WESTERN MINING NETWORK LIMITED

ABN: 63 144 079 667

& CONTROLLED ENTITIES

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2016

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Nathan Taylor
Budi Santoso
Andrew Houtas
Don Carroll

SECRETARY

David Palumbo

REGISTERED OFFICE

Level 11
216 St Georges Terrace
Perth WA 6000

Ph: +61 8 9481 0389
Fax: +61 8 9463 6103

INDONESIAN OFFICE

17 F Tower 2
Indonesian Stock Exchange Building
Jl. Jend. Sudirman Kav. 52 - 53
JAKARTA 12190

AUDITORS

Bentleys
Level 3
216 St Georges Terrace
Perth WA 6000

DIRECTORS' REPORT

Your Directors present their report on Western Mining Network Limited and its controlled entities (referred hereafter as "the Company") for the financial year ended 30 June 2016.

Directors

The names of the Directors of the Company in office during the financial year and up to the date of this report are:

- Nathan Taylor (Non-Executive Chairman) – Appointed 1 June 2016
- Budi Santoso (Non-Executive Director, previously Executive Director to 8 January 2016 and Executive Chairman from 8 January 2016 to 1 June 2016)
- Andrew Houtas (Non-Executive Director) – Appointed 30 November 2015
- Don Carroll (Non-Executive Director) – Appointed 7 September 2016
- Christopher Clower (Former Executive Chairman) – Resigned 8 January 2016
- Roger Pooley (Former Non-Executive Director) – Resigned 8 September 2015
- Melly Sah Bandar (Former Non-Executive Director) – Resigned 30 November 2015
- Gordon Lewis (Former Executive Director) - Appointed 13 July 2015 and Resigned 4 April 2016
- Rinto Muhammadsyah (Former Non-Executive Director) – Appointed 4 April 2016 and Resigned 16 June 2016

Unless noted above, all directors have been in office since the start of the financial year to the date of this report.

Company Secretary

The following persons held the position of company secretary during the financial period:

- Mark Langan Resigned 20 August 2015
- Adrien Wing Appointed 20 August 2015 and Resigned 4 November 2015
- David Palumbo Appointed 4 November 2015

Details of the company secretaries' experience are set out below under 'Information on Directors'

Principal Activities

The principal activity of the Company during the year was the acquisition and exploration and evaluation of resource based projects within Indonesia.

Operating Results

Loss after income tax for the financial year was $6,304,225 (2015: $43,830,115).

Financial Position

The net liabilities of the Company at 30 June 2016 are $241,623 (2015: net liabilities of $851,709). The Company's working capital deficit, being current assets less current liabilities is $241,623 at 30 June 2016 (2015: deficit of $220,001).

Dividends Paid or Recommended

No dividends were paid during the period and no recommendation is made as to dividends.

Significant Changes in State of Affairs

On 21 June 2016, the directors elected to terminate the option agreement to acquire 75% of the shares in PT. Mekongga Sejahtera, which owns the Tamboli Graphite Project ("Tamboli"). Additionally, the Company has terminated the option agreement to acquire 99% of the shares in PT. Eagle Rich Nusantara.

Other than those disclosed in this annual report no other significant changes in the state of affairs of the Company occurred during the financial year.

Review of Operations

<u>Persada Gold Project</u>

On 25 July 2014, WMN through its wholly owned subsidiary PT. WMNI completed the acquisition of 75% of the shares of PT. Persada Bumi Rawas (PT. PBR). PT. PBR directly holds a 100% interest in IUP Exploration No. 540/307.19/Distamben dated 12 August 2009 and issued by Regent of Buol (Persada Tenement).

As disclosed in the Prospectus dated 14 July 2016, the Persada Tenement expired on 12 August 2016. The Company has lodged a renewal application in relation to the Persada Tenement and is presently engaging with the Central Sulawesi Government regarding the matter. In recent times, the Company has received conflicting advice relating to the Persada Tenement renewal application process. The Company is continuing to work with the Central Sulawesi Government to determine if the Persada Tenement can be retained by the Company on satisfactory terms. The board wishes to highlight that no assurances can be given that the Company's renewal application in relation to the Persada Tenement will be successful.

The Persada Tenement, covers an area of 5,000 hectares in the Buol region of Central Sulawesi, Indonesia and is considered to be prospective for gold. The board is reviewing available data with a view to determining an appropriate development strategy for the asset.

<u>Tamboli Project</u>

During the year, the Company engaged Geoservices Laboratory ("Geoservices") to conduct the necessary re-assay testwork applying the standard acid leach/roast/LECO method to assess the Total Graphitic Content ("TGC") of previous samples extracted from Tamboli. The results of Geoservices' analysis indicated that the TGC was not significant and not of a grade to justify further exploration by the Company.

As a result, the directors elected to terminate the option agreement to acquire 75% of the shares in PT. Mekongga Sejahtera, which owns the Tamboli Graphite Project ("Tamboli"). Additionally, the Company has terminated the option agreement to acquire 99% of the shares in PT. Eagle Rich Nusantara.

<u>PT Grafindo Nusantara</u>

During the year, the Company conducted due diligence and third party testwork in order to assess the commercial attractiveness of the Balai Sebut Graphite Project. The due diligence and testwork program failed to yield results which would justify the Company continuing with the acquisition of PT Grafindo Nusantara.

As a result, the directors elected to terminate the Conditional Sale and Purchase Agreement to acquire 100% of the shares in PT Grafindo Nusantara, which owns the Balai Sebut Graphite Project and an additional exploration asset covering 10,000ha in Jangkang district West Kalimantan.

Financing

Lanstead

On 29 October 2015 announced a transaction with Lanstead Capital LP ("Lanstead"). 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 with 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 entered into a sharing agreement ("Sharing Agreement"). 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").

During the year ended 30 June 2016, the Company received a total of $1,188,637 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.

Recapitalisation

In June 2016, the Board announced to ASX that it was engaging with the various creditors of the Company with a view to agreeing settlement terms and payment plans as well as investigating capital raising alternatives to repair the balance sheet.

Subsequent to year end, the Company agreed satisfactory settlement terms with the major creditors. Further, the Company raised equity capital to strengthen its balance sheet.

Information on Directors

Nathan Taylor
Non-Executive Chairman (Appointed 1 June 2016)

Background
Mr Taylor brings to the Board mergers and acquisitions and capital markets experience having worked on numerous domestic and cross border transactions throughout his career. Mr Taylor started his career as a corporate lawyer for Blake Dawson before working for UBS AG and Macquarie Bank Limited in their equity capital markets division. Most recently, Mr Taylor was Head of Mergers and Acquisitions at BBY Limited.

Interest in shares and options
Nil

Directorships held in other listed entities in the past three years
Central Rand Gold Limited (September 2013 – present)
Torian Resources Limited (March 2014 – December 2015)
Stonewall Resources Limited (June 2010 – June 2015)
Kogi Iron Limited (June 2009 – June 2015)

Andrew Houtas
Non-Executive Director (Appointed 30 November 2015)

Background
Mr. Houtas has extensive experience in chartered and public accounting roles at some of the world's largest institutions and an in-depth knowledge in accounting, taxation and compliance within a range of organisations. A qualified CPA, Mr Houtas has experience across a range of industries, in both privately owned firms and larger public global institutions and as a result has developed strong expertise in accounting, compliance, operations, risk management and project management. Mr. Houtas is currently Managing Director of boutique consultancy Potter Morgan and has spent time in a Manager role at Fordham Investment Management and senior roles at UBS Wealth Management.

Interest in shares and options
Nil

Directorships held in other listed entities in the past three years
None

Budi Santoso
(Non-Executive Director, previously Executive Director to 8 January 2016 and Executive Chairman from 8 January 2016 to 1 June 2016)

Background
Mr Santoso has over twenty seven years' experience in the mining industry, ranging from green field exploration through to mine development and operation. In his most recent role, Mr Santoso was a Principal Mining Engineer and President Director of PT. SRK Consulting Indonesia, a leading exploration and mining consulting company.

Interest in shares and options
Nil

Directorships held in other listed entities in the past three years
None

Don Carroll
Non-Executive Director (Appointed 7 September 2016)

Background
Mr. Carroll is a senior resources executive with over 37 years' experience with BHP Billiton and Rio Tinto. Mr. Carroll has worked in a variety of leadership, technical, strategy, marketing and business development roles throughout his career. Mr. Carroll also has extensive experience across a diversified range of commodities including iron ore, coal and aluminium, and has deep networks across Asia, in particular, India and Japan.

Interest in shares and options
Nil

Directorships held in other listed entities in the past three years
Kogi Iron Limited (December 2010 – present)
Crystal Peak Minerals Inc. (January 2011 – present)

Christopher Clower
Former Executive Chairman (Resigned 8 January 2016)

Interest in shares and options (at resignation)

Ordinary shares	500,000

Directorships held in other listed entities
None

Roger Pooley
Former Non-Executive Director (Resigned 8 September 2015)

Interest in shares and options (at resignation)
Nil

Directorships held in other listed entities in the past three years
None

Melly Sah Bandar
Former Non-Executive Director (Resigned 30 November 2015)

Interest in shares and options (at resignation)
Nil

Directorships held in other listed entities in the past three years
None

Gordon Lewis
Former Executive Director (Appointed 13 July 2015 and Resigned 4 April 2016)

Interest in shares and options (at resignation)
Nil

Directorships held in other listed entities in the past three years
Robust Resources Limited to April, 2014

Rinto Muhammadsyah
Former Non-Executive Director – (Appointed 4 April 2016 and Resigned 16 June 2016)

Interest in shares and options (at resignation)
Nil

Directorships held in other listed entities in the past three years
None

COMPANY SECRETARY

Mark Langan (Resigned 20 August 2015)
Secretary

Adrien Wing (Appointed 20 August 2015 and Resigned 4 November 2015)
Secretary

David Palumbo (Appointed 4 November 2015)
Secretary

Mr Palumbo is a Chartered Accountant with over ten years' experience in the accounting and financial reporting of ASX listed and unlisted companies, which includes five years as an external auditor.

Mr Palumbo provides corporate advisory and financial management advice and specialises in corporate compliance, statutory reporting and financial accounting services. He has also been involved in the listing of several junior exploration companies on the ASX and currently acts as Company Secretary for a number of ASX listed/unlisted and private companies.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of Western Mining Network Limited and for the executives receiving the highest remuneration.

1. Employment Agreements

Mr David Putnam was Interim Chief Executive Officer for the Company over the period 13 July 2015 to 27 April 2016. Under the terms of the agreement, Mr Putnam's annual salary was US$300,000.

Upon his appointment**,** Mr Putnam was to receive 5,000,000 options to acquire fully paid ordinary shares in the Company exercisable at $0.345 on or before 12 July 2018 and will be entitled to receive options on the terms below:

Number of Options	Vesting Date	Exercise Price	Expiry Date
5,000,000	13 January 2016	$0.345	12 January 2019
5,000,000	13 July 2016	$0.345	12 July 2019
5,000,000	13 January 2017	$0.345	12 January 2020
5,000,000	13 July 2017	$0.345	12 July 2020

In June 2016, the Company agreed to issue 1,998,597 Shares to the Mr David Putnam, who resigned on 26 April 2016, in full satisfaction of outstanding amounts owing (including any options that had vested) to Mr Putnam.

Mr Budi Santoso worked in an executive capacity for the Company during the financial period to 1 June 2016. Under the terms of the agreement, Mr Santoso's annual salary was $90,000.

Mr Christopher worked in an executive capacity for the Company during the financial period to 8 January 2016. Under the terms of the agreement, Mr Clower's annual salary was $90,000.

Mr Gordon Lewis worked in an executive capacity for the Company during the period 14 July 2015 to 4 April 2016. Under the terms of the agreement, Mr Lewis' annual salary was $120,000.

Appointments of non-executive directors are formalised in the form of service agreements between themselves and the Company. Their engagements have no fixed term but cease on their resignation or removal as a director in accordance with the Corporations Act.

2. Remuneration policy

The Company's remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and are entitled to the issue of share options. The remuneration committee reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Company's shareholders' value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Any executive director, who is an Australian resident for tax purposes, receives a superannuation guarantee contribution required by the government, which was 9.5%. No other retirement benefits are paid.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed, or capitalised to exploration expenditure if appropriate. Options, if given to directors and executives in lieu of remuneration, are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee share option plan.

3. Options issued as part of remuneration for the year ended 30 June 2016

No options (2015: nil) were issued to Directors as part of their remuneration during the period.

4. Details of remuneration for the year ended 30 June 2016:

The remuneration for each key management personnel of the Company during the period was as follows:

2016	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Perfor-mance Related	% of Options as Remuneration
Key Management Person	Cash, salary & commissions	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	%	%
Directors								
Nathan Taylor	5,000	-	-	-	-	5,000	-	-
Andrew Houtas	28,800	950	-	-	-	29,750	-	-
Budi Santoso	85,000	-	-	-	-	85,000	-	-
Chris Clower	37,500	-	-	-	-	37,500	-	-
Roger Pooley	5,000	475	-	-	-	5,475	-	-
R Muhammadsyah	7,500	-	-	-	-	7,500	-	-
M Sah Bandar	12,500	1,188	-	-	-	13,688	-	-
Gordon Lewis	88,260	-	-	-	-	88,260	-	-
Executives							-	-
David Putnam[1]	383,130	-	-	-	-	383,130	-	-
	652,690	2,613	-	-	-	655,303	-	-

2015	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Perfor-mance Related	% of Options as Remuneration
Key Management Person	Cash, salary & commissions	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	%	%
Directors								
Chris Clower	97,500	-	-	-	-	97,500	-	-
Paulus Irawan	67,500	6,413	-	-	-	73,913	-	-
Roger Pooley	30,000	2,850	-	-	-	32,850	-	-
Budi Santoso	52,500	-	-	-	-	52,500	-	-
M. Sah Bandar	7,500	713	-	-	-	8,213	-	-
	255,000	**9,976**	**-**	**-**	**-**	**264,976**		

[1] Not included in the above amounts was the grant of options (which were never issued) with a grant date fair value of $5,971,181 to Mr. Putnam under the terms listed in Section 1 of this Remuneration Report. In June 2016 after Mr. Putnam's resignation, the parties executed a settlement agreement for the issue of 1,998,597 shares with a fair value at 30 June 2016 of $9,993, in full satisfaction of outstanding monies and unissued options owing to Mr Putnam.

5. Equity holdings of key management personnel

Shareholdings

Number of shares held by key management personnel during the financial year ended 30 June 2016 was as follows:

30 June 2016	Balance at beginning of year	Granted during the year	Options exercised	Net change other	Balance at end of year
Directors					
Nathan Taylor	-	-	-	-	-
Andrew Houtas	-	-	-	-	-
Budi Santoso	-	-	-	-	-
Chris Clower	500,000	-	-	(500,000)*	-
Roger Pooley	-	-	-	-	-
R Muhammadsyah	-	-	-	-	-
M Sah Bandar	-	-	-	-	-
Gordon Lewis	-	-	-	-	-
Executives					
David Putnam	-	-	-	-	-
	500,000	-	-	(500,000)	-

* Balance of shares at resignation

Option holdings

Number of options held by key management personnel during the financial year ended 30 June 2016 was as follows:

30 June 2016	Balance at beginning of year	Granted as remuneration	Options exercised/ expired	Net change other	Balance at end of year
Directors					
Nathan Taylor	-	-	-	-	-
Andrew Houtas	-	-	-	-	-
Budi Santoso	-	-	-	-	-
Chris Clower	-	-	-	-	-
Roger Pooley	-	-	-	-	-
R Muhammadsyah	-	-	-	-	-
M Sah Bandar	-	-	-	-	-
Gordon Lewis	-	-	-	-	-
Executives					
David Putnam	-	-	-	-	-
	-	-	-	-	-

6. Other Key Management Personnel Transactions

The Company incurred no transactions with related parties.

"End of Remuneration Report (Audited)"

After Balance Date Events

On 8 July 2016, the Company announced that it has obtained satisfactory settlement and payment terms with respect to the largest outstanding creditors. Having achieved the creditor settlement, the Company 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 was applied to the Creditor Settlement and general working capital purposes.

On 14 July 2016, the Company lodged a prospectus (and a supplementary prospectus on 28 July 2016) for an 8 for 1 pro rata renounceable entitlement issue of approximately 2,182,516,136 fully paid ordinary shares to raise approximately $2,182,516. The price of New Shares under the Offer is $0.001 each (Issue Price).

The Company issued 532,080,637 and 1,053,944,570 fully paid ordinary shares on 5 August 2016 and 7 September 2016 respectively, pursuant to the entitlement issue prospectus, to raise $1,586,036.21 before costs.

On 23 September 2016, the Company advised that it had withdrawn resolutions at the general meeting relating to the approval to issue shares and options on conversion of the Convertible Loans. The Company is currently engaging with the Convertible Loans holders to determine whether they wish to seek repayment or reset the conversion terms.

No other matters or circumstances have arisen since the end of the financial 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.

Future Developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Meetings of Directors

During the financial period, 11 meetings of directors and no Audit Committee Meetings were held. Attendances by each director during the period were as follows:

	Directors' Meetings		Audit Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Nathan Taylor	3	3	-	-
Andrew Houtas	11	11	-	-
Budi Santoso	11	11	-	-
Chris Clower	-	-	-	-
Roger Pooley	-	-	-	-
R Muhammadsyah	5	5	-	-
M Sah Bandar	-	-	-	-
Gordon Lewis	5	5	-	-

Environmental Issues

The Company is not aware of any breaches in relation to environmental matters.

Options

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Date of Expiry	Exercise Price	Number under Option
30 June 2017	$0.60	1,406,250
30 June 2017	$0.27	7,500,000

During the year ended 30 June 2016, no ordinary shares of Western Mining Network Limited were issued on the exercise of options.

No shares have been issued as a result of the exercise of options since year end.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Indemnifying of Officers

During the year the Company paid premiums in respect of a contract insuring all the directors and officers of the Company against liabilities, past, present and future.

In accordance with normal commercial practice, the disclosure of the total amount of premiums under and the nature of the liabilities covered by the insurance contract is prohibited by a confidentiality clause in the contract.

Non-Audit Services

There were no fees paid or payable to the external auditors for non-audit services provided during the year ended 30 June 2016.

Auditor's Declaration of Independence

The auditor's independence declaration for the year ended 30 June 2016 has been received and is included within the financial statements.

Signed in accordance with a resolution of directors.

Nathan Taylor
Non-Executive Chairman
30 September 2016

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

To The Board of Directors

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

As lead audit director for the audit of the financial statements of Western Mining Network Limited for the financial year ended 30 June 2016, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 30th day of September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	Restated 2015 $
Revenue	2	135,887	14,229
Administration expenses		(627,490)	(141,866)
Corporate compliance expenses		(422,858)	(259,037)
Diminution in fair value of financial assets	9	(4,811,363)	-
Employee benefits expense		(696,030)	(289,855)
Exploration expenditure not capitalised		-	(838,921)
Travel expenses		(93,091)	(57,321)
Loss from continuing operations before income tax benefit		**(6,514,945)**	**(1,572,771)**
Income tax expense	3	-	-
Loss from continuing operations after income tax benefit		**(6,514,945)**	**(1,572,771)**
Discontinued operations after income tax			
Gain/(loss) from discontinued operations after income tax	4	210,720	(42,257,344)
Loss attributable to owners		**(6,304,225)**	**(43,830,115)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		154,692	170,104
Reclassification adjustments			
Reclassification to profit or loss on loss of control of subsidiary		(156,023)	-
Total comprehensive loss		**(6,305,556)**	**(43,660,011)**
Loss attributable to:			
Members of the parent entity		(6,251,622)	(43,616,707)
Non-controlling interest		(52,603)	(213,408)
		(6,304,225)	**(43,830,115)**
Total comprehensive loss attributable to:			
Members of the parent entity		(6,252,953)	(43,446,603)
Non-controlling interest		(52,603)	(213,408)
		(6,305,556)	**(43,660,011)**
Basic and diluted loss per share–continuing operations(cents)	5	(3.16)	(1.18)
Basic and diluted loss per share-discontinued operations(cents)	5	0.10	(31.77)
Basic and loss per share(cents)	5	(3.06)	(32.95)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 $	Restated 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	52,726	182,580
Trade and other receivables	7	1,023	274,131
Other assets	8	-	12,125
Financial assets	9	-	-
Total Current Assets		**53,749**	**468,836**
Non-Current Assets			
Other assets	8	-	15,585
Financial assets	9	-	-
Plant and equipment	10	-	88,628
Total Non-Current Assets		**-**	**104,213**
Total Assets		**53,749**	**573,049**
LIABILITIES			
Current Liabilities			
Trade and other payables	11	295,372	688,837
Total Current Liabilities		**295,372**	**688,837**
Non-Current Liabilities			
Deferred Consideration	12	-	735,921
Total Non-Current Liabilities		-	735,921
Total Liabilities		**295,372**	**1,424,758**
Net Assets/(Liabilities)		**(241,623)**	**(851,709)**
EQUITY			
Issued capital	13	59,807,055	53,381,471
Reserves	14	3,904,743	3,906,074
Accumulated losses		(63,947,636)	(57,696,014)
Non-controlling interest	15	(5,785)	(443,240)
Total Equity/(Deficiency in Equity)		**(241,623)**	**(851,709)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital $	Foreign translation reserve $	Options reserve $	Accumulated Losses $	Non-controlling interest $	Total $
Balance at 1 July 2014 (restated)	12,663,797	(26,821)	3,762,791	(14,079,307)	(63,167)	2,257,293
Loss for the period	-	-	-	(43,616,707)	(213,408)	(43,830,115)
Other Comprehensive Income	-	170,104	-	-	-	170,104
Total Comprehensive Income	-	170,104	-	(43,616,707)	(213,408)	(43,660,011)
Shares yet to be issued	15,162,914	-	-	-	-	15,162,914
Shares issued during the year (net)	25,554,760	-	-	-	-	25,554,760
Recognition of non-controlling interest	-	-	-	-	(166,665)	(166,665)
Balance at 30 June 2015	**53,381,471**	**143,283**	**3,762,791**	**(57,696,014)**	**(443,240)**	**(851,709)**

	Issued Capital $	Foreign translation reserve $	Options reserve $	Accumulated Losses $	Non-controlling interest $	Total $
Balance at 1 July 2015 (restated)	53,381,471	143,283	3,762,791	(57,696,014)	(443,240)	(851,709)
Loss for the period	-	-	-	(6,251,622)	(52,603)	(6,304,225)
Other Comprehensive Income	-	(1,331)	-	-	-	(1,331)
Total Comprehensive Income	-	(1,331)	-	(6,251,622)	(52,603)	(6,305,556)
Shares yet to be issued	35,584	-	-	-	-	35,584
Shares issued during the year (net)	6,390,000	-	-	-	-	6,390,000
Derecognition of non-controlling interest	-	-	-	-	490,058	490,058
Balance at 30 June 2016	**59,807,055**	**141,952**	**3,762,791**	**(63,947,636)**	**(5,785)**	**(241,623)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $ Inflows/ (Outflows)	2015 $ Inflows/ (Outflows)
Cash flows from operating activities			
Interest received		38	14,365
Payments to suppliers and employees		(1,311,339)	(1,503,342)
Exploration and evaluation expenditure		(40,747)	(1,659,562)
Net cash (used in) operating activities	18(a)	(1,352,048)	(3,148,539)
Cash flows from investing activities			
Payments for plant and equipment		-	(13,491)
Net cash inflow on acquisition of entities		-	162,528
Net cash outflow on disposal of entities		(3,443)	-
Net cash (used in)/provided by investing activities		(3,443)	149,037
Cash flows from financing activities			
Proceeds from issue of shares (net)		1,225,637	968,672
Net cash provided by financing activities		1,225,637	968,672
Net increase (decrease) in cash held		(129,854)	(2,030,830)
Effects of exchange rate changes on balance sheet held in foreign currencies		-	33,982
Cash at beginning of the financial period		182,580	2,179,428
Cash and cash equivalents at period end	6	**52,726**	**182,580**

The accompanying notes form part of these financial statements.

1. Statement of Significant Accounting Policies

These financial statements and notes represent those of Western Mining Network Limited (the "Company"). Western Mining Network is a listed public Company, incorporated and domiciled in Australia. The financial statements were authorised for issue on 30 September 2016 by the directors of the Company.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars unless otherwise stated.

Going Concern

The financial report has been prepared on the 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.

The Consolidated Group incurred a loss for the year of $6,304,225 (2015: $43,830,115) and net cash outflows from operating activities of $1,352,048 (2015: Cash outflows of $3,148,539). As at 30 June 2016, the Consolidated Group had a working capital deficit of $241,623 (2015: $220,001).

On 21 June 2016, the directors elected to terminate the option arrangements with respect to PT. Mekongga Sejahtera and PT. Eagle Rich Nusantara, resulting in a significant reduction in cashflow requirements.

In June 2016 the Consolidated Entity obtained satisfactory settlement and payment terms with respect to the largest outstanding creditors (refer note 2). Having achieved the creditor settlement, subsequent to year end the Company 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 was applied to the Creditor Settlement and general working capital purposes.

In addition to the above, pursuant to an entitlement issue prospectus the Company successfully raised $1,586,036 before costs.

The directors have prepared a cash flow forecast which indicates that the Consolidated Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

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.

Accounting Policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

Change in Accounting Policy - 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.

	Restated 30 June 2015 $	Change $	Previously Reported 30 June 2015 $
Condensed Consolidated Statement of Profit or Loss			
Impairment of exploration acquisition costs	-	8,186,375	(8,186,375)
Exploration expenditure	(42,693,584)*	(41,739,411)	(954,173)
Loss attributable to owners	(43,830,115)	(33,553,037)	(10,277,078)
Basic loss per share (cents)	(32.95)	(25.38)	(7.57)

* During the year ended 30 June 2016, the directors terminated the options held over PT. Mekongga Sejahtera & PT. Eagle Rich Nusantara and disposed of its interest in PT. Genesis Berkat Utama. As a result, $41,798,246 in exploration expenditure related to PT. Mekongga Sejahtera & PT. Eagle Rich Nusantara and $56,417 related to PT. Genesis Berkat Utama has been transferred to discontinued operations (see note 4). A balance of $838,921 in exploration expenditure remains on the Condensed Consolidated Statement of Profit or Loss from continuing operations relating to the Persada Project held by PT. Persada Bumi Rawas.

	Restated 30 June 2014 $	Change $	Previously Reported 30 June 2014 $
Condensed Consolidated Statement of Financial Position			
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)

	Restated 30 June 2015 $	Change $	Previously Reported 30 June 2015 $
Condensed Consolidated Statement of Financial Position			
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)

b) **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

c) **Income Tax**

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d) **Plant and Equipment**

Items of plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Office Furniture and Fixture	20%
Telecommunication Equipment	20%
Computer and Other Electronic Equipment	33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e) **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

f) **Financial Instruments**

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and reduction for impairment, and adjusted for any cumulative amortisation of the difference between the amount initially recognised and the maturity amount calculated using the effective interest method.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit and loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance valuation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in the carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets).

If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those, which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g) Impairment of Assets

At the end of each reporting date, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associate or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed. Impairment testing is performed annually for intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h) **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within a 12 month period have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation
The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black –Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

o) **Deferred Consideration**

Deferred consideration as part of an acquisition of a project is recognised at the acquisition date fair value with reference to the relevant milestones pursuant to the contract.

i) **Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j) **Foreign currencies**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

k) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

l) **Borrowing Costs**

All borrowing costs are recognised as expense in the period in which they are incurred.

m) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n) **Interests in joint operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Company's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Company does not recognise its share of the gains and losses until it resells those assets to a third party.

p) **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.
Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

<u>Level 1</u>
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

q) **Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

r) **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Taxation
Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

s) New accounting standards for application in the current period

New, revised or amending Accounting Standards and Interpretations adopted
The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2016. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the company.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the company.

2. *Revenue*

	2016 $	2015 $
Interest received	38	14,229
Discount received (a)	135,849	-
	135,887	14,229

(a) In June 2016, the Company entered into a settlement agreement with Mr. David Putnam resulting in the cancelation and reversal of options to be issued (refer note 22) and the settlement of outstanding salaries of $95,308. The Company Entered into a separate settlement agreement with a third party creditor resulting in a discount of $40,541 on amount owed.

3. *Income tax benefit*

Net loss before tax	(6,304,225)	(43,830,115)
Income tax benefit on above at 30%	(1,891,268)	(13,149,035)
Increase/(decrease) in income tax due to the tax effect of:		
Non-deductible expenses	1,823,183	10,522,628
Current year capital losses not recognised	-	120,659
Current year tax losses not recognised	86,160	-
Movement in unrecognised temporary differences	(15,393)	2,521,892
Deductible equity raising costs	(2,682)	(16,144)
Income tax reported in the statement of comprehensive income	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:		
Tax revenue losses	735,901	600,524
Deductible temporary differences	23,959	12,109
Tax capital losses	4,500	4,500
	764,360	617,133

4. *Discontinued operations*

On 21 June 2016, the directors elected to terminate the option agreement to acquire 75% of the shares in PT. Mekongga Sejahtera, which owns the Tamboli Graphite Project ("Tamboli"). Additionally, the Company has terminated the option agreement to acquire 99% of the shares in PT. Eagle Rich Nusantara.

Up until the option termination, Western Mining Network Limited was deemed to have control over PT Mekongga and PT Eagle Rich and as such in accordance with Australian Accounting Standards were consolidated on their fully exercised basis being 75% (PT Mekongga) and 99% (PT Eagle Rich).

The financial performance of the discontinued operation, which is included in the loss from discontinued operations per the statement of comprehensive income, is as follows:

	2016 $	2015 $
Revenue	26	124
Administration expenses	(311,902)	(123,058)
Employee benefits expense	(262,834)	(222,810)
Exploration expenditure and acquisition costs	(26,843)	(41,798,246)
Travel expenses	(4,120)	(47,033)
Loss before income tax	(605,673)	(42,191,023)
Income tax expense	-	-
Loss after income tax expense	(605,673)	(42,191,023)
Gain on disposal of assets and liabilities on loss of control of subsidiaries before income tax	1,351,429	-
Reclassification of items within other comprehensive income	(156,023)	-
Derecognition of non-controlling interest	(394,393)	
Income tax expense	-	-
Gain on disposal of assets and liabilities on loss of control of subsidiaries after income tax	801,013	-
Total loss after tax attributable to the discontinued operation	195,340	(42,191,023)
The net cash flows of the discontinued division, which have been incorporated into the statement of cash flows, are as follows:		
Net cash outflow from operating activities	(312,711)	(1,100,008)
Net cash outflow from investing activities	(3,192)	94,762
Net cash inflow from financing activities	-	-
Net cash outflow from the discontinued operation	(315,903)	(1,005,246)

On 30 June 2016, the company disposed of its shares in PT. Genesis Berkat Utama for nil consideration.

The financial performance of the discontinued operation, which is included in the loss from discontinued operations per the statement of comprehensive income, is as follows:

	2016 $	2015 $
Revenue	-	12
Administration expenses	(3,825)	(7,667)
Employee benefits expense	-	(1,059)
Exploration expenditure not capitalised	(13,904)	(56,417)
Travel expenses	-	(1,190)
Loss before income tax	(17,729)	(66,321)
Gain on disposal of assets and liabilities on loss of control of subsidiaries before income tax	128,773	-
Reclassification of items within other comprehensive income	-	-
Derecognition of non-controlling interest	(95,664)	
Income tax expense	-	-
Gain on disposal of assets and liabilities on loss of control of subsidiaries after income tax	33,109	-
Total loss after tax attributable to the discontinued operation	15,380	(66,321)
The net cash flows of the discontinued division, which have been incorporated into the statement of cash flows, are as follows:		
Net cash outflow from operating activities	(17,729)	(66,321)
Net cash outflow from investing activities	(251)	-
Net cash inflow from financing activities	-	-
Net cash outflow from the discontinued operation	(17,980)	(66,321)
Total gain/(loss) after tax attributable to the discontinued operation reconciled as follows:		
PT. Mekongga Sejahtera and PT. Eagle Rich Nusantara	195,340	(42,191,023)
PT. Genesis Berkat Utama	15,380	(66,321)
	210,720	(42,257,344)

5. *Earnings per share*

	2016 Cents per Share	2015 Cents per Share
Basic/diluted loss per share from continuing operations	(3.16)	(1.18)
Basic/diluted loss per share from discontinued operations	0.10	(31.77)
Basic/diluted loss per share in total	(3.06)	(32.95)

The loss and weighted average number of ordinary shares used in this calculation of basic/diluted loss per share are as follows:

	2016 $	2015 $
Loss from continuing operations	(6,514,945)	(1,572,771)
Loss from discontinued operations	210,720	(42,257,344)
Total loss attributable to owners	(6,304,225)	(43,830,115)
	Number	**Number**
Weighted average number of ordinary shares for the purposes of basic/ diluted loss per share	206,299,840	133,011,799

As the Company is in a loss position the options outstanding at 30 June 2016 have no dilutive effects on the earnings per share calculation.

6. *Cash and cash equivalents*

	2016 $	2015 $
Cash at bank	52,726	182,580

7. *Trade and other receivables*

Current		
GST receivable	1,023	16,848
Other receivables	-	257,283
	1,023	274,131

As at 30 June 2016, current trade and other receivables do not contain amounts which are past due and not impaired. It is expected that these amounts will be received when due.

8. *Other assets*

Current		
Prepayments	-	12,125
Non-Current		
Other Assets	-	15,585

9. *Financial assets*

	2016 $	2015 $
Current		
Derivative financial asset - Lanstead sharing agreement	-	-
Non-Current		
Derivative financial asset - Lanstead sharing agreement	-	-

The fair value of the derivative financial assets as at 30 June 2016 have been estimated as follows:

	Share Price $	Fair Value $
Value recognised on inception	0.20	5,100,000
Consideration received up to 30 June 2016	-	(288,637)
Loss on revaluation of derivate financial asset at 30 June 2016	-	(4,811,363)
Value of the derivative financial assets as at 30 June 2016	0.016	-

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. As a result of this transaction, the Company retained A$900,000 of the aggregate A$6,000,000 subscription price and the remaining $5,100,000 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.

10. *Plant and equipment*

	2016 $	2015 $
Plant and Equipment		
At Cost	-	137,911
Accumulated Depreciation	-	(49,283)
	-	88,628

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial period:

	2016 $	2015 $
Plant and Equipment		
Opening balance	88,628	3,024
Additions	-	13,492
Additions through acquisition of Tamboli Project	-	101,480
Depreciation	(63,041)	(34,597)
Effect of foreign currency exchange differences	5,406	5,230
Disposals - discontinued operations	(18,833)	-
Disposals	(12,160)	-
Closing balance	-	88,628

11. *Trade and other payables*

	2016 $	2015 $
Current		
Trade payables and accruals	293,956	200,350
Share application funds	1,416	-
Other Liabilities	-	395,957
Loans [1]	-	92,530
	295,372	**688,837**

[1] The loan was unsecured and non-interest bearing, with no fixed terms of repayment.

12. *Deferred Consideration*

	2016 $	2015 $
Non-Current		
Option Exercise Price[1]	-	735,921

[1] Being the exercise price of the options to acquire 75% of PT. Mekongga Sejahtera and 99% in PT. Eagle Rich Nusantara. The options do not have an expiry date and are exercisable at the discretion of Western Mining Network Limited.

On 21 June 2016, the directors elected to terminate the option agreement to acquire 75% of the shares in PT. Mekongga Sejahtera, which owns the Tamboli Graphite Project ("Tamboli"). Additionally, the Company has terminated the option agreement to acquire 99% of the shares in PT. Eagle Rich Nusantara.

13. *Issued capital*	2016 $	2015 $
(a) Issued and paid up capital		
237,230,015 (2015: 164,746,512) Ordinary shares fully paid of no par value	59,807,055	53,381,471

(b) Movement in ordinary shares on issue	2016 Number	2016 $	2015 Number	2015 $
Balance at beginning of period	164,746,512	53,381,471	58,706,635	12,663,797
Shares issued during the year:				
- 8 July 2014	-	-	19,057,290	-
- 14 July 2014	-	-	1,203,081	-
-7 November 2014	-	-	78,967,006	24,479,760
-7 November 2014	-	-	5,000,000	250,000
-28 April 2015	-	-	812,500	325,000
- 5 June 2015	-	-	1,000,000	500,000
- Unissued shares[1]	-	-	-	15,162,914
Shares issued during the year:				
- 29 October 2015	30,000,000	6,000,000	-	-
- 29 December 2015[1]	39,483,503	-	-	-
- 29 December 2015	3,000,000	390,000	-	-
- Unissued shares[2]	-	35,584	-	-
Balance at end of period	**237,230,015**	**59,807,055**	**164,746,512**	**53,381,471**

[1] Pursuant to the Tamboli Transaction (refer note 20) the Company was 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:

Hurdle #	Market Capitalisation Hurdle	Ordinary shares to be issued
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 year ended 30 June 2015, however the shares had not been issued and as such the value of the shares at each milestone date of $15,162,914 were classified as equity instruments as at 30 June 2015. On 29 December 2015, the Company issued 39,483,503 shares in satisfaction of hurdle 1 and 2. Hurdle 3 was not met prior to termination of the option agreement on 21 June 2016.

[2] As at 30 June 2016, the Company had received $35,584 in share application funds. On 8 July 2016, 35,584,502 fully paid ordinary shares were issued at a price of $0.001 per share.

(c) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) Capital Management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. The Company's capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The net working capital position of the Company at 30 June 2016 was a deficit of $241,623 (2015: deficit of $220,001) and the net decrease in cash held during the year was $129,854 (2015: $2,030,830). Subsequent to year end, the Company raised $2,121,620 through a combination of convertible loans and equity – refer to note 27.

(e) Share Options

At 30 June 2016, the Company has the following share options on issue:

- 1,406,250 options exercisable at $0.60 on or before 30 June 2017;
- 7,500,000 options exercisable at $0.27 on or before 30 June 2017;

Options carry no rights to dividends and have no voting rights.

14. *Reserves*

	2016 $	2015 $
Foreign currency translation	141,952	143,283
Options reserve	3,762,791	3,762,791
	3,904,473	3,906,074

Options reserve

Reserve at the beginning of the year	3,762,791	3,762,791
Reserve at end of year	3,762,791	3,762,791

The options reserve arises on the grant of share options to directors as part of their remuneration and to consultants for services provided, as well as for funds raised for the issue of options.

Foreign currency translation reserve

Reserve at the beginning of the year	143,283	(26,821)
Exchange differences arising on translating foreign operations	(1,331)	170,104
Reserve at end of year	141,952	143,283

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

15. *Non-controlling interest*

Balance at the beginning of year	(443,240)	(63,167)
Non-controlling interests arising on the acquisition of:		
- PT. PBR	-	70,805
- PT. MKG and ERN	-	(237,470)
De-recognition of non-controlling interests upon loss of control:		
- PT. GBU	95,664	-
- PT. MKG and ERN	394,394	-
Share of loss for the year	(52,603)	(213,408)
Balance at the end of year	(5,785)	(443,240)

16. *Auditors' remuneration*

Amounts, received or due and receivable by auditors for:		
- an audit or review services	59,092	48,806

17. *Key Management Personnel (KMP) and Related Party Transactions*

(a) Key Management Personnel

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2016.

The totals of remuneration paid to KMP of the Company during the year are as follows:

	2016	2015
	$	$
Short term	652,690	255,000
Post-employment	2,613	9,976
	655,303	264,976

(b) Other transactions

In June 2016 after Mr. Putnam's resignation, the parties executed a settlement agreement for the issue of 1,998,597 shares with a fair value at 30 June 2016 of $9,993, in full satisfaction of outstanding monies and vested options owing to Mr Putnam.

The Company did not enter into any other transactions with related parties during the financial year ended 30 June 2016.

18. *Cash Flow Information*

(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax

Loss after income tax	(6,304,225)	(43,830,115)
Non cash flows in loss:		
Depreciation	63,041	34,597
Loss on disposal of plant and equipment	12,160	-
Discounts received	(135,849)	-
Diminution in fair value of financial assets	4,811,363	-
Share based payments	390,000	-
Acquisition of exploration expenditure	-	41,739,412
Gain on disposal of assets and liabilities on loss of control of subsidiary	(834,122)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	186,029	(271,104)
- (increase)/decrease in other assets	-	18,651
- increase/(decrease) in trade and other payables	459,555	(839,980)
	(1,352,048)	(3,148,539)

(b) Non Cash Investing & Financing Activities

There were no non-cash investing or financing activities entered into by the Company during the year.

19. *Controlled Entities*

	Country of Incorporation	2016	2015
Subsidiaries of Western Mining Network Limited:			
PT. WMN Indonesia	Indonesia	100%	100%
PT. Persada Bumi Rawas	Indonesia	75%	75%
PT. Mekongga Sejahtera	Indonesia	0%	0%[1]
PT. Eagle Rich Nusantara	Indonesia	0%	0%[1]
PT. Genesis Berkat Utama	Indonesia	0%	51%

[1] Pursuant to the contractual arrangements, Western Mining Network Limited had access to returns associated with ownership interest and was deemed to have control over PT Mekongga Sejahtera and PT Eagle Rich Nusantara and as such in accordance with Australian Accounting Standards have been consolidated on their fully exercised basis being 75% (PT Mekongga Sejahtera) and 99% (PT Eagle Rich Nusantara).

20. 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 acquisition date balance sheet is as follows:

Consideration transferred	**2015**
	$
Deposits paid in previous period	499,405
Deposits in period to 30 June 2015	361,405
Total Consideration	**860,810**
Net assets acquired	
Cash and cash equivalents	429,170
Other assets	1,098
Trade and other payables	(147,050)
Net assets	283,219
Non-controlling interest	70,804
Acquisition of exploration expenditure	**648,396**

Tamboli Project
On 23 October 2014 the Company completed the acquisition of the Tamboli Project comprising an option to acquire 75% of PT Mekongga Sejahtera and an option to acquire 99% of PT Eagle Rich Nusantara. Pursuant to the contractual arrangements, Western Mining Network Limited was 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	**2015**
	$
78,967,006 ordinary shares (refer note 13)	24,479,772
39,483,503 ordinary shares (refer note 13)	15,898,836
Total Consideration	**40,378,608**
Net assets acquired	
Cash and cash equivalents	94,762
Other assets	31,597
Property, plant and equipment	101,480
Trade and other payables	(1,177,717)
Net assets	(949,878)
Non-controlling interest	(237,470)
Acquisition of exploration expenditure	**41,091,017**

21. *Commitments*

The Company has no commitments as at 30 June 2016.

22. Share based payments

The following share based payments were in existence during the year:

On 29 December 2015, 3,000,000 ordinary shares were issued to Lanstead Capital LP in lieu of cash payment for fees totalling $600,000 associated with the Sharing Agreement.

On 29 December 2015, 39,483,503 ordinary shares were issued as deferred consideration pursuant to the Tamboli Transaction (refer note 13 and 20). Hurdles 1 and 2 were met during the year ended 30 June 2015 but had not been issued and as such the value of the shares at each milestone date of $15,162,914 have been classified as equity instruments at 30 June 2016.

On the 22 July 2015, 25 million options were granted (which were never issued) with a grant date fair value of $5,971,181 to Mr. Putnam. In June 2016 after Mr. Putnam's resignation, the parties executed a settlement agreement for the issue of 1,998,597 shares with a fair value at 30 June 2016 of $9,993, in full satisfaction of outstanding monies and unissued options owing to Mr Putnam and as such the corresponding share based payment expense was reversed.

The options were valued using the Black and Scholes methodology with the following in puts:

Tranche	No. of Options	Share Price	Exercise Price	Volatility	Interest Rate	Time to Expiry (years)	Fair value per Option
1	5,000,000	$0.345	$0.345	100%	3%	3	$0.221
2	5,000,000	$0.345	$0.345	100%	3%	3.5	$0.234
3	5,000,000	$0.345	$0.345	100%	3%	4	$0.246
4	5,000,000	$0.345	$0.345	100%	3%	4.5	$0.256
5	5,000,000	$0.345	$0.345	100%	3%	5	$0.265

Fair value of ordinary shares issued during the period:
The fair value of ordinary shares issued were determined by reference to market price.

23. *Financial reporting by segments*

The Company 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. During the period, the Company operated in two geographical segments being Australia and Indonesia, and two business segments being mineral exploration and treasury.

Basis of accounting for purposes of reporting by operating segments

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 Company.

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 Company 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:

- head office and other administration expenditure

(a) Segment performance

Year Ended 30 June 2016	Exploration $	Treasury $	Total Operations $
Revenue			
Interest revenue	-	38	38
Total segment revenue	-	38	38
Reconciliation of segment result to net loss before tax			
Unallocated revenue			
Total revenue	**-**	38	38
Segment net profit/(loss) before tax from continuing operations	**-**	**(4,811,325)**	**(4,811,325)**
Reconciliation of segment result to net loss before tax			
Unallocated items:			
- Discount received			135,849
- Administration and corporate expenses			(1,839,469)
- Discontinued operations			210,720
Net loss before tax			**(6,304,225)**

Year Ended 30 June 2015	Exploration $	Treasury $	Total Operations $
Revenue			
Interest revenue	-	14,229	14,229
Total segment revenue	-	14,229	14,229
Reconciliation of segment result to net loss before tax			
Unallocated revenue			
Total revenue	**-**	14,229	14,229
Segment net profit/(loss) before tax from continuing operations	**(838,921)**	**14,229**	**(824,692)**
Reconciliation of segment result to net loss before tax			
Unallocated items:			
- Administration and corporate expenses			(748,079)
- Discontinued operations			(42,257,344)
Net loss before tax			**(43,830,115)**

(b) Segment assets

	Exploration $	Treasury $	Total Operations $
As at 30 June 2016			
Segment assets	**-**	**52,726**	**52,726**
Segment asset increases/(decreases) for the period:			
- cash and cash equivalents	-	(129,854)	(129,854)
- exploration and evaluation expenditure	-	-	-
Reconciliation of segment assets to total assets			
Unallocated items:			
- trade and other receivables			1,023
Total assets			**53,749**

	Exploration $	Treasury $	Total Operations $
As at 30 June 2015			
Segment assets	**-**	**182,580**	**182,580**
Segment asset increases/(decreases) for the period:			
- cash and cash equivalents	-	(1,996,848)	(1,996,848)
- exploration and evaluation expenditure	-	-	-
Reconciliation of segment assets to total assets			
Unallocated items:			
- trade and other receivables			274,131
- other assets			27,710
- plant and equipment			88,628
Total assets			**573,049**

(c) Segment liabilities

	Exploration $	Treasury $	Total Operations $
As at 30 June 2016			
Segment liabilities	**-**	**-**	**-**
Reconciliation of segment liabilities to total liabilities			
- Trade and Other Payables			295,372
Total liabilities from continuing operations			**295,372**

	Exploration $	Treasury $	Total Operations $
As at 30 June 2015			
Segment liabilities	**735,921**	**-**	**735,921**
Reconciliation of segment liabilities to total liabilities			
- Trade and Other Payables			200,350
- Other liabilities			488,487
Total liabilities from continuing operations			**1,424,758**

d) Assets by geographical location

	Indonesia $	Australia $	Total Assets $
As at 30 June 2016			
Segment assets	3,314	50,435	53,749
As at 30 June 2015			
Segment assets	495,219	77,830	573,049

24. *Financial risk management*

Overview

The Company has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Trade and other receivables

As the Company has just started operations, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	2016 **$**	**2015** **$**
Financial assets		
Cash and cash equivalents – AAA rated counterparties	52,726	182,580
Receivables – other	1,023	274,131
	53,749	456,711

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is not currently exposed to any material interest rate risk.

Interest rate risk sensitivity analysis
The Company does not have any material exposure to interest rate risk as there were no external borrowings at 30 June 2016 (2015: nil). Any borrowings were intercompany related and unsecured and interest free and therefore there is no exposure to interest rate risk associated with these amounts. Interest bearing assets are all short term liquid assets and the only interest rate risk is the effect on interest income by movements in the interest rate. There is no other material interest rate risk.

Fair value of financial instruments
The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value. There are no financial assets or liabilities which are required to be measured at fair value on a recurring basis.

25. *Parent entity disclosures*

Financial position	2016 $	2015 $
Assets		
Current assets	50,435	77,830
Non-current assets	-	40,239,308
Total assets	50,435	40,317,138
Liabilities		
Current liabilities	295,363	57,315
Non-Current liabilities	-	735,922
Total liabilities	295,363	793,237
Equity		
Issued capital	59,807,055	53,381,471
Accumulated losses	(63,814,774)	(17,620,361)
Reserves	3,762,791	3,762,791
Total equity/(deficiency in equity)	(244,928)	39,523,901
Financial performance		
Profit/(loss) for the year	(15,459,241)	(10,218,678)
Total comprehensive income	(15,459,241)	(10,218,678)

Refer to Note 21 for commitments of the parent which are the same as the Group.

26. *Contingent liabilities and contingent assets*

In the opinion of the Directors, the Company has no contingent liabilities or assets as at 30 June 2016.

27. *Events Subsequent to Period End*

On 8 July 2016, the Company announced that it has obtained satisfactory settlement and payment terms with respect to the largest outstanding creditors. Having achieved the creditor settlement, the Company 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 was applied to the Creditor Settlement and general working capital purposes.

On 14 July 2016, the Company lodged a prospectus (and a supplementary prospectus on 28 July 2016) for an 8 for 1 pro rata renounceable entitlement issue of approximately 2,182,516,136 fully paid ordinary shares to raise approximately $2,182,516. The price of New Shares under the Offer is $0.001 each (Issue Price).

The Company issued 532,080,637 and 1,053,944,570 fully paid ordinary shares on 5 August 2016 and 7 September 2016 respectively, pursuant to the entitlement issue prospectus, to raise $1,586,036.21 before costs.

On 23 September 2016, the Company advised that it had withdrawn resolutions at the general meeting relating to the approval to issue shares and options on conversion of the Convertible Loans. The Company is currently engaging with the Convertible Loans holders to determine whether they wish to seek repayment or reset the conversion terms.

No other matters or circumstances have arisen since the end of the financial 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.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2016

The directors of the Company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
   a) comply with Accounting Standards and the Corporations Regulations 2001; and
   b) give a true and fair view of the Company's financial position as at 30 June 2016 and its performance for the year ended on that date; and
   c) are in accordance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and
2. the Non-Executive Chairman and Company Secretary have each declared that:
   a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   c) the financial statements and notes for the financial year give a true and fair view;
3. 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 signed in accordance with a resolution of the Board of Directors.

Nathan Taylor
Non-Executive Chairman
30 September 2016

Independent Auditor's Report

To the Members of Western Mining Network Limited

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

We have audited the accompanying financial report of Western Mining Network Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

a. The financial report of Western Mining Network Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Western Mining Network Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 30th day of September 2016

The following additional information is required by the ASX Limited in respect of listed public companies and was applicable at 26 September 2016:

1. Shareholding

a. **Distribution of Shareholders** — **Number (as at 26 September 2016)**

Category (size of holding)	**Shareholders**	**Ordinary Shares**
1 – 1,000	41	8,368
1,001 – 5,000	60	187,971
5,001 – 10,000	101	932,214
10,001 – 100,000	188	8,087,834
100,001 – and over	358	1,849,623,337
	748	1,858,839,724

b. The number of shareholdings held in less than marketable parcels is 495 shareholders amounting to 35,454,304 shares.

c. There are no restricted securities at 26 September 2016.

d. The names of substantial shareholders listed in the company's register as at 26 September 2016 are:

Shareholder	**Ordinary Shares**	**% Held of Total Ordinary Shares**
MS CHUNYAN NIU	100,000,000	5.380%
MR THOMAS FRANCIS CORR	100,000,000	5.380%

e. Voting Rights
The voting rights attached to the ordinary shares are as follows:

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

f. 20 Largest Shareholders as at 26 September 2016 — Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	MS CHUNYAN NIU	100,000,000	5.380
2.	MR THOMAS FRANCIS CORR	100,000,000	5.380
3.	BEIRNE TRADING PTY LTD	90,316,301	4.859
4.	CITICORP NOMINEES PTY LIMITED	61,361,764	3.301
5.	MR YIZHOU GU	50,471,832	2.715
6.	FIRST INVESTMENT PARTNERS PTY LTD	50,100,000	2.695
7.	NORTHERN STAR NOMINEES PTY LTD	50,000,000	2.690
8.	MR ORAN RAPHAEL DOREL	50,000,000	2.690
9.	SCINTILLA STRATEGIC INVESTMENTS LIMITED	50,000,000	2.690
10.	KLIP PTY LTD <BEIRNE SUPER FUND A/C>	38,001,000	2.044
11.	BULL EQUITIES PTY LTD	35,000,000	1.883
12.	MR JOHN ANASSIS	27,721,923	1.491
13.	MR ANDREW GRAEME EDDY	27,000,000	1.453
14.	MR TUTU PHONG	25,000,000	1.345
15.	CRYSTALMOUNT LIMITED	25,000,000	1.345
16.	R C FISHING PTY LTD	24,500,000	1.318
17.	MS KARTIKA TANTRA	23,690,102	1.274
18.	MR YONGKY SUTANTO	22,890,100	1.231
19.	MS CYNTHIA ELIZABETH SUTANTO	21,988,102	1.183
20.	MR PETER HOUTAS	21,000,000	1.130
		894,041,124	**48.097**

1. The name of the company secretary is David Palumbo.

2. The address of the principal registered office in Australia is:
   Level 11, 216 St Georges Terrace Perth WA 6000.

3. Registers of securities are held at the following address:
   Advanced Share Registry, 110 Stirling Hwy, Nedlands, WA 6009

4. Stock Exchange Listing
   Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the ASX Limited.

5. Unquoted Securities
   The Company has the following unquoted securities as at 26 September 2016:

Date of Expiry	Exercise Price	Number under Option
30 June 2017	$0.60	1,406,250
30 June 2017	$0.27	7,500,000

6. Corporate Governance
   A copy of the Company's Corporate Governance Statement is available on the Company's website: http://www.wmngraphite.com/

SCHEDULE OF MINERAL TENEMENTS

AS AT 26 SEPTEMBER 2016

Project	***Tenement***	***Interest held by Western Mining Network Limited***
Persada	540/307.19/DISTAMBEN	75%