

**WOLF MINERALS LIMITED  
A.B.N. 11 121 831 472  
AND CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT**

**31 DECEMBER 2014**

**WOLF MINERALS LIMITED**  
**A.B.N. 11 121 831 472**  
**AND CONTROLLED ENTITIES**

**31 DECEMBER 2014**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Wolf Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**WOLF MINERALS LIMITED  
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**CORPORATE DIRECTORY**

**NON-EXECUTIVE CHAIRMAN**

John Hopkins OAM

**EXECUTIVE MANAGING DIRECTOR**

Russell Clark

**NON-EXECUTIVE DIRECTORS**

Ronnie Beevor

Nick Clarke

Chris Corbett

Don Newport

Michael Wolley

**ALTERNATE DIRECTOR**

William Goodwin

**CHIEF FINANCIAL OFFICER**

Richard Lucas

**JOINT COMPANY SECRETARIES**

Richard Lucas

Pauline Carr

**PRINCIPAL & REGISTERED OFFICE**

Level 3, 22 Railway Road  
SUBIACO WA 6008

**AUDITORS**

PKF Mack

Level 4, 35 Havelock Street  
WEST PERTH WA 6005

**LAWYERS**

Steinepreis Paganin  
Level 4, 16 Milligan Street  
PERTH WA 6000

**SHARE REGISTER**

Security Transfer Registrars Pty Ltd  
770 Canning Hwy  
APPLECROSS WA 6153

**UK DEPOSITORY**

Computershare Investor Services PLC  
The Pavilions, Bridgwater Road  
Bristol BS99 6ZZ

**SECURITIES EXCHANGE LISTINGS**

Australian Securities Exchange  
(Home Exchange: Perth, Western Australia)  
Code: WLF  
Alternative Investment Market  
London Stock Exchange  
Code: WLFE

**BANKERS**

National Australia Bank  
50 St Georges Terrace  
PERTH WA 6000

**WEBSITE**

[www.wolfminerals.com](http://www.wolfminerals.com)

**WOLF MINERALS LIMITED  
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**DIRECTORS' REPORT**

Your Directors submit the financial report of the Consolidated Entity for the half year ended 31 December 2014.

**DIRECTORS**

The names of Directors who held office during or since the end of the half year:

|                  |                             |
|------------------|-----------------------------|
| John Hopkins OAM | Non-Executive Chairman      |
| Russell Clark    | Executive Managing Director |
| Ronnie Beevor    | Non-Executive Director      |
| Nick Clarke      | Non-Executive Director      |
| Chris Corbett    | Non-Executive Director      |
| Don Newport      | Non-Executive Director      |
| Michael Wolley   | Non-Executive Director      |
| William Goodwin  | Alternate Director          |

**PRINCIPAL ACTIVITIES**

During the half year the principal activities of the Consolidated Entity consisted of mineral development, conducted through Wolf Minerals (UK) Limited.

**REVIEW OF RESULTS**

The Directors of Wolf Minerals Limited ("**Wolf**" or "**the Company**") announce for the half year to 31 December 2014 a net consolidated loss after tax of \$3,719,177 (2013: \$1,322,933).

**REVIEW OF OPERATIONS**

**Summary**

Wolf has continued to focus on its development of the Hemerdon tungsten and tin project ("**Hemerdon**" or "**the Project**") located in Devon, England. During the half year ended 31 December 2014 the key activities include:

- Continued progress on the development of the Project.
- Commenced draw down of £75 million in senior debt facilities.
- Geotechnical diamond drilling program completed.
- Laboratory Services contract awarded for the Project.
- Appointment of new officers of the Company.

**Continued progress on the development of the Project**

The construction of the Project commenced in February 2014.

As at 31 December 2014 construction was 67% complete and remains on schedule. GR Engineering Services Limited, the Project's Engineering-Procurement-Construction ("**EPC**") contractor, expects to commence dry commissioning of the plant in March 2015, with the hand over to Wolf scheduled for the third quarter of 2015.

By the end of the December 2014, significant progress had been made at the site including:

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**DIRECTORS' REPORT (CONTINUED)**

- Continued progress on the Mine Waste Facility. This facility accommodates the waste from both the mine and the processing plant and is one of the key components of the Project. As expected, construction of the facility has slowed during the winter months and is still on track to be available for the scheduled plant commissioning.
- All structural concrete pours are now complete.
- Structural steel erection was 44% complete.
- All plant equipment has been delivered to site or is in transit to site, allowing for immediate installation as the foundations or supporting steelwork becomes available.
- Administration, laboratory and amenities buildings have been completed and will be commissioned in early 2015.
- Development of the open pit continued with the excavation waste used in the construction of the Mine Waste Facility. There is no overburden removal required to access the orebody, as it is exposed at surface from previous operations.
- Over 100,000 tonnes of ore have been stockpiled at the mine. This ore was extracted during the mining of waste used for the construction of the Mine Waste Facility and will form the basis of the initial feed to the processing plant.
- Recruitment of key professional staff continued with Wolf having 37 employees working directly for Wolf Minerals (UK) Limited at 31 December 2014 with a number of new recruits to start in January 2015.
- At the end of December there were over 350 people working at the Project site.
- Tree planting and stone wall reconstruction activities had commenced, with 40,000 trees to be planted by June 2015.

**Commenced draw down of £75 million in senior debt facilities**

During the period Wolf reported that it had satisfied all necessary conditions required to draw down the Project's £75 million senior debt finance facilities (refer to Announcement dated 16 September 2014). This represented another significant milestone for the Project and the Company.

The first draw down and utilisation of the funds took place on 19 September 2014.

As at 31 December 2014 Wolf had drawn down £27,500,000 (~A\$52,398,500) of the senior term loan and had utilised the full £5,000,000 (~A\$9,527,000) of the available bond facility.

**Geotechnical diamond drilling program completed**

Wolf has undertaken a geotechnical diamond drill program around the perimeter of the open pit, designed to provide more comprehensive data on the waste rock. The aim of the program is to assess the potential to steepen the pit walls within the existing Planning Permission which will allow for a deeper pit and an increase in ore reserves.

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**DIRECTORS' REPORT (CONTINUED)**

The six hole geotechnical drilling program was completed during the December 2014 quarter, with initial analysis suggesting potential to increase ore reserves by between 15% to 23% within the existing planning permission (refer to announcement dated 1 December 2014). Detailed design and re-assessment of ore reserves will be undertaken during the March 2015 quarter.

**Laboratory Services contract awarded for the Project**

Wolf finalised and awarded the Assay Laboratory contract for the Project to SGS (refer to announcement dated 22 December 2014).

Under the terms of the contract SGS will provide all the necessary assay laboratory services at the Project for a five year period. Services will include the assay of grade control samples, process plant samples and final product samples. SGS will also provide verification and certification of the products being sent to customers.

SGS is the world's leading inspection, verification, testing and certification company and has more than 80,000 employees and more than 1,650 offices and laboratories around the world.

The forecast assaying costs are in line with estimates contained in the Definitive Feasibility Study of May 2011, and will contribute to Wolf being a low cost tungsten producer.

**Appointment of new officers of the Company**

On 3 November 2014, Wolf appointed Ms Pauline Carr as Joint Company Secretary. Ms Carr will join Mr Richard Lucas, Chief Financial Officer and current Company Secretary, in providing support to the Board as Mr Lucas takes on increasing responsibilities with the development of the Project.

Ms Carr is a fellow of the Governance Institute of Australia and a fellow of the Australian Institute of Company Directors and has over 20 years company secretarial and governance experience with Australian and internationally listed companies in the resources sector.

On 24 December 2014, the Company also welcomed Mr Will Goodwin who was appointed to act as an Alternate Director for Mr Michael Wolley, a non-executive Director, at any meeting of Directors which he is not able to attend. The appointment of Mr Goodwin will continue until Mr Goodwin either resigns, Mr Wolley revokes the appointment or until Mr Wolley ceases to be a Director, whichever occurs first.

Mr Wolley is Vice President of Todd Minerals and Coal, a major shareholder in the Company.

Mr Goodwin has more than 10 years' experience in private equity, mining, corporate strategy and business development. He is currently employed as Chief Financial Officer for Todd Minerals and Coal, having previously held senior roles in The Todd Corporation and Todd Capital.

He has experience across a broad range of sectors including infrastructure, telecommunications, mining, downstream energy, healthcare, agriculture, fast moving consumer goods and financial services. Mr Goodwin is an affiliate of the Australian Institute of Company Directors and a graduate of the Victoria University of Wellington with a Bachelor of Commerce (economics) and a Masters of Applied Finance.

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**AUDITOR'S DECLARATION**

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 6 for the half year ended 31 December 2014.

This report is made in accordance with a resolution of the Directors.



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Russell Clark  
Managing Director

Dated: 26 February 2015

## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF WOLF MINERALS LIMITED

In relation to our review of the financial report of Wolf Minerals Limited for the half year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF MACK



SIMON FERMANIS  
PARTNER

26 FEBRUARY 2015  
WEST PERTH,  
WESTERN AUSTRALIA

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | [www.pkf.com.au](http://www.pkf.com.au)

PKF Mack | ABN 74 254 453 660

4th Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia

PO Box 609 | West Perth | Western Australia 6872 | Australia

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

|  | Note | 31 December<br>2014<br>\$ | 31 December<br>2013<br>\$ |
|--|------|---------------------------|---------------------------|
| Revenue  |      | 303,034                   | 23,305                    |
| Administrative expenses  |      | (1,213,893)               | (629,810)                 |
| Compliance expenses  |      | (93,167)                  | (46,134)                  |
| Consultancy expenses   |      | (392,410)                 | (319,065)                 |
| Depreciation and amortisation expenses                               |      | (70,093)                  | (8,290)                   |
| Directors' fees  |      | (271,080)                 | (167,725)                 |
| Employee benefits expense  |      | (695,639)                 | (1,093,211)               |
| Equity compensation benefits   | 7    | (36,302)                  | (52,185)                  |
| Finance costs  |      | (183,462)                 | (3,394)                   |
| Foreign exchange gain/(loss)   |      | (321,343)                 | 1,211,691                 |
| Financial instrument loss  |      | (975,366)                 | -                         |
| Insurance expenses   |      | (109,821)                 | (43,138)                  |
| Occupancy expenses   |      | (242,600)                 | (194,977)                 |
| <b>Loss before income tax</b>  |      | <b>(4,302,142)</b>        | <b>(1,322,933)</b>        |
| Income tax benefit   |      | 582,965                   | -                         |
| <b>Loss for the period after income tax</b>                          |      | <b>(3,719,177)</b>        | <b>(1,322,933)</b>        |
| <i>Items that may be reclassified subsequently to profit or loss</i> |      |                           |                           |
| Exchange differences on translating foreign operations (net of tax)  |      | 10,975,389                | 5,634,214                 |
| Movement in the cash flow hedge reserve (net of tax)                 |      | (425,817)                 | -                         |
| <b>Total comprehensive income for the period</b>                     |      | <b>6,830,395</b>          | <b>4,311,281</b>          |
| <b>Earnings per share</b>  |      |                           |                           |
| Basic and diluted loss per share (cents)                             |      | (0.46)                    | (0.67)                    |

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

|                                      | Note | 31 December<br>2014<br>\$ | 30 June<br>2014<br>\$     |
|--------------------------------------|------|---------------------------|---------------------------|
| <b>CURRENT ASSETS</b>                |      |                           |                           |
| Cash and cash equivalents            |      | 40,696,583                | 102,819,455               |
| Derivative financial instruments     | 13   | 62,238                    | -                         |
| Other receivables                    | 8    | 8,187,009                 | 19,565,587                |
| <b>TOTAL CURRENT ASSETS</b>          |      | <u>48,945,830</u>         | <u>122,385,042</u>        |
| <b>NON-CURRENT ASSETS</b>            |      |                           |                           |
| Mine development asset               | 9    | 219,795,893               | 119,669,556               |
| Property, plant and equipment        | 10   | 353,776                   | 353,872                   |
| Other receivables                    | 8    | 20,178,100                | 6,444,561                 |
| <b>TOTAL NON CURRENT ASSETS</b>      |      | <u>240,327,769</u>        | <u>126,467,989</u>        |
| <b>TOTAL ASSETS</b>                  |      | <u><b>289,273,599</b></u> | <u><b>248,853,031</b></u> |
| <b>CURRENT LIABILITIES</b>           |      |                           |                           |
| Trade and other payables             | 11   | 19,542,237                | 25,600,767                |
| Provisions                           | 12   | 143,734                   | 126,789                   |
| Derivative financial instruments     | 13   | 89,114                    | -                         |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <u>19,775,085</u>         | <u>25,727,556</u>         |
| <b>NON CURRENT LIABILITIES</b>       |      |                           |                           |
| Provisions                           | 12   | 3,096,066                 | 2,058,561                 |
| Derivative financial instruments     | 13   | 1,415,939                 | -                         |
| Borrowings                           | 14   | 37,078,311                | -                         |
| <b>TOTAL NON CURRENT LIABILITIES</b> |      | <u>41,590,316</u>         | <u>2,058,561</u>          |
| <b>TOTAL LIABILITIES</b>             |      | <u><b>61,365,401</b></u>  | <u><b>27,786,117</b></u>  |
| <b>NET ASSETS</b>                    |      | <u><b>227,908,198</b></u> | <u><b>221,066,914</b></u> |
| <b>EQUITY</b>                        |      |                           |                           |
| Issued capital                       | 17   | 226,270,267               | 226,295,680               |
| Reserves                             |      | 17,044,249                | 7,379,975                 |
| Accumulated losses                   |      | (15,406,318)              | (12,608,741)              |
| <b>TOTAL EQUITY</b>                  |      | <u><b>227,908,198</b></u> | <u><b>221,066,914</b></u> |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

|  | Issued<br>Capital  | Accumulated<br>Losses | Share Based<br>Payments<br>Reserve | Cash Flow<br>Hedge<br>Reserve | Foreign Currency<br>Translation<br>Reserve | Total              |
|--|--------------------|-----------------------|------------------------------------|-------------------------------|--|--------------------|
|  | \$                 | \$                    | \$                                 | \$                            | \$   | \$                 |
| <b>Balance at 1 July 2013</b>                                | 45,698,632         | (8,877,167)           | 2,498,535                          | -                             | 871,707                                    | 40,191,707         |
| Loss for the period  | -                  | (1,322,933)           | -                                  | -                             | -  | (1,322,933)        |
| <i>Other comprehensive income</i>                            |                    |                       |                                    |                               |  |                    |
| Foreign currency translation differences                     | -                  | -                     | -                                  | -                             | 5,634,214                                  | 5,634,214          |
| Total comprehensive profit/(loss) for the period             | -                  | (1,322,933)           | -                                  | -                             | 5,634,214                                  | 4,311,281          |
| <i>Transactions with owners, recorded directly in equity</i> |                    |                       |                                    |                               |  |                    |
| Issue of share capital                                       | -                  | -                     | -                                  | -                             | -  | -                  |
| Equity compensation benefit                                  | -                  | -                     | 52,186                             | -                             | -  | 52,186             |
| <b>Balance at 31 December 2013</b>                           | <u>45,698,632</u>  | <u>(10,200,100)</u>   | <u>2,550,721</u>                   | <u>-</u>                      | <u>6,505,921</u>                           | <u>44,555,174</u>  |
| <b>Balance at 1 July 2014</b>                                | 226,295,680        | (12,608,741)          | 2,498,535                          | -                             | 4,881,440                                  | 221,066,914        |
| Loss for the period  | -                  | (3,719,177)           | -                                  | -                             | -  | (3,719,177)        |
| <i>Other comprehensive income</i>                            |                    |                       |                                    |                               |  |                    |
| Foreign currency translation differences                     | -                  | -                     | -                                  | -                             | 10,975,389                                 | 10,975,389         |
| Movement in cash flow hedge reserve                          | -                  | -                     | -                                  | (425,817)                     | -  | (425,817)          |
| Total comprehensive profit/(loss) for the period             | -                  | (3,719,177)           | -                                  | (425,817)                     | 10,975,389                                 | 6,830,395          |
| <i>Transactions with owners, recorded directly in equity</i> |                    |                       |                                    |                               |  |                    |
| Issue of share capital                                       | -                  | -                     | -                                  | -                             | -  | -                  |
| Share issue costs  | (25,413)           | -                     | -                                  | -                             | -  | (25,413)           |
| Equity compensation benefit                                  | -                  | -                     | 36,302                             | -                             | -  | 36,302             |
| Expiry of options  | -                  | 921,600               | (921,600)                          | -                             | -  | -                  |
| <b>Balance at 31 December 2014</b>                           | <u>226,270,267</u> | <u>(15,406,318)</u>   | <u>1,613,237</u>                   | <u>(425,817)</u>              | <u>15,856,829</u>                          | <u>227,908,198</u> |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

|  | <b>31 December<br/>2014<br/>\$</b> | <b>31 December<br/>2013<br/>\$</b> |
|--|------------------------------------|------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                    |                                    |
| Payments to suppliers and employees  | (5,241,899)                        | (2,593,480)                        |
| Other income   | 583,418                            | 638,550                            |
| Interest received  | 301,769                            | 23,272                             |
|  | <u>                    </u>        | <u>                    </u>        |
| Net cash used in operating activities  | (4,356,712)                        | (1,931,658)                        |
|  | <u>                    </u>        | <u>                    </u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                    |                                    |
| Payments for mine development assets   | (98,975,903)                       | (37,619,520)                       |
| Payments made in respect on bonds and collateral deposits                          | (13,379,534)                       | -                                  |
| Payments for property, plant and equipment   | (55,431)                           | -                                  |
|  | <u>                    </u>        | <u>                    </u>        |
| Net cash used in investing activities  | (112,410,868)                      | (37,619,520)                       |
|  | <u>                    </u>        | <u>                    </u>        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                    |                                    |
| Proceeds from borrowings   | 52,398,500                         | 32,607,000                         |
| Payment of borrowing costs   | (2,283,151)                        | (3,712,901)                        |
|  | <u>                    </u>        | <u>                    </u>        |
| Net cash from financing activities   | 50,115,349                         | 28,894,099                         |
|  | <u>                    </u>        | <u>                    </u>        |
| Net increase/(decrease) in cash and cash equivalents                               | (66,652,231)                       | (10,657,079)                       |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | 4,529,359                          | 897,981                            |
| Cash and cash equivalents at the beginning of the period                           | 102,819,455                        | 18,668,143                         |
|  | <u>                    </u>        | <u>                    </u>        |
| <b>Cash and cash equivalents at the end of the period</b>                          | <u>40,696,583</u>                  | <u>8,909,045</u>                   |

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**NOTE 1: STATEMENT OF COMPLIANCE**

Wolf is a public company, limited by shares, domiciled and incorporated in Australia and listed on the Australian Securities Exchange and Alternative Investment Market. The interim financial report of the company for the six months ended 31 December 2014, comprise the Company and its subsidiaries (“**Consolidated Entity**” or “**Group**”).

The interim financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The interim financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Wolf Minerals Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

These condensed consolidated financial statements were approved by the Board of Directors on 26 February 2015.

**NOTE 2: BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The presentation and functional currency is in Australian Dollars.

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated financial statements are consistent with those adopted and disclosed in the Company’s 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. Those accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**Going concern basis**

At the date of approval of these condensed consolidated financial statements, and based upon the budgeted levels of expenditure and Board approved cash flow forecasts, the Directors are satisfied that the Company has sufficient cash and loan facilities to finance the Company’s operating expenditure and the development of the Project.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of the signing these condensed consolidated financial statements and therefore they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**NOTE 2: BASIS OF PREPARATION (CONTINUED)**

**Critical accounting estimates and judgements**

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Actual results may differ from these estimates.

Significant items subject to such estimates are set out in the Accounting Policies to the Company's 2014 annual report. The nature and amounts of such estimates have not changed significantly during the interim period, other than those required in determining the fair values of derivative financial instruments.

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared under the historical cost convention.

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Company's 2014 annual report for the financial year ended 30 June 2014, except for the new accounting policies and impact of the adoption of the Standards and interpretations described below.

**New accounting policies**

*Derivative financial instruments*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

*Cash flow hedges*

Cash flow hedges are used to cover the Consolidated Entity's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

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**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New and amended standards and interpretations issued but not yet effective for the financial year beginning 1 July 2014 and not early adopted**

The following Australian Accounting Standards have been issued or amended and are applicable to the annual financial statements of the Consolidated Entity (or the Company) but are not yet effective. This assumes the following have not been adopted in preparation of the financial statements at the reporting date.

| <b>AASB No.</b>            | <b>Title</b>   | <b>Application date of standard</b>                      | <b>Issue date</b> |
|----------------------------|--|--|-------------------|
| AASB 9                     | Financial Instruments  | 1 January 2018   | December 2010     |
| AASB 2013-9                | Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments<br>Part C - Financial Instruments                          | Part C - 1<br>January 2015                               | December 2013     |
| AASB 2014-1                | Amendments to Australian Accounting Standards<br>Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts<br>Part E - Financial Instruments | Part D - 1<br>January 2016<br>Part E - 1<br>January 2018 | June 2014         |
| AASB 2014-3                | Amendments to Australian Accounting Standard – Accounting for Acquisition of Interest in Joint Operations  | 1 January 2016   | August 2014       |
| AASB 2014-4                | Amendments to Australian Accounting Standard - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)              | 1 January 2016   | August 2014       |
| AASB 2014-5                | Amendments to Australian Accounting Standard Arising From AASB 15  | 1 January 2017   | December 2014     |
| AASB 2014-7<br>AASB 2014-8 | Amendments to Australian Accounting Standard Arising From AASB 9   | 1 January 2018   | December 2014     |
| AASB 2014-9                | Amendments to Australian Accounting Standard - Equity Method in Separate Financial Statements  | 1 January 2016   | January 2015      |
| AASB 2014-10               | Amendments to Australian Accounting Standard - Sale of Contribution of Assets Between Investors and its Associates or Joint Venture                                    | 1 January 2016   | January 2015      |
| AASB 2015-4                | Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent   | 1 January 2015   | January 2015      |
| AASB 2015-5                | Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception  | 1 January 2016   | January 2015      |
| AASB 14                    | Regulatory Deferral Account  | 1 January 2016   | June 2014         |
| AASB 15                    | Revenues from Contracts with Customers   | 1 January 2017   | December 2014     |

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**NOTE 4: SEGMENT INFORMATION NOTES**

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director to make decisions about resources to be allocated to the segments and assess their performance.

The Consolidated Entity has one reportable segment being its mine development activities in the United Kingdom.

The financial information presented in the consolidated statement of profit or loss and other comprehensive income and statement of financial position is the same as that presented to the Managing Director.

**NOTE 5: CONTINGENT LIABILITIES**

As at 31 December 2014 the Consolidated Entity did not have any contingent liabilities.

**NOTE 6: KEY MANAGEMENT PERSONNEL**

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

**NOTE 7: EQUITY COMPENSATION BENEFITS**

At total expense of \$36,302 has been recognised in the statement of profit or loss and other comprehensive income at 31 December 2014. This amount relates entirely to equity compensation benefits awarded to employees of the Company. During the year the Company issued two tranches of performance rights and once tranche of options. Further details are provided below.

**a) Performance rights issues**

During the period ending 31 December 2014, the Company issued 2,953,418 performance rights to employees in accordance with the Wolf Minerals Limited Performance Rights Plan as readopted by shareholders at the Annual General Meeting held on 21 November 2014.

The vesting of the performance rights is subject to the following conditions:

- a) 50% of performance rights will vest based on the Company's relative share price performance versus the AIM Basic Resources Index in accordance with a defined scale; and
- b) 50% of performance rights will vest based upon the Company's Total Shareholder Return ("TSR") performance as measured over the vesting period.

The performance rights were valued by an independent third party using industry standard valuation techniques. The key inputs and valuations are summarised in the table below.



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**NOTE 7: EQUITY COMPENSATION BENEFITS (CONTINUED)**

| <b>Item</b>                     | <b>Tranche 1</b> | <b>Tranche 1</b> | <b>Tranche 2</b> | <b>Tranche 2</b> |
|---------------------------------|------------------|------------------|------------------|------------------|
|                                 | a)               | b)               | a)               | b)               |
| Vesting conditions              |                  |                  |                  |                  |
| Underlying security spot price  | \$0.26           | \$0.26           | \$0.26           | \$0.26           |
| Exercise price                  | Nil              | Nil              | Nil              | Nil              |
| Valuation date                  | 21/11/2014       | 21/11/2014       | 21/11/2014       | 21/11/2014       |
| Expiration date                 | 30/06/2016       | 30/06/2016       | 30/06/2017       | 30/06/2017       |
| Performance period (years)      | 2.00             | 2.00             | 3.00             | 3.00             |
| Volatility                      | 60%              | 60%              | 60%              | 60%              |
| Risk free rate                  | 2.53%            | 2.53%            | 2.56%            | 2.56%            |
| Dividend Yield                  | Nil              | Nil              | Nil              | Nil              |
| Number of performance rights    | 730,715          | 730,714          | 745,995          | 745,994          |
| Valuation per performance right | \$0.185          | \$0.128          | \$0.193          | \$0.136          |
| Valuation per tranche           | \$135,182        | \$93,531         | \$143,977        | \$101,455        |

At 31 December 2014 all of the performance rights remained unvested and a total expense of \$26,507 has been recognised in the statement of profit or loss and other comprehensive income as part of equity compensation benefits. The total value of the performance rights will be recognised in the statement of profit or loss and other comprehensive income on a pro-rata basis over the life of the respective performance rights.

**b) Option issues**

During the period ending 31 December 2014 the Company issued 850,000 options to an employee.

The options were valued using the Black Scholes valuation model with the key inputs and valuations summarised in the table below.

|                       |            |
|-----------------------|------------|
| <b>Item</b>           |            |
| Underlying price      | \$0.25     |
| Exercise price        | \$0.34     |
| Valuation date        | 18/12/2014 |
| Expiry date           | 30/11/2015 |
| Historical volatility | 38.80%     |
| Risk free rate        | 2.96%      |
| Number of options     | 850,000    |
| Value per option      | \$0.0144   |
| Probability           | 80%        |
| Value of issue        | \$9,795    |

The options vested upon issue and a total expense of \$9,795 has been recognised in the statement of profit or loss and other comprehensive income as part of equity compensation benefits.

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|                                  | 31 December<br>2014<br>\$ | 30 June<br>2014<br>\$ |
|----------------------------------|---------------------------|-----------------------|
| <b>NOTE 8: OTHER RECEIVABLES</b> |                           |                       |
| <b>Current</b>                   |                           |                       |
| Accrued interest                 | 812                       | -                     |
| GST refundable                   | 53,152                    | 132,868               |
| Other assets <sup>1</sup>        | 40,650                    | 58,812                |
| Prepayments                      | 84,176                    | 13,403,253            |
| VAT refundable                   | 8,008,219                 | 5,970,654             |
|                                  | <u>8,187,009</u>          | <u>19,565,587</u>     |
| <b>Non-Current</b>               |                           |                       |
| Other assets <sup>1</sup>        | 20,178,100                | 6,444,561             |
|                                  | <u>20,178,100</u>         | <u>6,444,561</u>      |

<sup>1</sup> Other assets comprise a bond agreement and cash collateral deposits the Group has provided as security to various parties in connection with environmental restoration obligations. The bond and collateral deposits are not released until the underlying obligations have been fulfilled by the Group to the satisfaction of the UK authorities. The two major non-current collateral deposits are a £9.05M (~\$17.2M) financial provision for the restoration bond and a £0.8M (~\$1.52M) environmental waste permit.

**NOTE 9: MINE DEVELOPMENT ASSET**

|   |                    |                    |
|---|--------------------|--------------------|
| Mine development expenditure                    |                    |                    |
| Brought forward                                 | 119,669,556        | 31,895,741         |
| Effect of foreign currency exchange differences | 6,196,183          | 3,562,239          |
| Expenditure capitalised during the period       | 93,930,154         | 84,211,576         |
| At reporting date                               | <u>219,795,893</u> | <u>119,669,556</u> |

The ultimate recoupment of mine development expenditure is dependent on the successful commercial development of the Project, including positive cash flows from production.

**NOTE 10: PROPERTY, PLANT & EQUIPMENT**

|   |                    |                    |
|---|--------------------|--------------------|
| Plant and equipment:                    |                    |                    |
| At cost                                 | 530,830            | 450,517            |
| Accumulated depreciation                | (177,054)          | (96,645)           |
| Total plant and equipment               | <u>353,776</u>     | <u>353,872</u>     |
| <br>Total property, plant and equipment | <br><u>353,776</u> | <br><u>353,872</u> |

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|   | Motor Vehicles<br>\$ | Plant and<br>equipment<br>\$ | Total<br>\$    |
|---|----------------------|------------------------------|----------------|
| <b>NOTE 10: PROPERTY, PLANT &amp;<br/>EQUIPMENT (CONTINUED)</b> |                      |                              |                |
| Balance at 30 June 2013   | -                    | 58,929                       | 58,929         |
| Additions   | 235,478              | 107,330                      | 342,808        |
| Depreciation expense  | (15,866)             | (35,133)                     | (50,999)       |
| Effect of foreign currency exchange<br>differences              | -                    | 3,134                        | 3,134          |
| Balance at 30 June 2014   | <u>219,612</u>       | <u>134,260</u>               | <u>353,872</u> |
| Additions   | -                    | 55,431                       | 55,431         |
| Depreciation expense  | (44,360)             | (25,733)                     | (70,093)       |
| Effect of foreign currency exchange<br>differences              | 9,534                | 5,032                        | 14,566         |
| Balance at 31 December 2014                                     | <u>184,786</u>       | <u>168,990</u>               | <u>353,776</u> |

|                           |                       |
|---------------------------|-----------------------|
| 31 December<br>2014<br>\$ | 30 June<br>2014<br>\$ |
|---------------------------|-----------------------|

**NOTE 11: TRADE AND OTHER PAYABLES**

**Current**

|                         |                   |                   |
|-------------------------|-------------------|-------------------|
| Trade payables          | 16,699,348        | 2,466,599         |
| Accrued borrowing costs | -                 | 306,075           |
| Accrued expenses        | 2,842,889         | 22,828,093        |
|                         | <u>19,542,237</u> | <u>25,600,767</u> |

|  | Mine<br>Rehabilitation | Employee<br>Benefits<br>\$ | Total<br>\$      |
|--|------------------------|----------------------------|------------------|
| <b>NOTE 12: PROVISIONS</b>                         |                        |                            |                  |
| Opening balance at 1 July 2014                     | 2,058,561              | 126,789                    | 2,185,350        |
| Additional provisions                              | 887,672                | 60,191                     | 947,863          |
| Effect of foreign currency exchange<br>differences | 106,587                | -                          | 106,587          |
| Balance at 31 December 2014                        | <u>3,052,820</u>       | <u>186,980</u>             | <u>3,239,800</u> |

|                           |                       |
|---------------------------|-----------------------|
| 31 December<br>2014<br>\$ | 30 June<br>2014<br>\$ |
|---------------------------|-----------------------|

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| Analysis of total provision |                  |                  |
| Current                     | 143,734          | 126,789          |
| Non-current                 | 3,096,066        | 2,058,561        |
| Total                       | <u>3,239,800</u> | <u>2,185,350</u> |

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|   | 31 December 2014       |                            | 30 June 2014           |                            |
|---|------------------------|----------------------------|------------------------|----------------------------|
|   | Fair value<br>of asset | Fair value<br>of liability | Fair value<br>of asset | Fair value<br>of liability |
| <b>NOTE 13: DERIVATIVE FINANCIAL INSTRUMENTS</b>      |                        |                            |                        |                            |
| <b>Current</b>  |                        |                            |                        |                            |
| Forward foreign exchange contracts - cash flow hedges | -                      | 80,654                     | -                      | -                          |
| Amortising interest rate swaps                        | -                      | 8,460                      | -                      | -                          |
| Option foreign exchange contracts                     | 62,238                 | -                          | -                      | -                          |
| <b>Total Current</b>                                  | <u>62,238</u>          | <u>89,114</u>              | <u>-</u>               | <u>-</u>                   |
| <b>Non-Current</b>                                    |                        |                            |                        |                            |
| Amortising interest rate swaps                        | -                      | 1,070,776                  | -                      | -                          |
| Forward foreign exchange contracts - cash flow hedges | -                      | 345,163                    | -                      | -                          |
| <b>Total Non-Current</b>                              | <u>-</u>               | <u>1,415,939</u>           | <u>-</u>               | <u>-</u>                   |

The maximum notional principal amount of the outstanding interest rate swap contracts at 31 December 2014 was £35,738,570 (~A\$68,096,271) (30 June 2014: £nil).

At 31 December 2014, the fixed interest rates vary from 0.68% to 2.05% (30 June 2014: nil %), and the main floating rate is LIBOR.

|                             | 31 December<br>2014<br>\$ | 30 June<br>2014<br>\$ |
|-----------------------------|---------------------------|-----------------------|
| <b>NOTE 14: BORROWINGS</b>  |                           |                       |
| <b>Senior Debt</b>          |                           |                       |
| Tranche A                   | 23,953,600                | -                     |
| Tranche B                   | 28,444,900                | -                     |
| Less transaction costs      | (15,320,189)              | -                     |
| Balance at 31 December 2014 | <u>37,078,311</u>         | <u>-</u>              |

**Senior Secured Loan and Bond Facility**

On 10 May 2014 the Company signed documentation with UniCredit Bank AG, London Branch; ING Bank N.V.; and Caterpillar Financial SARL for £75 million in senior debt finance facilities, incorporating a £70 million term loan facility and a £5 million bond facility. The term loan facility comprises two tranches, A and B, amounting to £32 million and £38 million respectively.

The financing structure includes a portion of the senior debt facilities being supported by a guarantee provided by the German government's Untied Loan Guarantee Scheme (Ungebundene Finanzkredite ("UFG Guarantee")). The UFG Guarantee was issued in favour of the tranche A lenders relating to a minimum 90% of the tranche A element of the facility, in respect of commercial and political risks. An additional guarantee is in place through the Company's tungsten off-take partners, Wolfram Bergbau und Hütten AG and Global Tungsten & Powders Corp. Under the terms of the guarantee the Company has pledged the receivables due from the off-take partners as security for the loan facility. Together, these guarantees will cover approximately 50% of the senior loan facility.

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**NOTE 14: BORROWINGS (CONTINUED)**

The senior debt facility has a term of 7.5 years and repayments are to be made on a quarterly basis, commencing approximately six months after first production. As at 31 December 2014 £27.5 million of the term loan has been drawn down and £5 million of the bond facility has been utilised.

**Financing Arrangements**

The following financing arrangements were in place at the year-end date

| <b>Name</b>         | <b>Currency</b> | <b>Availability</b> | <b>Maturity</b> | <b>Interest</b> | <b>Limit</b> | <b>Drawn /Utilised</b> | <b>Undrawn</b> |
|---------------------|-----------------|---------------------|-----------------|-----------------|--------------|------------------------|----------------|
| Senior secured loan | GBP             | 10 May 2013         | 7.5 years       | LIBOR + 4.25%   | 70m          | 27.5m                  | 42.5m          |
| Bond facility       | GBP             | 10 May 2013         | 7.5 years       | 2.75%           | 5m           | 5m                     | 0              |

**NOTE 15: FINANCIAL RISK MANAGEMENT**

The Consolidated Entity's financial instruments consist mainly of deposits with banks, other receivables, trade and other payables, loans to the UK based subsidiary and derivative financial instruments.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the annual financial statements as at 30 June 2014.

There have been no changes in the risk management department or in any risk management policies since the year end.

**Market Risk**

*Foreign currency risk*

During the period, the Consolidated Entity has entered into forward foreign exchange contracts. These contracts are to hedge the variability in the highly probable cash flows associated with the US\$ receipts from future tungsten sales. The Consolidated Entity expects that there will be a close relationship between the hedge instrument (the FX forward contract) and the hedged item (US\$ drawdown and US\$ receipts).

The maturity, settlement amounts and the average contractual exchange rates of the Consolidated Entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

|                | Sell USD   |      | Average exchange rates |      |
|----------------|------------|------|------------------------|------|
|                | 2014       | 2013 | 2014                   | 2013 |
|                | \$         | \$   |                        |      |
| <b>Buy GBP</b> |            |      |                        |      |
| Maturity:      |            |      |                        |      |
| 0 - 6 months   | -          | -    | -                      | -    |
| 6 - 12 months  | 5,528,894  | -    | 1.5733                 | -    |
| 12+ months     | 19,093,464 | -    | 1.5838                 | -    |

The Consolidated Entity recognises the profits and losses resulting from currency fluctuations as and when they arise.

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**NOTE 15: FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Cash flow and fair value interest rate risk*

The Consolidated Entity manages its main interest risk arising from long-term borrowings by entering into interest rate swaps to fix the interest on 50% of its borrowings

The Consolidated Entity's bank loans outstanding, totalling £27,500,000 (~A\$52,398,500) (30 June 2014: \$nil), are interest payment loans (see note 14).

Based on various scenarios, the Consolidated Entity manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Consolidated Entity agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts, calculated by reference to the agreed notional amounts.

**Liquidity risk**

During the period, the Company has drawn down on its Senior Debt facility with outstanding bank loans amounting to £27,500,000.

The table below summarises the maturity profile of the Consolidated Entity's financial liabilities based on contractual undiscounted payments.

|                             | Less than<br>1 Year<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Over 5<br>years<br>\$ | Total<br>\$       | Carrying<br>Amount<br>\$ |
|-----------------------------|---------------------------|--------------------------------|--------------------------------|-----------------------|-------------------|--------------------------|
| <b>31 December 2014</b>     |                           |                                |                                |                       |                   |                          |
| Trade and other payables    | 19,542,237                | -                              | -                              | -                     | 19,542,237        | 19,542,237               |
| Interest-bearing borrowings | -                         | -                              | 52,398,500                     | -                     | 52,398,500        | 37,078,711               |
|                             | <u>19,542,237</u>         | <u>-</u>                       | <u>52,398,500</u>              | <u>-</u>              | <u>71,940,737</u> | <u>56,620,948</u>        |
|                             | Less than<br>1 Year<br>\$ | Between 1 &<br>2 years<br>\$   | Between 2<br>& 5 years<br>\$   | Over 5<br>years<br>\$ | Total<br>\$       | Carrying<br>Amount<br>\$ |
| <b>30 June 2014</b>         |                           |                                |                                |                       |                   |                          |
| Trade and other payables    | 25,600,767                | -                              | -                              | -                     | 25,600,767        | 25,600,767               |
| Interest-bearing borrowings | -                         | -                              | -                              | -                     | -                 | -                        |
|                             | <u>25,600,767</u>         | <u>-</u>                       | <u>-</u>                       | <u>-</u>              | <u>25,600,767</u> | <u>25,600,767</u>        |

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**NOTE 16: FAIR VALUE MEASUREMENT**

*Fair value hierarchy*

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

|                                    | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$ |
|------------------------------------|---------------|---------------|---------------|-------------|
| <i>Assets</i>                      |               |               |               |             |
| Option foreign exchange contracts  | -             | 62,238        | -             | 62,238      |
| Total assets                       | -             | 62,238        | -             | 62,238      |
| <i>Liabilities</i>                 |               |               |               |             |
| Amortising interest rate swaps     | -             | 1,079,236     | -             | 1,079,236   |
| Forward foreign exchange contracts | -             | 425,817       | -             | 425,817     |
| Total liabilities                  | -             | 1,505,053     | -             | 1,505,053   |

At 30 June 2014, the Consolidated Entity did not have any assets or liabilities, measured or disclosed at fair value.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

*Valuation techniques for fair value measurements categorised within level 2.*

Level 2 hedging derivatives comprise forward foreign exchange contracts, forward foreign exchange options and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

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|  | 31 December<br>2014<br>\$ | 30 June<br>2014<br>\$ |
|--|---------------------------|-----------------------|
| <b>NOTE 17: ISSUED CAPITAL</b>         |                           |                       |
| <b>Issued and fully paid shares</b>    |                           |                       |
| Fully paid ordinary shares             | <u>226,270,267</u>        | <u>226,295,680</u>    |
|  | <u>226,270,267</u>        | <u>226,295,680</u>    |
|  | Number of<br>shares       | \$                    |
| Balance at the beginning of the period | 807,845,616               | 226,295,680           |
| Shares issued during the period        | -                         | -                     |
| Capital raising costs                  | <u>-</u>                  | <u>(25,413)</u>       |
| Balance at the end of the period       | 807,845,616               | 226,270,267           |

**NOTE 18: COMMITMENTS**

**(a) Mine development asset commitments**

In order to maintain current rights of tenure to mine development assets, the Consolidated Entity has the following commitments up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial report and are payable:

|  | 31 December<br>2014<br>\$ | 30 June<br>2014<br>\$ |
|--|---------------------------|-----------------------|
| Not longer than one year                             | 171,659                   | 163,208               |
| Longer than one year, but not longer than five years | <u>773,082</u>            | <u>735,024</u>        |
|  | <u>944,741</u>            | <u>898,232</u>        |

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of the mine development asset to third parties will reduce or extinguish these obligations.

**(b) Lease expenditure commitments**

|  |               |                |
|--|---------------|----------------|
| Not longer than one year                             | 92,038        | 184,064        |
| Longer than one year, but not longer than five years | <u>-</u>      | <u>-</u>       |
|  | <u>92,038</u> | <u>184,064</u> |

The Group has entered into the following leases on commercial terms for office accommodation:

| Location                     | Term    | Expiry            |
|------------------------------|---------|-------------------|
| 22 Railway Road Subiaco      | 4 years | 19 June 2015      |
| Tamar Science Park, Plymouth | Monthly | 30 September 2015 |



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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**NOTE 18: COMMITMENTS (CONTINUED)**

**(c) Other contractual commitments**

**EPC Contract**

In 2013 Wolf Minerals (UK) Limited awarded a £75 million (~\$143 million) Engineer Procure Construct ("EPC") contract for the Hemerdon tungsten and tin project to GR Engineering Services Limited.

The fixed price, fixed term EPC contract is for the design, construction and commissioning of a 3Mtpa tungsten and tin mineral processing plant plus associated infrastructure, forming the key component of the Hemerdon project.

As at 31 December 2014, EPC commitments contracted for but not yet incurred amounted to \$27,239,431.

**Mining Services Contract**

In 2013 Wolf Minerals (UK) Limited awarded a £85 million (~A\$162 million) Mining Services Contract ("MSC") for the Hemerdon tungsten and tin project to CA Blackwell (Contracts) Limited.

The MSC is rates based and made up of two parts:

- Phase 1, Mining pre-strip and Mine development,
- Phase 2, Mine production.

The MSC term for Phase 1 is 11 months from the commencement date, followed by Phase 2 which has a five year term from completion of Phase 1 work. The MSC is able to be terminated by Wolf at any time with 60 days' notice.

**NOTE 19: DIVIDENDS**

No dividends have been declared or paid during the half year ended 31 December 2014.

**NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE**

There were no events subsequent to the period ended 31 December 2014 that have significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

**WOLF MINERALS LIMITED  
A.B.N. 11 121 831 472  
AND CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:-

1. The financial statements and notes, as set out on pages 7 to 23 are in accordance with the Corporations Act 2001, and:
  - (a) Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporation Regulations 2001; and
  - (b) Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date.
2. 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 made in accordance with a resolution of the Board of Directors:



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Russell Clark  
Managing Director

Dated: 26 February 2015

INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
WOLF MINERALS LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Wolf Minerals Limited (the Company) and controlled entities (Consolidated Entity) which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, 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 31 December 2014, or during the half year.

### Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Wolf Minerals Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | [www.pkf.com.au](http://www.pkf.com.au)

PKF Mack | ABN 74 254 453 660

4th Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia

PO Box 609 | West Perth | Western Australia 6872 | Australia

## Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the Directors' of the company a written Auditor's Independence Declaration.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wolf Minerals Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

## Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report. The Consolidated Entity incurred a net loss after tax of \$3,719,177 and had a net operating cash outflow of \$4,356,712 during the half-year ended 31 December 2014. These conditions, along with other matters as set out in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company and Consolidated Entity's ability to continue as a going concern and therefore, the Company and Consolidated Entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the Consolidated Entity and the Company does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company and/or the Consolidated Entity not continue as going concerns.



PKF MACK



SIMON FERMANIS  
PARTNER

26 FEBRUARY 2015  
WEST PERTH,  
WESTERN AUSTRALIA