



W A V E N E T

WAVENET INTERNATIONAL LIMITED

ABN 50 087 139 428

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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28 October 2014

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QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING SEPTEMBER 30th 2014

HIGHLIGHTS

Queensland Coal

- ***Exploration is continuing in the Gayndah area and Exploration Permit EPC2265 (located immediately west of EPC2044 coal resource area) is now being assessed for coal potential.***
- ***11 potential drill sites have been identified for exploration of the Surat Basin lithologies***

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 have been submitted to Intertek Laboratory in Jakarta for gold analysis.***
- ***Gold assay results from the Bangka drilling indicate that 12 of the 20 holes identified gold-bearing alluvium with grades ranging from 0.02 g/t Au (0.04 g/m³ Au) to 0.76 g/t Au (1.52 g/m³ Au)***

DETAILS

GAYNDAH COAL PROJECT, QUEENSLAND

Exploration Permit EPC2265 is located adjacent and to the west of Gayndah lease EPC2044 and centred on the township of Munduberra. Initial research work and geological mapping is under way. At least 11 potential drilling sites have been identified within the Surat Basin sequence. The western side of the tenement is occupied by Surat Basin sediments including the Evergreen Formation and these are known to host coal measure sequences. See Figure 1 below.

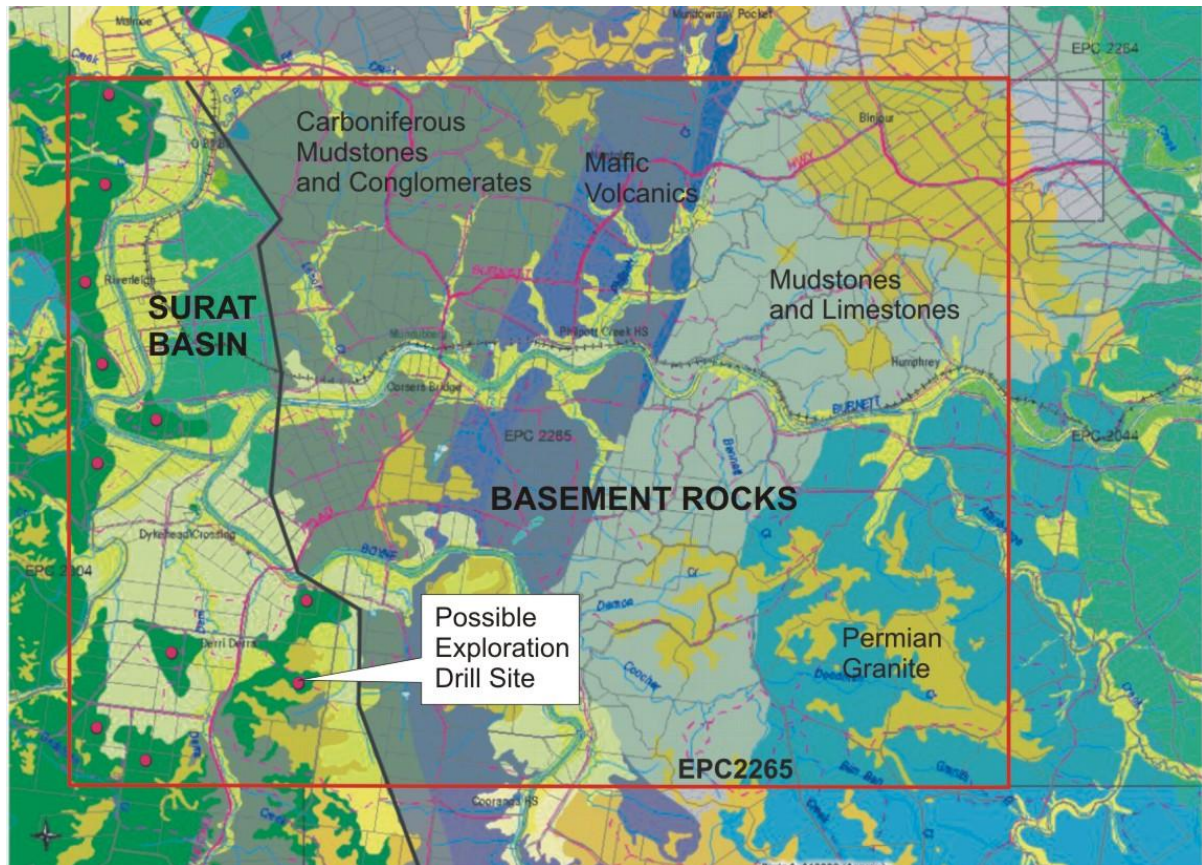


Figure 1 - Simplified Geology of EPC 2265 with possible drill sites within the Surat Basin

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.

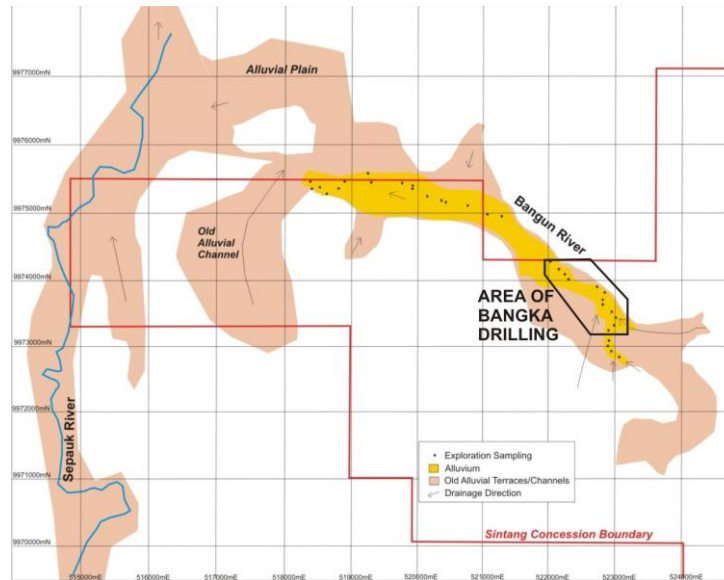


Figure 1- Location of Alluvial Areas on Sintang Concession

Results indicate that gold mineralisation ranging from 0.02 g/t Au to 0.75 g/t Au (0.04 to 1.52 g/m³ 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 ³ *	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.

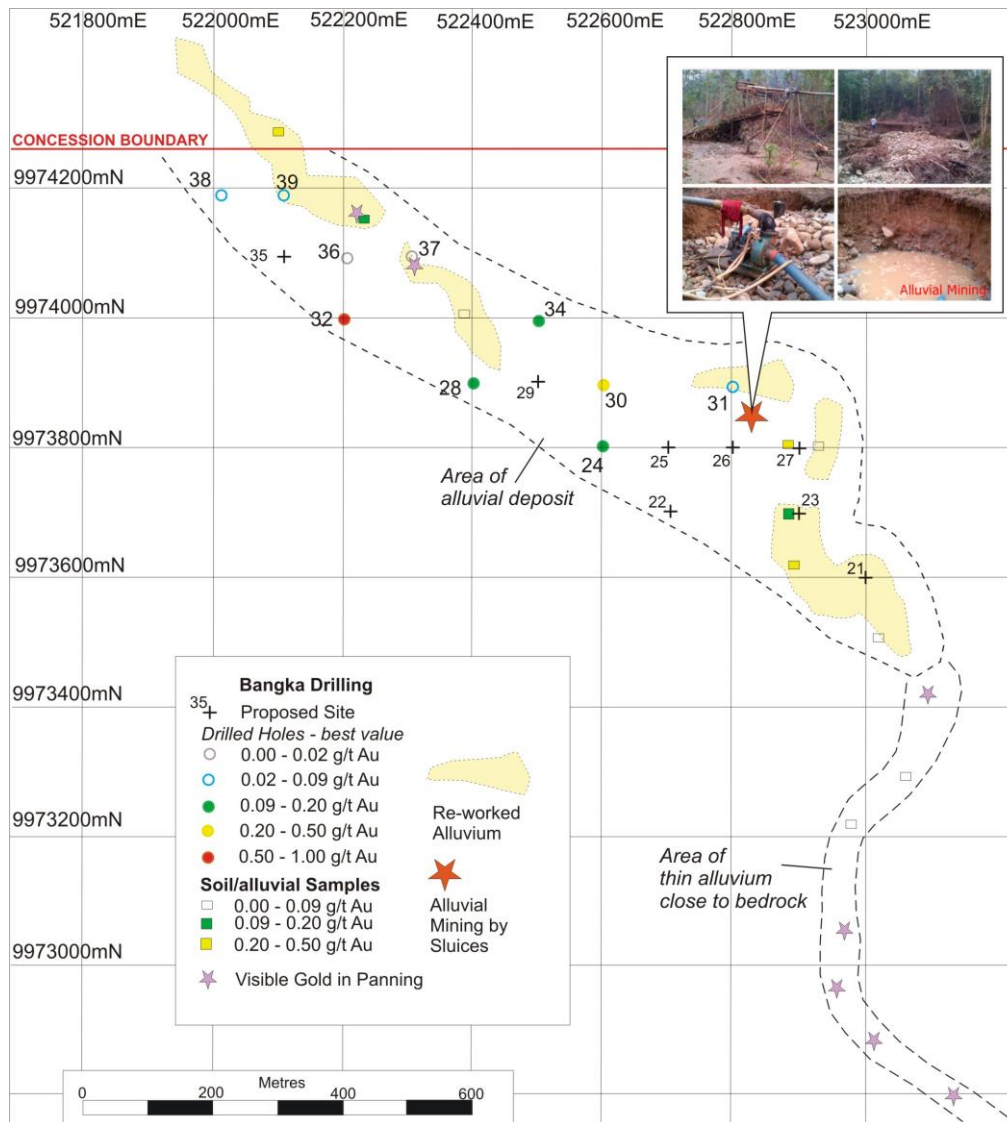


Figure 2 - Location of Alluvial Samples on the Sintang Concession

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".

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Wavenet International Limited

ABN

50 087 139 428

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(15)	(15)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(157)	(157)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	(16)	(16)
1.6	Income taxes paid	(300)	(300)
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(488)	(488)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	309	309
	(c) other fixed assets	-	-
1.10	Loans to other entities	(562)	(562)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(253)	(253)
1.13	Total operating and investing cash flows (carried forward)	(741)	(741)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(741)	(741)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	350	350
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	350	350
	Net increase (decrease) in cash held		
1.20	Cash at beginning of quarter/year to date	789	789
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	398	398

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter SA'000
1.23	Aggregate amount of payments to the parties included in item 1.2	47
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The amount shown at 1.23 represents payments to directors for remuneration

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,710	1,700
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	398	789
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	398	789

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities (description)	N/A		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A		
7.3	+Ordinary securities	55,512,710	55,512,710	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	N/A		
7.5	+Convertible debt securities (description)	N/A		

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	Options (description and conversion factor)	8,900,000	-	Exercise price 40 cents	Expiry date 31/08/2016
7.8	Issued during quarter	-			
7.9	Exercised during quarter	-			
7.10	Expired during quarter	-			
7.11	Debentures (totals only)	-			
7.12	Unsecured notes (totals only)	-			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:


 (Director/Company secretary)

Date: 28 October 2014

Print name: Laurence Holyoak

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.