

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 on EPC2044 at Gayndah was identified with approximately 79 million tonnes exceeding 6000 kcal/kg estimated. 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 of 20 holes has 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

27 January 2015

ASX Limited
Company Announcements Office
SYDNEY NSW 2000

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING DECEMBER 31st 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**
- **No field work was completed this quarter**
- **The coal exploration licences at Gayndah have been offered for sale and several interested parties are reviewing the data.**

Indonesian Gold

- **An area of approximately 4 kilometres in length on the Bangun River drainage has been identified as potential for alluvial gold mining.**
- **An initial Bangka drilling program of 20 holes has been completed.**
- **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)**
- **Currently the Sintang tenement is in the process of re-application for a reduction in area from 11,000 hectares to 5000 hectares. This is in order to concentrate on the alluvial and hard rock prospective areas.**
- **No field work was conducted during this quarter due to the monsoon season and WAL is awaiting results of the government processes**

Corporate

- **An AGM was held on December 23 and director Gregg Freemantle was re-elected. See ASX announcement "Results of Meeting" issued on 23rd December 2014**

An initial Bangka drilling campaign of 20 holes has been completed. 62 samples were submitted to Intertek Laboratory in Jakarta for gold analysis.

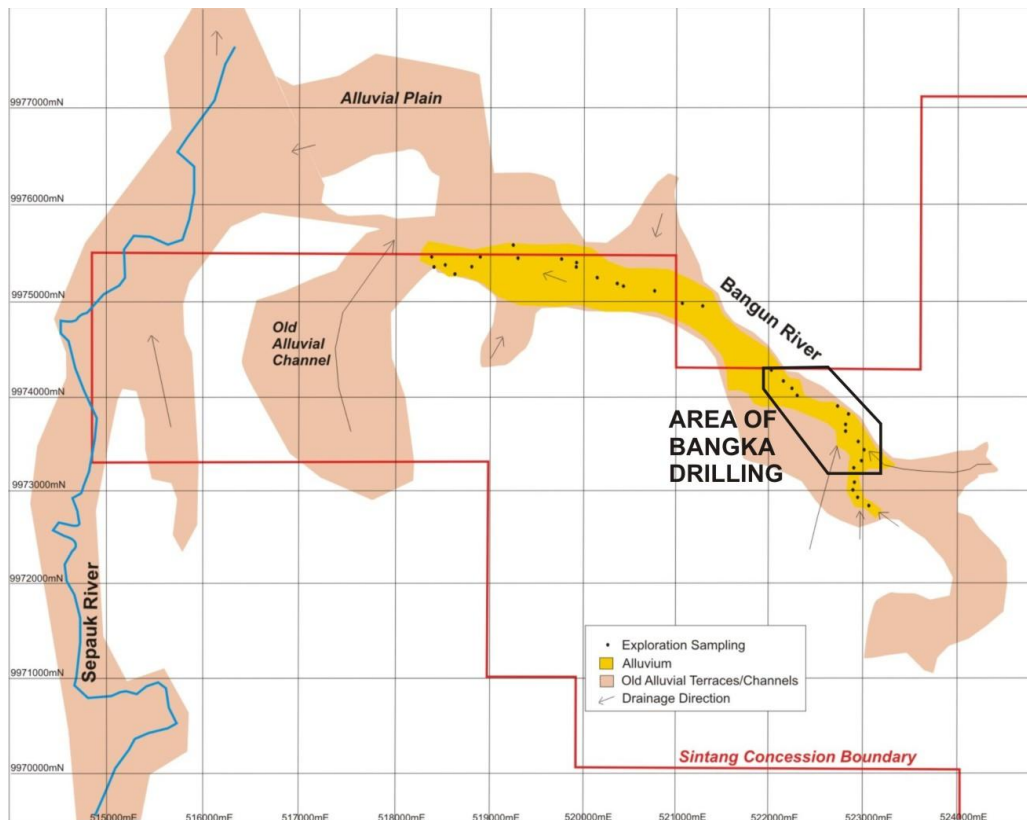


Figure 2- Location of Alluvial Areas on Sintang Concession

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

Exploration results from the Sintang concession were reviewed and an application submitted to the Department of Mines to reduce the area of tenement holding by relinquishing the eastern portion and the northern section from the original 11,000 hectares to approximately 5,000 hectares. The application is still in process and WAL is expecting to have confirmation next quarter. See Figure 3 for areas of the concession involved.

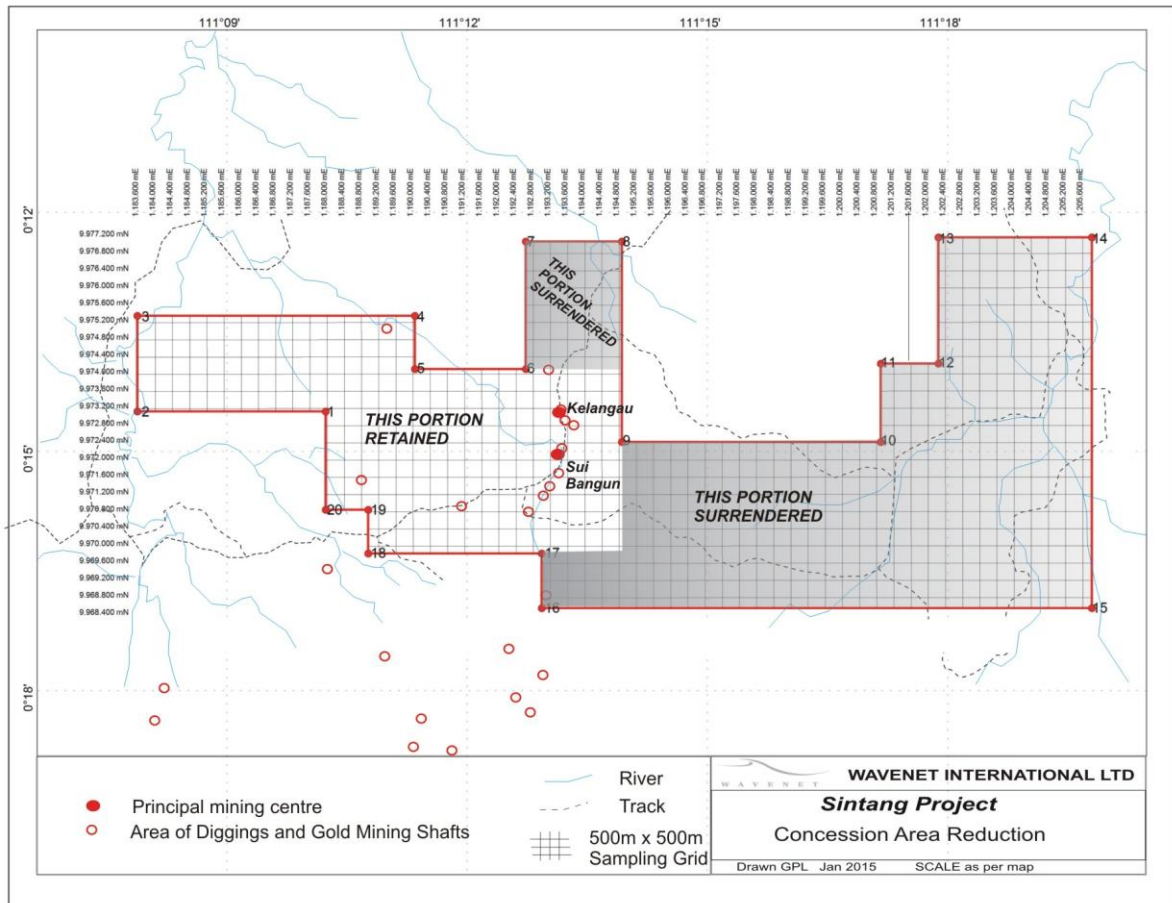


Figure 3 - Location of the Area Reduction on Sintang Concession

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")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (..6..... months) \$A'000
1.1	Receipts from product sales and related debtors	40	40
1.2	Payments for (a) exploration & evaluation	(8)	(23)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(114)	(271)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	(29)	(45)
1.6	Income taxes paid	(100)	(400)
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(211)	(699)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(2)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	309
	(c) other fixed assets	-	-
1.10	Loans to other entities	(353)	(915)
1.11	Loans repaid by other entities	179	179
1.12	Other (provide details if material)	-	-
		(176)	(429)
	Net investing cash flows		
1.13	Total operating and investing cash flows (carried forward)	(387)	(1,128)

1.13	Total operating and investing cash flows (brought forward)	(387)	(1,128)
	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
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	350
	Net increase (decrease) in cash held		
1.20	Cash at beginning of quarter/year to date	398	789
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	11	11

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	20
1.24	Aggregate amount of loans to the parties included in item 1.10	353
1.25	Explanation necessary for an understanding of the transactions The amount shown at 1.23 represents payments to directors for remuneration The amounts shown at 1.10 (\$353,000) and 1.11 (\$179,000) represent loan funds advanced to and loan funds repaid from Old Valley Unit Trust	

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	0
4.2 Development	
4.3 Production	
4.4 Administration	100
Total	100

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	11	398
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	11	398

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	55,477,660	55,477,660	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		

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 give a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 27 January 2015

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.

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