

**Wavenet International is an exploration company with coal tenements in Queensland as well as gold concessions in West Kalimantan, Indonesia.**

## Update

*In Queensland a maiden Inferred Coal Resource was completed last quarter on EPC2044 at Gayndah. Approximately 79 million tonnes exceeding 6000 kcal/kg has been identified. The coal has high ash content but initial recovery tests indicate that about 24% by volume can be recovered as a market product.*

*Sintang Gold Project, West Kalimantan is within sediments and andesite/ diorite intrusions. Soil sampling revealed many gold anomalies, with some assays returning up to 1.68 g/t Gold. An area of the Bangun River drainage over 4 kilometres length has been identified as potential gold-bearing alluvium. A Bangka drilling program is in progress and 20 holes have been completed to date.*

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## UPDATE ON EXPLORATION

### HIGHLIGHTS

#### Indonesian Gold

- *An area of approximately 4 kilometres in length on the Bangun River drainage has been identified as potential for alluvial gold mining. A reconnaissance sampling program on this area proved gold occurrences in many of the panned concentrates*
- *An initial Bangka drilling program of 20 holes has been completed. A further 10 holes were planned but some of these were unable to be completed in this campaign due to heavy rains and flooding in the catchment.*
- *62 samples were submitted to Intertek Laboratory in Jakarta for gold analysis.*
- *Results indicate that 12 of the 20 holes identified gold-bearing alluvium with grades ranging from 0.02 g/t Au (0.04 g/m<sup>3</sup> Au) to 0.76 g/t Au (1.52 g/m<sup>3</sup> Au)*
- *Bronze-coloured mica appears ubiquitous in the Bangka drill samples. This is considered to be an alteration product of the biotite within the host granodiorites and probably represents a hydrothermally altered and gold-mineralised bedrock provenance within our concession.*



*An area of alluvial mining on the Bangun River*

## DETAILS

### SINTANG PROJECT – WEST KALIMANTAN

An area of approximately 4 kilometres in length on the Bangun River drainage has been identified as potential for alluvial gold mining. Reconnaissance sampling using panning concentrates indicated that most of the Bangun river system is mineralized with gold. Some locations along this drainage are currently being mined by artisans using primitive sluicing and jig equipment. There are several alluvial deposits occurring in the Bangun river valley ranging from recent fine sand and silt to older alluvial terraces of coarse sand and gravel as well as some areas of pebble conglomerates - all known to be gold-bearing. The general distribution of these areas is shown on the map on Figure 1.

A sampling program using a Bangka drill on lines at 100m spacing through the Bangun alluvial areas is in progress. This will assist WAL to assess resource potential.

An initial Bangka drilling campaign of 20 holes has been completed. A further 10 holes were planned but were unable to be completed in this campaign due to heavy rains and flooding in the catchment. 62 samples were submitted to Intertek Laboratory in Jakarta for gold analysis.

Results indicate that gold mineralisation ranging from 0.02 g/t Au to 0.75 g/t Au (0.04 to 1.52 g/m<sup>3</sup> Au) was identified in 12 holes. The table below is a summary of the results above 0.02 g/t Au:

Hole	UTM Zone 49M Easting	UTM Zone 49M Northing	mRL	Assay Au g/t	Calculated Au g/m <sup>3</sup> *	Comment
DH14	523100.00	9973400.00	82	0.04	0.08	On re-worked gravels
DH21	523000.00	9973600.00	91	0.05	0.10	On re-worked gravels
DH22	522700.00	9973700.00	102	0.06	0.12	On upper terrace
DH24	522600.00	9973800.00	91	0.10	0.20	On middle terrace
DH28	522400.00	9973900.00	83	0.13	0.26	On upper terrace
DH30	522600.00	9973900.00	77	0.25	0.50	On lower terrace
DH31	522800.00	9973900.00	74	0.04	0.08	Adjacent to alluvial sluice operations
DH32	522200.00	9974000.00	79	0.76	1.52	On upper terrace
DH34	522500.00	9974000.00	74	0.16	0.32	On middle terrace
DH38	522000.00	9974200.00	68	0.05	0.10	On upper terrace
DH39	522100.00	9974200.00	67	0.05	0.10	On re-worked gravels
DH40	522215.00	9974198.00	67	0.02	0.04	On re-worked gravels

*\*1 cubic metre of sand represents 2 tonnes*

Because of the difficulty in obtaining a representative sample in alluvial material (due to gold distribution effects, unconsolidated sands, wet conditions etc) the above results are to be considered indicative only. However, it is highly likely that these results are under-stating gold values due to the following factors:

- There is a lot of re-worked alluvial material (previously processed) dumped on surface
- Alluvial sluice operations have been extracting gold from the area and continue to be successful
- Recent rains have inundated the river floodplain with water which will re-distribute gold and add large quantities of fine mud
- Sampling conditions are not ideal and sample sizes may not be adequately representing gold content

Initial review of the samples indicates that bronze/gold-coloured mica (probably phlogopite) is extensive throughout the alluvium. In some samples this mineral exceeds 20% of the total mineral content.

This type of mica is indicative of hydrothermal alteration of the granodiorite host rock biotite and is usually the result of addition of silica, magnesium and aluminium oxides and depletion of iron oxides. The frequency of bronze mica occurrence indicates that the bedrock source material is extensively altered and the provenance for the alluvial gold is likely to be on our concession.

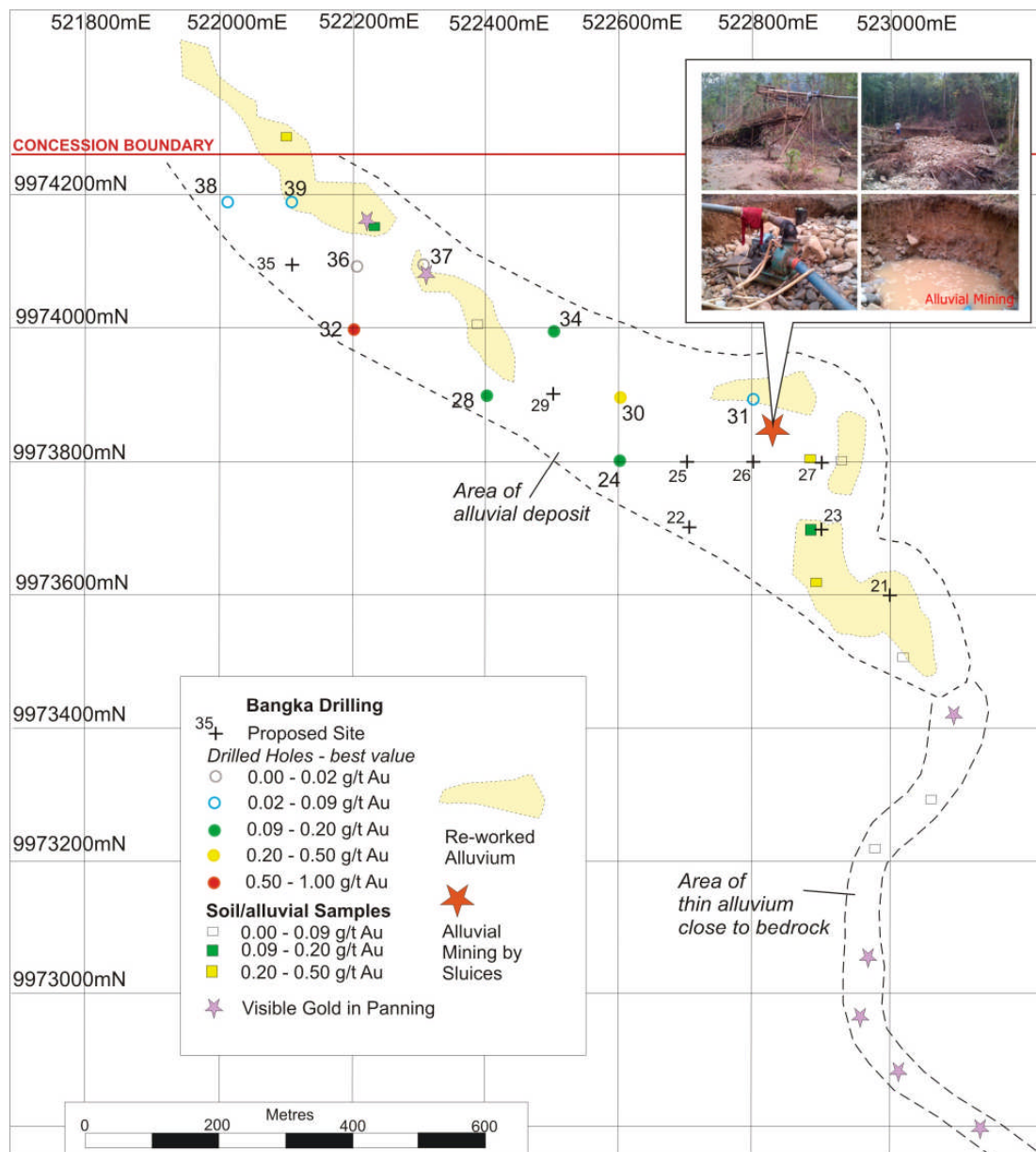


Figure 1 - Location of Alluvial Samples on the Sintang Concession

#### Comment

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. In addition surface sampling assays and drill sample results may also be discussed in the context of information describing the presence of anomalous mineral content. The above information relating to an Exploration Target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Mineral Reserves. Hence the terms Resource (s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

#### Declaration

The information in this statement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by independent consulting geologist Brian Davis who is a Member of The Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Davis is employed by Geologica Pty Ltd and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Davis consents to the inclusion in the report of the matters based on the information made available to him, in the form and context in which it appears".