



# 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.*

**Registered Office:**  
45 Quarry Street  
Fremantle WA 6160  
Telephone:  
(08 9435 3800)

## **Directors & Management**

**Chairman**  
Mick Stroud

**Directors**  
Laurie Holyoak  
Gregg Freemantle

**Company Secretary**  
Laurie Holyoak

**Geological Consultants**  
Geologica Pty Ltd

29 July 2014

ASX Limited  
Company Announcements Office  
SYDNEY NSW 2000

## **QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING JUNE 30<sup>th</sup> 2014**

### **HIGHLIGHTS**

#### **Queensland Coal**

- ***Exploration is continuing in the Gayndah area and Exploration Permit application EPC2265 (located immediately west of EPC2044 coal resource area) has now been granted.***

#### **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.***
- ***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.***

### **DETAILS**

#### **GAYNDAH COAL PROJECT, QUEENSLAND**

Exploration Permit EPC2265 located adjacent and to the west of EPC2044 Gayndah and centred on the township of Munduberra has now been granted. Initial research work and geological reconnaissance has begun so that areas for detailed mapping and potential drilling sites can be identified. 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.

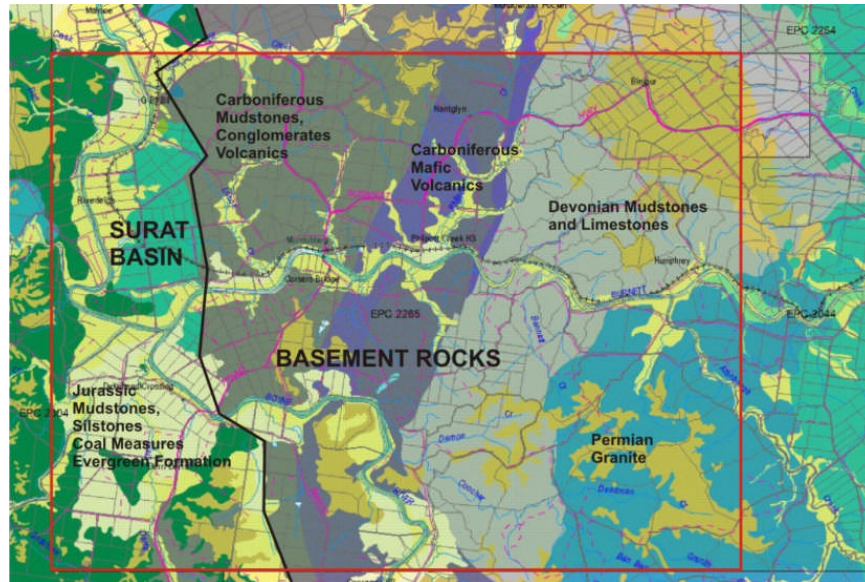


Figure 1 - Simplified Geology of EPC 2265

An Inferred Coal Resource for EPC 2044 was estimated and reported previously. This complied with standard resource estimation procedures as detailed by the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). The limited drill coverage means that the deposit has been placed in the Inferred Coal Resource category. RC Holes MD1 to MD30 and Diamond Drill holes DDH1 to DDH5 were completed on EPC2044 and form the basis of the estimation. The coal is classified as a high ash, dry sub-bituminous type. An explanation of the method and procedures used for resource estimation is found in the Summary Table of Resource Criteria in the appendix to the announcement of this maiden resource to ASX on 7<sup>th</sup> November 2013.



Figure 2 - Location of Resource Area in relation to EPC2044 permit area

Resource volumes and tonnages using an *as received* (laboratory measured) coal seam density of 2.08 are tabulated below:

RESOURCE CATEGORY	Volume (m <sup>3</sup> )	Tonnes (wet)	Density	Moisture (ar) %	GCV (adb) kcal/kg	Ash (adb) %	VM %	FC %	HGI
INFERRED	38,254,232	79,569,000	2.08	8.38	6242	42.39	14.27	39.10	46

Due to the high ash content of the coal various recovery tests have been completed and recoveries of approximately 24% are applicable to the material so far investigated. Further test drilling and confirmation of suitable recovery techniques is planned.

## SINTANG PROJECT - 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 3.

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 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.

Results are not yet returned.

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.

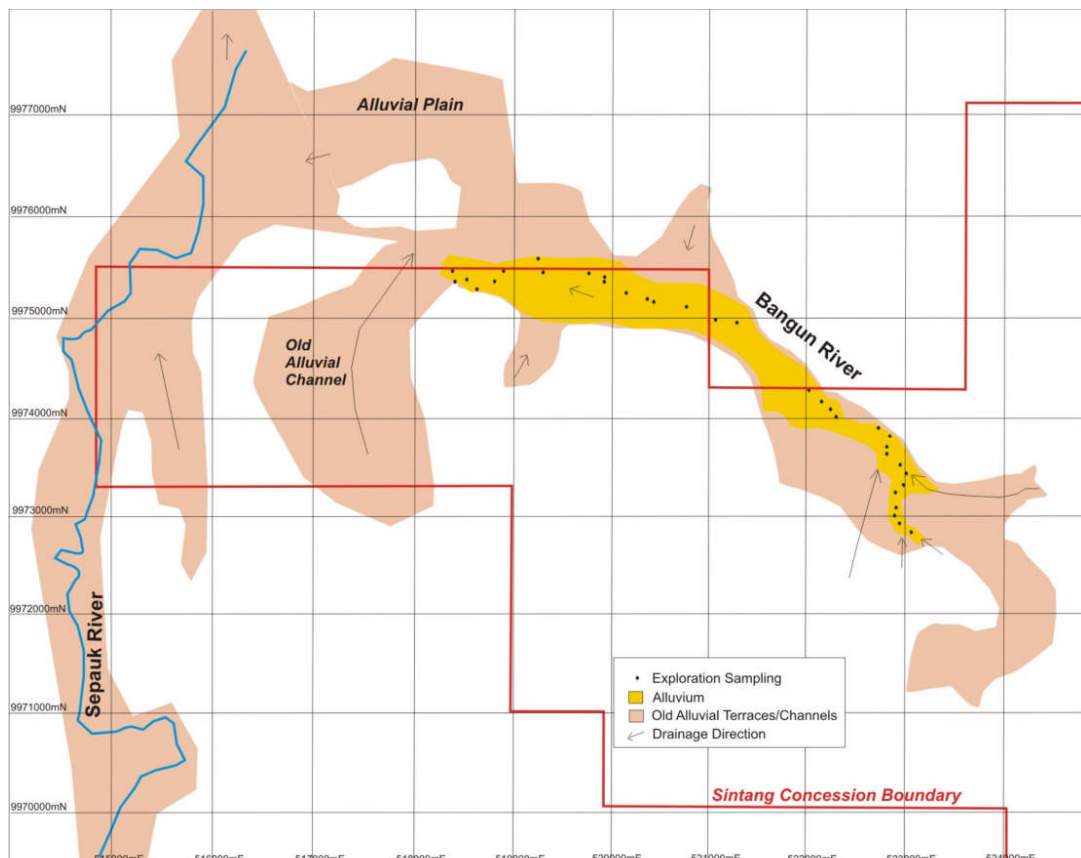


Figure 3 - Location of Alluvial areas on the Sintang Concession

#### *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*

Name of entity

Wavenet International Limited
-------------------------------

ABN

50 087 139 428
----------------

Quarter ended ("current quarter")

30 June 2014
--------------

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (..12..... months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(64)	(358)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(195)	(812)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	(18)	(87)
1.6	Income taxes paid	(506)	(959)
1.7	Other (provide details if material)	-	-
	<b>Net Operating Cash Flows</b>	<b>(783)</b>	<b>(2,216)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(3)	(3)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	1,492
	(c) other fixed assets	-	-
1.10	Loans to other entities	(770)	(1,698)
1.11	Loans repaid by other entities	1,190	2,798
1.12	Other (provide details if material)	-	-
	<b>Net investing cash flows</b>	<b>417</b>	<b>2,589</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(366)</b>	<b>373</b>

1.13	Total operating and investing cash flows (brought forward)	(366)	373
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>		
1.20	Cash at beginning of quarter/year to date	1,155	416
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>789</b>	<b>789</b>

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	66
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

- 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	1,360	1,360
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	175
<b>Total</b>	<b>225</b>

## 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	789	1,155
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>789</b>	<b>1,155</b>

## 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	EPC 2529 Proserpine Coal Tenement Queensland	Application abandoned	Tenement Application lodged Nil
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	<b>Preference</b>			
	<b>+securities</b>			
	(description)			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	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			
7.5	<b>+Convertible debt securities</b>			
	(description)			

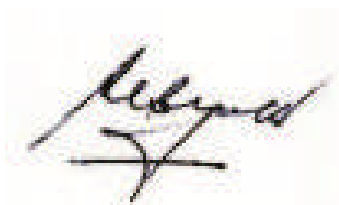


7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	<b>Options</b> (description and conversion factor)	9,300,000	-	Exercise price 40 cents	Expiry date 31/08/2016
7.8	Issued during quarter	-			
7.9	Exercised during quarter	-			
7.10	Expired during quarter	-			
7.11	<b>Debentures</b> (totals only)	-			
7.12	<b>Unsecured notes</b> (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 give a true and fair view of the matters disclosed.



Sign here: .....

(Director)

.....

Date: 29 July 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.
- 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.

== == == == ==