not required for Messrs Houtas and Taylor's participation in the Shortfall Placement as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr Houtas (or his nominee) and Mr Taylor (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF CONVERTING LOAN OPTIONS

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (l), the amount payable upon exercise of each Option will be \$0.001125 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is three (3) years from the date of issue of the Options (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (i) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company

must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then shares of the Company.

(i) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(m) **Quotation of the Options**

The Company will not apply for quotation of the Options on ASX.

(n) **Options Transferable**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## GLOSSARY

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**\$** means Australian dollars.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Company** means Western Mining Network Limited (ACN 144 079 667).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**Eligible Shareholder** means a Shareholder of the Company as at 5:00pm (WST) on 20 July 2016 other than an Ineligible Shareholder.

**Entitlement Issue** has the meaning given in Section 4.1 of the Explanatory Statement.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Ineligible Shareholder** means a Shareholder as at 20 July 2016 whose registered address is not situated in Australia, New Zealand or Indonesia.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolution** means the resolution set out in the Notice.

**Security** means a Share or an Option.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Shortfall** means the Shares not applied for under the Entitlement Issue.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## PROXY FORM

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**APPOINTMENT OF PROXY  
WESTERN MINING NETWORK LIMITED  
ACN 144 079 667**

### GENERAL MEETING

I/We

of

being a Shareholder entitled to attend and vote at the Meeting, hereby

appoint

Name of proxy

OR

☐

the Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 11.00am WST on Friday, 23 September 2016 at "Mining Corporate Boardroom", Level 11, 216 St Georges Terrace, Perth, Western Australia, and at any adjournment thereof.

### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

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#### Voting on business of the Meeting

Resolution 1 – Ratification of Prior Issue of Shares under Placement  
Resolution 2 – Approval to issue Shares and Options on conversion of

Converting Loans

Resolution 3 – Approval to issue Shares and Options to a Director on conversion of  
Converting Loans

Resolution 4 – Approval for Director Participation in Entitlement Issue Shortfall

Resolution 5 – Approval for Director Participation in Entitlement Issue Shortfall

**FOR**

☐

**AGAINST**

☐

**ABSTAIN**

☐☐☐☐☐☐☐☐☐☐

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

**Signature of Member(s):** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Individual or Member 1**

**Sole**

**Secretary**

**Director/Company**

**Member 2**

**Director**

**Member 3**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**E-mail Address:** \_\_\_\_\_ **Consent for contact by e-mail YES** ☐ **NO** ☐



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## Instructions for Completing Proxy Form

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1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Western Mining Network Limited, GPO Box 2517, Perth WA 6831; or
  - (b) facsimile to the Company on facsimile number +61 8 9463 6103; orso that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**