

THIS IS AN IMPORTANT DOCUMENT WHICH YOU SHOULD READ CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

**STRZELECKI METALS LIMITED**

**(ABN 35 116 249 060)**

**Bidder's Statement**

**in relation to a Takeover Offer by Strzelecki Metals Limited  
to acquire ALL of your ordinary shares in**

**WOLF PETROLEUM LIMITED**

**(ABN 17 146 794 176)**

**Consideration offered is:  
2.5 STZ Shares for every one (1) Wolf Share you own<sup>1</sup>**

The Takeover Offer is dated 14 September 2012 and will close at 5.00pm (Perth time) on 29 October 2012, unless extended or withdrawn

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<sup>1</sup> Following the proposed share consolidation of STZ announced through ASX on 16 July 2012. On a pre consolidation basis the consideration to be paid under the Takeover Offer will be 25 STZ Shares for every 1 Wolf Share held. See Section 3.5 of this Bidder's Statement for further information.

## **IMPORTANT INFORMATION**

### **Bidder's Statement**

This document (**Bidder's Statement**), dated 12 September 2012, is issued by Strzelecki Metals Limited (ABN 35 116 249 060) under Part 6.5 of the Corporations Act in relation to an off-market offer by STZ to acquire Wolf Shares and sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 12 September 2012. ASIC takes no responsibility for the contents of this Bidder's Statement.

### **Investments Risks**

There are a number of risks that may have a material impact on the value of the Takeover Offer, the future performance of the Merged Entity and the value of STZ Shares. These are described in Section 8 of this Bidder's Statement.

### **Foreign Jurisdictions**

The distribution of this document and the making of the Takeover Offer may be restricted by the laws or regulations of foreign jurisdictions. Persons who come into possession of this Bidder's Statement should seek advice and observe these restrictions.

The Takeover Offer is not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction.

The entitlements of Wolf Shareholders who are located in jurisdictions outside Australia, its external territories and New Zealand are set out in Section 9.10 of this Bidders Statement.

No action has been taken to register or qualify STZ or to otherwise permit the offering of STZ Shares outside Australia, its external territories and New Zealand.

This Bidder's Statement has been prepared having regard to Australian disclosure requirements. These disclosure requirements may differ from those of other countries.

This Bidder's Statement is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand) (or any other relevant New Zealand law). This Bidder's Statement may not contain all the information that a prospectus or an investment statement under the New Zealand law is required to contain.

The only members of the public in New Zealand to whom STZ Shares are being offered to under the Takeover Offer are Wolf Shareholders. The Takeover Offer is being made in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

### **Disclosure Regarding Forward Looking Statements**

This Bidder's Statement includes forward-looking statements that have been based on STZ's current expectations and predictions about future events including STZ's intentions (which include those set out in Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of STZ, Wolf and the Merged Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 8.

None of STZ, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward

looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. The forward looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

### **Value of STZ Shares**

The implied value of the Takeover Offer will vary with the market price of STZ Shares. Further information on the implied value of the Takeover Offer is contained in this document.

In addition, all references to the implied value of the Takeover Offer are subject to the effects of rounding.

### **Number of STZ Shares- Post Consolidation**

All references in this Bidder's Statement to STZ Share numbers are stated on a post Consolidation basis (i.e. on the basis that the Consolidation has been completed), unless stated otherwise.

### **Investment Advice**

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Wolf Shareholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Takeover Offer.

### **Privacy**

STZ has collected your information from the registers of Wolf for the purposes of making the Takeover Offer and administering your acceptance over your Wolf Shares. STZ and its share registry may use your personal information in the course of making and implementing the Takeover Offer. STZ and its share registry may also disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by STZ,

please contact STZ at the address set out in the Key Contacts Section.

### **Defined Terms**

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 11.

### **Internet Sites**

STZ and Wolf each maintain internet sites. The URL location for STZ is [www.strzeleckimetals.com](http://www.strzeleckimetals.com) and for Wolf is [www.wolfpetroleum.net](http://www.wolfpetroleum.net). Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. All references to these sites in this Bidder's Statement is for information purposes only.

### **Estimates and Assumptions**

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by STZ's management. Management estimates reflect and are based on views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

### **Effect of Rounding**

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

### **Currencies**

In this Bidder's Statement, references to "Australian dollars", "AUD", "\$", "A\$" or "cents" are to the lawful currency of Australia.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as

representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of STZ or Wolf in respect of which different exchange rates may have been, or may be, used.

### **Maps and diagrams**

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

### **Queries**

You should contact your legal, financial or professional advisor if you are unsure about how to deal with this Bidder's Statement.

If you have any enquires about the Takeover Offer, please contact STZ on +61 8 9200 4428 or your professional financial advisor.

## STRZELECKI METALS LIMITED

12 September 2012

### Dear Wolf Petroleum Shareholders

On behalf of the Independent Directors of Strzelecki Metals Limited (**STZ**), I am pleased to enclose an offer to acquire all your shares in Wolf Petroleum Limited (**Wolf**).

By accepting STZ's offer you will, subject to the terms and conditions of the offer, receive 2.5 STZ Shares for every one (1) Wolf Share (**Takeover Offer**). These terms and conditions are explained further in Section 4 of Appendix A and include obtaining the necessary approvals from STZ Shareholders to the performance of the transactions contemplated for the Takeover Offer.

The Independent Directors consider that a merger of STZ and Wolf is compelling, and has the potential to unlock substantial additional value and synergies for shareholders of both companies.

The merger will shift the focus of STZ from a minerals explorer in Poland and Australia, to an oil and gas explorer in Mongolia. The Directors are of the opinion that the combined financing of STZ and Wolf and the sole focus of both companies on these Mongolian assets, will bring greater returns to investors and stakeholders.

The merger will lead to a strengthening and simplification of the current management arrangements and should achieve cost savings by reducing corporate overheads, while Wolf Shareholders who accept the Takeover Offer will maintain an exposure to Wolf's assets and gain exposure to the potential upside of greater liquidity through being able to trade its shares on the ASX.

I encourage you to read this important document carefully, including the risk factors set out in Section 8. The Takeover Offer is open for your acceptance until 5.00 pm (Perth Time) on 29 October 2012, unless extended. If you wish to accept the Takeover Offer, you should follow the instructions on the relevant Acceptance Form enclosed.

If you have any questions about the Takeover Offer, please contact STZ on +61 8 9200 4428, or your professional financial advisor.

Yours sincerely

Mr Brian McMaster  
Chairman

## KEY DATES

Announcement of Takeover Offer	16 July 2012
Date of this Bidder's Statement	12 September 2012
Date this Bidder's Statement is lodged with ASIC	12 September 2012
Date of Takeover Offer	14 September 2012
Takeover Offer Closes (unless otherwise extended)	5.00pm (WST Time) 29 October 2012

## KEY CONTACTS

### Share registrar for the Takeover Offer

Computershare Investor Services Pty Limited  
Level 5, 115 Grenfell Street  
ADELAIDE SA 5001  
Phone (within Australia): 1300 55 61 61  
Phone (outside Australia): +61 8 8236 2300

### Current Directors

Brian McMaster – **Executive Chairman**  
Peter Hunt – **Non-Executive Director**  
Matthew Wood – **Executive Director**  
John Santich – **Non-Executive Director**

### Company Secretary

Aaron Bertolatti

**ASX Code:** STZ

### Website

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

### Strzelecki Metals Limited

Level 1/33 Richardson Street  
West Perth WA 6005  
Phone: +61 8 9200 4428

### Australian Solicitors to the Company

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

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## 1. INVESTMENT OVERVIEW

The information in this Section is intended to provide an overview of STZ, the Takeover Offer that STZ is making for your Wolf Shares and the risks you should consider.

**The information in this Section 1 is not intended to be comprehensive and should be read in conjunction with the detailed information contained in this Bidder's Statement.**

You should read this Bidder's Statement in its entirety and the separate target's statement which will be sent to you directly by Wolf before deciding how to deal with your Wolf Shares. The detailed terms of the Takeover Offer are set out in Annexure A.

The information in this Section 1 is set out by way of response to a series of questions. STZ believes this is the most informative way to provide the information. Each answer has, where appropriate, cross-references to other questions in this Investment Overview and other parts of this Bidder's Statement, including the Annexures, that contain more information that you might find useful or relevant.

**Part A** of this Investment Overview deals with the Takeover Offer. **Part B** deals with STZ, its business and assets and STZ securities. **Part C** deals with risks relating to STZ, Wolf, the Takeover Offer and the Merged Entity. **Part D** deals with other relevant questions.

If you have any questions about the Takeover Offer, please contact STZ on +61 8 9200 4428, or your professional financial advisor.

### PART A – OVERVIEW OF THE OFFER

No.	Question	Answer	Further information
1.	<b>What is STZ offering to buy?</b>	STZ is offering to buy all Wolf Shares on the terms set out in this Bidder's Statement. You may only accept the Takeover Offer in respect of all the Wolf Shares held by you.	Annexure A contains the full terms of the Takeover Offer and the Conditions. The answers to questions 2 to 4 in Part A and in Parts C and D explain other aspects of the Takeover Offer.
2.	<b>How long will the offer remain open?</b>	The Takeover Offer opens on 14 September 2012. Unless withdrawn or extended in accordance with the Corporations Act, the Takeover Offer is scheduled to close at 5:00 pm (Perth Time) on 29 October 2012.	



3.	<b>What will you receive if you accept the Takeover Offer?</b>	<p>If you accept the Takeover Offer, subject to satisfaction of the Conditions of the Takeover Offer, you will receive <b>two and a half (2.5) STZ Shares for every one (1) Wolf Share</b> held by you on a post Consolidation basis (equal to 25 STZ Shares for every 1 Wolf Share held pre Consolidation basis).</p> <p>If you accept the Takeover Offer and you are an Ineligible Foreign Shareholder or an Unmarketable Parcel Shareholder, you will not be entitled to receive STZ Shares as consideration for your Wolf Shares. In these circumstances, the STZ Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those STZ Shares and remit the sale proceeds (less any transaction costs) to you by cheque in Australian dollars. See Sections 9.10 and 9.11 for further details.</p>	Annexure A contains full terms of the Takeover Offer and the Conditions. The answer to question 9 summarises the Conditions.
4.	<b>What is the value of the Takeover Offer?</b>	The implied value of the offer is \$0.50 per Wolf Share <sup>2</sup> . The value of the Takeover Offer may change as a consequence of changes in the market price of STZ Shares.	<p>Section 9.6 of this Bidder's Statement provides further information in respect of the implied value of the Takeover Offer.</p> <p>The answers to questions 1 to 6 of Part A, Parts B and C of this Bidder's Statement contain more information about STZ, its business and assets and the risks that may apply to STZ.</p> <p>Section 2 of this Bidder's Statement contains the view of STZ as to why</p>

<sup>2</sup> Based on the closing share price of STZ Shares of \$0.02 (or \$0.20 on a Post Consolidation basis) as at 15 July 2012, the last trading day prior to the announcement of the Announcement Date. As the consideration offered comprises STZ Shares, the value of the consideration will vary with the market price of STZ Shares.

		they think you should accept the Takeover Offer.
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## PART B – OVERVIEW OF STZ

No.	Question	Answer	Further information
1.	<b>Who is STZ?</b>	STZ is an Australian incorporated company listed on the Official List of the ASX (ASX Code: STZ). Please refer to Sections 3, 6, 8 and 9 for further information on STZ.	Sections 3, 6, 8 and 9 of this Bidder's Statement contain more information about STZ's assets, financial position, details of STZ securities currently on issue and the risks that may apply to STZ.
2.	<b>Will my new STZ Shares be listed on ASX?</b>	Within 7 days of the date of this Bidder's Statement, STZ will apply to ASX for quotation of the new STZ Shares on ASX. Quotation of the new STZ Shares depends on ASX exercising its discretion to admit them to quotation on ASX. STZ is already admitted to the Official List of ASX and STZ Shares in the same class as the new STZ Shares are already quoted.	Section 3.9 of this Bidder's Statement contains more information in relation to the admission of the STZ Shares to the Official List of ASX.
3.	<b>What rights and liabilities will attach to my new STZ Shares?</b>	The new STZ Shares issued under the Takeover Offer will be issued fully paid and will from the time of issue rank equally with existing STZ Shares.	Section 3.11 of this Bidder's Statement contains more information about the rights and liabilities attaching to STZ Shares.
4.	<b>Who are the STZ Directors and what experience do they have?</b>	The Directors of STZ are: (a) Mr Brian McMaster – Executive Chairman; (b) Mr John Santich – Non-Executive Director; (c) Mr Matthew Wood – Executive Director; and (d) Mr Peter Hunt – Non-Executive Director.  Three of the Directors of STZ, Mr John Santich, Mr Brian McMaster and Mr Peter Hunt, are considered to be	Section 3.3 of this Bidder's Statement contains further information in relation to the expertise of the STZ Directors.

		<p>independent for the purposes of the Takeover Offer.</p> <p>The Directors of STZ have significant experience in the exploration for, development of and operation of mining projects.</p>	
5.	<p><b>Do the Directors of STZ have any securities in, or potential conflicts of interest in relation to Wolf?</b></p>	<p>Two of the STZ Directors have an interest in Wolf securities. As at the date of this bidder's statement, Mr Brian McMaster has a Relevant Interest in 500,000 Wolf Shares and Mr Matthew Wood has a Relevant Interest in 3,900,000 Wolf Shares.</p> <p>Mr Matthew Wood, STZ's Executive Director, is also the Executive Chairman of Wolf, therefore being a common director.</p>	<p>Section 9.6 of this Bidder's Statement contains further information in relation to the shareholdings of the STZ Directors in Wolf.</p>
6.	<p><b>Do the STZ Directors and management have any interest in STZ securities?</b></p>	<p>The directors have the following interests in STZ securities:</p> <p>(a) Matthew Wood has an interest 1,535,910 shares;</p> <p>(b) Brian McMaster has an interest in 1,000,000 shares;</p> <p>(c) John Santich has an interest in 2,481,194 shares and 275,000 options held directly (exercisable at \$0.33 cents on or before 28 November 2015); and</p> <p>(d) Peter Hunt has an interest in 27,385 shares and 275,000 options held directly (exercisable at \$0.33 on or before 28 November 2015).</p>	
7.	<p><b>Who are the Independent Directors?</b></p>	<p>The Independent Directors are Mr John Santich, Mr Peter Hunt and Mr Brian McMaster.</p> <p>Whilst Mr McMaster holds shares in Wolf, this holding is less than 1% (0.5%) and Mr McMaster does not have any form of control over Wolf more than any other Wolf Shareholder.</p> <p>The Independent Directors of STZ have resolved to make the Takeover Offer to Wolf Shareholders and have excluded Mr Matthew Wood from all discussions and voting in relation to formulating, considering and making the Takeover Offer. Accordingly, Mr Matthew Wood has not been involved in and will continue to be excluded from all discussions and voting in relation to the Takeover</p>	

	Offer. <b>Wolf Shareholders should note that where this Bidder's Statement refers to the intentions of STZ or the Company in respect of the Takeover Offer and future of Wolf and the Merged Entity, this refers to the intentions of the Independent Directors, and not those of Mr Matthew Wood.</b>	
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#### PART C – OVERVIEW OF RISKS

No.	Question	Answer	Further information
1.	<b>Are there risks if I accept the Takeover Offer?</b>	<p>Yes, if you accept the Takeover Offer, and it becomes unconditional, you will be issued new STZ Shares and STZ will acquire an interest in Wolf. There are risks in holding STZ Shares.</p> <p>The financial and operational performance of STZ's business, and the value and trading prices for STZ Shares will be influenced by a range of risks. Many of these risks are beyond the control of STZ's Board and management.</p> <p>Section 8 of this Bidder's Statement provides a detailed explanation of these risks. Specifically it deals with:</p> <ul style="list-style-type: none"> <li>(a) risks relating to the Takeover Offer; and</li> <li>(b) risks that relate to STZ and Wolf as the Merged Entity.</li> </ul>	See Section 8 of this Bidder's Statement which contains full details in respect of each of the risks.

#### PART D – OTHER RELEVANT QUESTIONS

No.	Question	Answer	Further information
1.	<b>Can the Offer Period be extended?</b>	The Offer Period can be extended at STZ's election, up to a maximum Offer Period of 12 months. Wolf Shareholders will be provided with written notice of any extension, and the extension will be announced to ASX.	
2.	<b>What choices do I have as a Wolf shareholder?</b>	<p>As a Wolf Shareholder, you have the following choices in respect of your Wolf Shares:</p> <ul style="list-style-type: none"> <li>(a) accept the Takeover Offer;</li> <li>(b) sell your Wolf Shares, but as Wolf Shares are not listed on any securities</li> </ul>	

		exchange, this may be difficult for you to do; or (c) do nothing.	
3.	<b>How do I accept the Takeover Offer?</b>	To accept the Takeover Offer, you should follow the instructions set out in this Bidder's Statement and in the enclosed Acceptance Form.	See your Acceptance Form <b>enclosed</b> with this Bidder's Statement and Annexure A for further information.
4.	<b>Can I accept the Takeover Offer for part of my holding?</b>	No, you must accept the Takeover Offer for all of your holding.	
5.	<b>If I accept the Takeover Offer can I withdraw my acceptance?</b>	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Takeover Offer, STZ varies the Takeover Offer in a way that postpones for more than 1 month the time that STZ has to meet its obligations under the Takeover Offer (for example, if STZ extends the Takeover Offer for more than 1 month while the Takeover Offer remains subject to any of the Conditions).	Annexure A of this Bidder's Statement contains more information as to the limited circumstances in which you may be able to revoke or withdraw your acceptance.
6.	<b>When will you receive your consideration?</b>	<p>If you accept the Takeover Offer, STZ will issue you STZ Shares as consideration for your Wolf Shares on or before the earlier of:</p> <p>(a) one month after you have validly accepted the Takeover Offer or the contract resulting from its acceptance becomes unconditional (whichever is later); and</p> <p>(b) 21 days after the end of the Offer Period, provided that the Takeover Offer has become unconditional.</p> <p>If you accept the Takeover Offer and you are an Ineligible Foreign Shareholder, or you are an Unmarketable Parcel Shareholder, you will not be entitled to receive STZ Shares as consideration for Wolf Shares held by you pursuant to the Takeover Offer. In these circumstances, the</p>	Annexure A of this Bidder's Statement contains more information as to when your new STZ Shares will be issued to you.

		STZ Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those STZ Shares and remit the proceeds (less transaction costs) of such sale to you by cheque in Australian dollars.	
7.	<b>Will I need to pay any transaction costs if I accept the Takeover Offer?</b>	You will not incur any brokerage fees or be obliged to pay stamp duty or GST in connection with your acceptance of the Takeover Offer.	Annexure A of this Bidder's Statement contains the full terms of the Takeover Offer and Conditions. See also the instructions on the Acceptance Form <b>enclosed</b> with this Bidder's Statement.
8.	<b>What happens if I do not accept the Takeover Offer?</b>	<p>Subject to the explanation below, you will remain a shareholder of Wolf and will not receive the Takeover Offer Consideration.</p> <p>If you do not accept the Takeover Offer and STZ acquires a Relevant Interest in at least 90% of Wolf Shares and the other conditions of the Takeover Offer are satisfied or waived, STZ intends to proceed to compulsorily acquire the outstanding Wolf Shares. You will be invited to claim the Takeover Offer Consideration. Therefore, accepting the Takeover Offer will result in you receiving your Takeover Offer Consideration sooner if you accept the Takeover Offer, rather than having your Wolf Shares compulsorily acquired.</p> <p>If the Takeover Offer becomes or is declared unconditional but STZ does not become entitled to compulsorily acquire your Wolf Shares under the Corporations Act, unless you sell your Wolf Shares, you will remain a shareholder in Wolf.</p> <p>In these circumstances and, depending on the number of Wolf Shares acquired by STZ, you may be a minority Wolf Shareholder in what will be a less</p>	<p>Section 6 of this Bidder's Statement provides more information regarding STZ's intentions if it acquires a Relevant Interest in at least 90% of the Wolf Shares.</p> <p>Section 6 of this Bidder's Statement provides more information regarding STZ's intentions if it acquires a Relevant Interest in less than 90% of the Wolf Shares.</p>

		liquid stock as Wolf will not be listed on the ASX.	
9.	<b>Are there conditions to the Takeover Offer?</b>	<p>The Takeover Offer is subject to the Conditions set out in Section 1.10 of Annexure A and include:</p> <ul style="list-style-type: none"> <li>(a) STZ acquiring a Relevant Interest in at least 90% of the aggregate of all the Wolf Shares on issue and becomes entitled to compulsorily acquire all of the outstanding Wolf Shares under Part 6A.1 of the Corporations Act;</li> <li>(b) obtaining from the STZ Shareholders, the approvals necessary to complete the Takeover Offer;</li> <li>(c) that no “prescribed occurrences” occurs; and</li> <li>(d) that no material adverse change occurs in relation to Wolf.</li> </ul> <p>Annexure A contains the full terms of the Conditions.</p>	Annexure A to this Bidder’s Statement sets out the Conditions in full.
10.	<b>What if the Conditions are not satisfied or waived?</b>	If the Takeover Offer closes and the Conditions are not satisfied or waived, the Takeover Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your Wolf Shares (unless you otherwise sell them). STZ will announce whether the Conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.	Annexure A to this Bidder’s Statement sets out further information.
11.	<b>What happens if STZ improves the Takeover Offer Consideration?</b>	If STZ improves the Takeover Offer Consideration, all the Wolf Shareholders who accept the Takeover Offer (whether or not they have accepted the Takeover Offer before or after such improvement) will be entitled to the benefit of the improved Takeover Offer Consideration, should the Takeover Offer become or be declared unconditional.	Annexure A to this Bidder’s Statement sets out further information.
12.	<b>What are the tax implications of accepting</b>	A general summary of the Australian tax consequences for Wolf Shareholders who accept	Section 7 of this Bidder’s Statement sets out

<b>the Takeover Offer?</b>	the Takeover Offer is set out in Section 7. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. Wolf Shareholders should seek their own taxation advice in relation to the Takeover Offer.	further information.
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## 2. WHY YOU SHOULD ACCEPT THE OFFER

STZ believes you should **ACCEPT** the Takeover Offer for the following reasons:

1. **As STZ is an ASX listed entity, STZ Shares issued in consideration for Wolf Shares will effectively have greater liquidity if the Takeover Offer is successful**
2. **Greater access to funding for current projects and growth opportunities**
3. **The merged entity will have a strong board and management team that can deliver the strategy and growth going forward**
4. **Access to capital gains tax relief**

The above is only a headline summary of some of the reasons why you should accept the Takeover Offer. Each of the reasons is explained below.

If you wish to accept this Takeover Offer, you must return the signed Acceptance Form by 5:00 pm (Perth Time) on 29 October 2012.

### Detailed reasons why you should **ACCEPT** the Takeover Offer

#### 2.1 **As STZ is an ASX listed entity, STZ Shares issued in consideration for Wolf shares will have effectively greater liquidity if the Takeover Offer is successful**

Wolf has been investigating the opportunity to list on a stock exchange to assist in facilitating the raising of new capital, to provide its shareholders with liquidity and to establish a market in Wolf Shares which will place a value on Wolf's assets which, as an unlisted entity, is not currently readily assessable.

As an unlisted public company, Wolf Shareholders are not able to trade their shares freely on the Australian Securities Exchange. Wolf Shareholders who accept the Takeover Offer will become shareholders of STZ, an ASX listed company, after the Takeover Offer becomes unconditional and the STZ Shares have been issued to them. They are therefore expected to benefit from the greater liquidity of being able to trade their shares in an open market.

#### 2.2 **Greater access to funding for current projects and growth opportunities**

As a result of accepting the Takeover Offer and it becoming unconditional, Wolf Shareholders will become shareholders of an ASX listed company. As an ASX listed company, Wolf will have greater opportunities to raise further funds to continue and advance the development of the Wolf Projects.

#### 2.3 **The merged entity will have a strong board and management team that can deliver the strategy and growth going forward**

The Merged Entity will retain your Wolf Executive Chairman. In addition, the Merged Entity will appoint other directors as necessary to ensure that it has a strong Board and management team well equipped to pursue and deliver the strategy and plans going forward.

#### 2.4 **Access to capital gains tax relief**

Wolf Shareholders may have access to scrip for scrip rollover relief, in which case they will not incur capital gains tax (**CGT**) as a result of accepting the Takeover Offer. If, as a result of the Takeover Offer, STZ becomes the holder of 80% or more of the voting shares in Wolf, Wolf Shareholders who would otherwise make a capital gain from the disposal of their Wolf Shares pursuant to the Takeover Offer

may be able to choose to obtain full scrip for scrip rollover relief. If scrip for scrip rollover relief is available and is chosen by Wolf Shareholders who would otherwise have made a capital gain on the disposal of their Wolf Shares under the Takeover Offer, all of the capital gain from the disposal may be disregarded. However, Wolf Shareholders may be subject to capital gains tax as a result of a later taxable event (such as a disposal) happening to the STZ Shares received as consideration under the Takeover Offer. Please refer to Section 7 for more information.

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### 3. PROFILE OF STRZELECKI METALS LIMITED

#### 3.1 Overview of STZ

The Company was floated on the Australian Securities Exchange in March 2006 under the name Primary Resources Limited. Its focus was a list of highly prospective exploration targets in Australia including: Warburton & Egerton for gold, copper, diamonds, nickel and uranium; Yandeyarra for gold and uranium; Steere River for gold, copper, lead, zinc, and uranium; Beete for gold and nickel; Nackara for gold, copper, diamonds and uranium; Paragon for copper and silver.

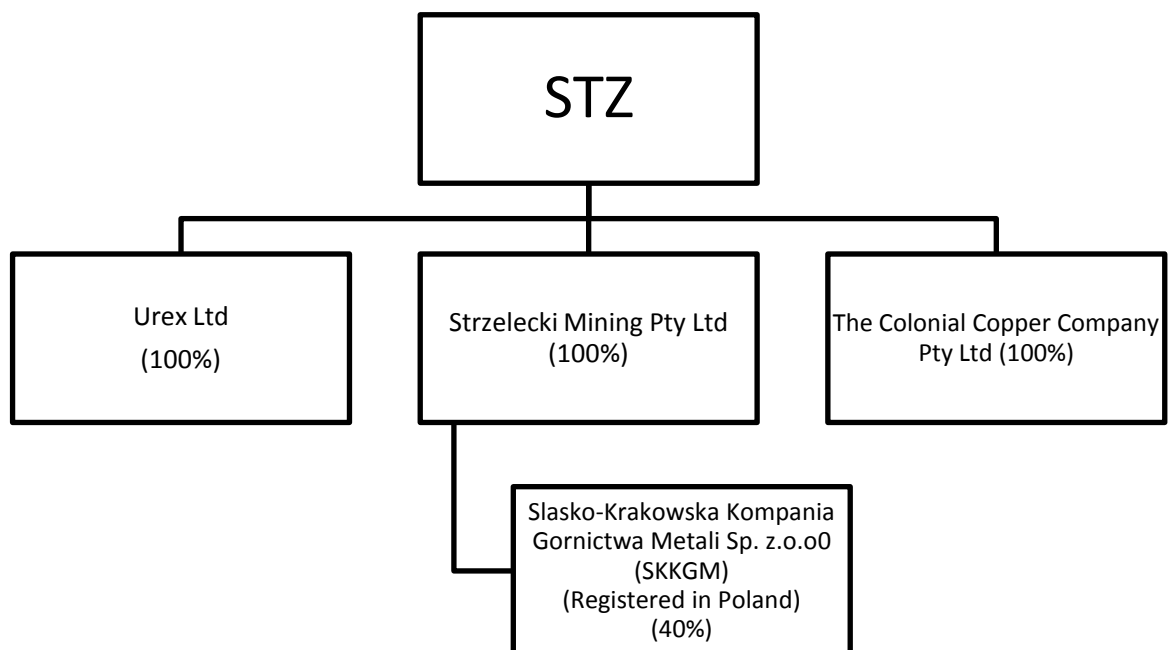
In June 2008, Primary Resources completed the acquisition of Slasko Krakowska Kompania Gornictwa Metlali (SKKGM) holding 100% ownership of the Myszkow deposit and surrounding area covering 234km<sup>2</sup>. This deposit was to become the flagship project and as a result the company changed its name to Strzelecki Metals in November 2008. This name change was made in recognition of the strong geological and geographical links between one of Poland's most famous explorers, and one of Australia's most recognizable figures in geological evolution.

Since acquiring the Myszkow project, Strzelecki has added to its already established office in Adelaide by forming a base in Poland. The Company now has a fully functional office and core workshop located 12km from the historically and culturally famous city of Krakow.

#### 3.2 Corporate Information

STZ was registered as a public company in South Australia as Primary Resources Limited on 21 October 2005 under the Corporations Act. In March 2006, STZ was admitted to the Official List of ASX, under the name of Primary Resources Limited.

The corporate structure of STZ shown in the diagram below.



### **3.3 Directors and key personnel of STZ**

Details of the responsibilities and experience of the STZ Directors (as at the date of this Bidder's Statement) are set out in STZ's 2012 Annual Financial Report, a copy of which is available on request or from STZ's website [www.strzeleckimetals.com](http://www.strzeleckimetals.com).

A brief summary of the STZ Board and key personnel, as at the date of this Bidder's Statement, is set out below.

#### ***Mr Brian McMaster – Executive Chairman***

Mr McMaster is a Chartered Accountant and has almost 20 years experience in the area of corporate reconstruction, and turnaround/performance improvement. Mr McMaster's experience includes numerous reorganizations and turnarounds including, being instrumental in the recapitalisation and listing of 12 Australian listed companies. Mr McMaster's experience includes significant working periods in the United States, South America, Asia and India.

Mr McMaster is currently a director of Copper Range Limited, Lindian Resources Limited and Range River Gold Limited. Mr McMaster is also a director in venture capital and advisory firm Garrison Capital Pty Ltd. Mr McMaster has not held any other listed directorships in the past three years.

#### ***Mr John Santich – Executive Director***

Dr John Santich is an engineer and lawyer with over four decades' experience in mining geosciences and industry. He has been founder and Director of a number of successful exploration companies including Marathon Resources Ltd. He has also established companies in other technological areas, including bottled water, machine vibration analysis and renewable energy. Dr Santich was an Executive Director of ASX listed Marathon Resources until his resignation on 30 June 2008.

#### ***Mr Matthew Wood – Executive Director***

Mr Wood has over 19 years experience in the resource sector with both major and junior resource companies and has extensive experience in the technical and economic evaluation of resource projects throughout the world.

Mr Wood's expertise is in project identification, negotiation, acquisition and corporate development. Mr Wood holds an honours degree in geology from the University of New South Wales in Australia and a graduate certificate in mineral economics from the Western Australian School of Mines.

Mr Wood is currently a director of ASX listed Voyager Resources Limited, Copper Range Limited, Lindian Resource Limited, Haranga Resources Limited and Avanco Resources Limited. Mr Wood is a founding director in venture capital and advisory firm Garrison Capital Pty Ltd.

#### ***Mr Peter Hunt – Non- Executive Director***

Mr Peter Hunt is former partner of PKF Adelaide, Chartered Accountants, having retired on 30 June 2011. He is a member of the Audit Committee and a member of the Institute of Chartered Accountants in Australia. Mr Hunt is an experienced company Director, having been a Non-Executive Chairman of Intermin Resources Ltd for 20 years. Mr Hunt is currently a Non-Executive Director of Metaliko Resources Limited (appointed 28 June 2012). Mr Hunt was previously a

Director of Adelaide Energy Ltd (resigned December 2011) and MUI Corporation Ltd (resigned December 2011).

### **3.3.1 Overview of STZ's Activities**

This Section contains a summary of STZ's activities. Further information can be found on STZ's website, [www.strzeleckimetals.com](http://www.strzeleckimetals.com).

STZ has projects in both Poland and in West Musgrave, Western Australia.

#### ***SKKGM, Myszkow and Kupferschiefer - Poland***

The Company has a 40% share in the Polish company Slasko-Krakowska Kompania Gornictwa Metali Sp. z.o.o. (**SKKGM**) which holds mineral concession 5/2006/p over the Myszkow project in southern Poland and mineral concessions 48/2010/p and 6/2011/p in the Kupferschiefer basin in south west Poland. SKKGM is the subject of an earn-in by Electrum Strategic Metals Eastern Europe SA, which now holds 60% and can earn up to 75% of SKKGM subject to fulfilling its earn in commitments.

#### ***Myszkow***

The Myszkow project is strategically located approximately 30km north east of Katowice in Poland. The Myszkow concession covers an area of 211km<sup>2</sup>.

#### ***Kupferschiefer***

The Company also holds two concessions (48/2010/p and 6/2011/p) in the Kupferschiefer basin in the Boleslawiec-Osiecznica-Nowiny area on the western border of Poland, north west of Wroclaw where there are several copper deposits with the potential for further developments. The total area of the two Kupferschiefer concessions is around 417km<sup>2</sup>, all of which is prospective for copper exploration.

#### ***West Musgrave JV – Western Australia***

The West Musgrave joint venture between the Company and Tortuga Advisors Ltd covers over 600km<sup>2</sup> of the West Musgrave Province on Ngaanyatjarra traditional land in Western Australia, with another 300 km<sup>2</sup> under application. Pursuant to the Joint Venture Agreement, Tortuga (manager of the Joint Venture) can earn up to an 80% interest in the tenements (15% already earned) by expenditure on exploration over the central Australian tenements within five years commencing 29 January 2010.

The West Musgrave joint venture area is located in the western sequence of the Musgrave Proterozoic volcanics and sediments. This area has had no previous systematic exploration. Recent exploration activity in adjacent areas has shown that the sequence is prospective for strata-bound base metal mineralisation, vein style copper mineralisation in the Warburton area, and epithermal style gold in the Handpump area, as well as the ultramafic – hosted nickel-copper mineralisation at Nebo-Babel to the east.

The Company's tenements E69/2174 to 2181 have all been reduced by 50% and the new tenement licences have now been issued. The Company has also made applications to be granted tenements numbered E69/2997 to 2999 in Western Australia. These are located over the brecciated rhyolites and marls of the Pussycat Group which, in the light of recent observations, the Company believes to be prospective for strata-bound base metal deposits.

### 3.4 Further Information

STZ is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. STZ is subject to the ASX Listing Rules which require continuous disclosure of any information STZ has concerning itself that a reasonable person would expect to have a material effect on the price or value or its securities.

ASX maintains files containing publicly disclosed information about all listed companies. STZ's file is available for inspection at ASX during normal business hours.

STZ is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by STZ may be obtained from, or inspected at, an ASIC office.

On request to STZ and free of charge, Wolf Shareholders may obtain a copy of:

- (a) the annual financial report of STZ for the year ended 30 June 2012 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC);
- (b) any half-year financial report lodged with ASIC by STZ after the lodgement of the annual financial report referred to above and before lodgement of this Bidder's Statement with ASIC; and
- (c) any continuous disclosure notice given to ASX by STZ since the lodgement with ASIC of the 2012 annual report for STZ referred to above and before lodgement of this Bidder's Statement with ASIC.

A list of the announcements the Company has lodged with ASX since 1 July 2012 is set out in Annexure B to this Bidder's Statement.

A substantial amount of information about STZ is available in electronic form from [www.strzeleckimetals.com](http://www.strzeleckimetals.com) and on the ASX website.

### 3.5 Capital structure

As at the date of this Bidder's Statement, STZ has the following securities on issue:

<b>Shares<sup>1</sup></b>	<b>Number</b>
Current (assuming no options are exercised or other shares issued)	414,000,000
<u>Post 1:10 Consolidation</u>	<u>41,400,000</u>
Issue to Wolf Shareholders (Post Consolidation)	206,937,508
<b>TOTAL</b>	<b>248,337,508</b>
<b>Options</b>	
Unlisted Options exercisable at \$0.10 expiring 17 February 2013	2,250,000

Unlisted Options exercisable at \$0.033 expiring 28 November 2015	10,000,000
<i>Sub-Total</i>	<u>12,250,000</u>
<i>Post 1:10 Consolidation</i>	
Unlisted Options exercisable at \$1.00 expiring 17 February 2013	225,000
Unlisted Options exercisable at \$0.33 expiring 28 November 2015	1,000,000
<b>TOTAL</b>	<b>1,225,000</b>

**Notes:**

1. The rights attaching to the STZ Shares are summarised in Section 3.11 of this Bidder's Statement and based on STZ's Constitution.
2. These numbers are approximations and will be subject to rounding of holdings.
3. Wolf currently has 82,775,003 fully paid ordinary shares on issue.

3.6

**Financial Performance**

**(a) Basis of Presentation of Historical Financial Information**

The historical financial information below relates to STZ on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts of STZ for the financial period described below, which includes the notes to the financial accounts, are available in STZ's annual reports for the years ending 30 June 2009, 30 June 2010, 30 June 2011 and 30 June 2012. Copies of these annual reports are available at [www.strzeleckimetals.com](http://www.strzeleckimetals.com) and also the ASX website.

**(b) Historical Financial Information of STZ**

**(i) Consolidated Statement of Financial Position**

The historical consolidated statements of financial position of STZ are set out below and have been extracted from the audited consolidated statements of financial position for the financial years ending 30 June 2009, 30 June 2010, 30 June 2011 and 30 June 2012, being the last four audited consolidated statements of financial position prior to the date of this Bidder's Statement.

**(ii) Consolidated Statement of Comprehensive Income**

The historical consolidated statement of comprehensive income of STZ, are set out below and have been extracted from the audited consolidated statement of comprehensive income for the financial years ending 30 June 2009, 30 June 2010, 30 June 2011 and 30 June 2012, being the last four audited financial statements prior to the date of this Bidder's Statement

## STZ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2012 \$	2011 \$	2010 \$	2009 \$
<b>Current Assets</b>				
Cash and cash equivalents	4,790,716	4,556,316	600,670	1,505,424
Other receivables	18,057	16,181	442,085	70,663
Other current assets	-	62,412	24,224	224,867
<b>Total Current Assets</b>	<b>4,808,773</b>	<b>4,634,909</b>	<b>1,066,979</b>	<b>1,800,954</b>
<b>Non-Current Assets</b>				
Investment in associate	669,027	1,070,118	-	-
Property, plant and equipment	-	8,014	671,741	1,054,883
Exploration & evaluation expenditure	613,612	2,179,545	9,601,793	28,208,020
<b>Total Non-Current Assets</b>	<b>1,282,639</b>	<b>3,257,677</b>	<b>10,273,534</b>	<b>29,262,903</b>
<b>Total Assets</b>	<b>6,091,412</b>	<b>7,892,586</b>	<b>11,340,513</b>	<b>31,063,857</b>
<b>Current Liabilities</b>				
Trade and other payables	90,339	84,270	182,964	343,341
Borrowings	-	-	510,460	597,393
Short-term provisions	-	-	24,676	44,002
<b>Total Current Liabilities</b>	<b>90,339</b>	<b>84,270</b>	<b>718,100</b>	<b>984,736</b>
<b>Non-Current Liabilities</b>				
Borrowings	-	-	22,642	28,944
Long-term provisions	-	-	312	1,957
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>22,954</b>	<b>30,901</b>
<b>Total Liabilities</b>	<b>90,339</b>	<b>84,270</b>	<b>741,054</b>	<b>1,015,637</b>
<b>Net Assets</b>	<b>6,001,073</b>	<b>7,808,316</b>	<b>10,599,459</b>	<b>30,048,220</b>
<b>Equity</b>				
Issued capital	37,461,067	36,699,679	34,789,939	33,677,455
Reserves	2,666,413	2,527,413	2,669,422	2,504,735
Accumulated losses	(34,126,407)	(31,418,776)	(26,859,902)	(6,133,970)
<b>Total Equity</b>	<b>6,001,073</b>	<b>7,808,316</b>	<b>10,599,459</b>	<b>30,048,220</b>



## STZ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012	2011	2010	2009
	\$	\$	\$	\$
Revenue	249,582	109,692	33,031	293,476
Impairment of non-current assets	(1,565,933)	(1,396,889)	(744,326)	(1,587,014)
Employee benefits expense	(391,948)	(408,075)	(422,197)	(781,906)
Depreciation expense	(8,014)	(26,864)	(89,772)	(308,191)
Borrowing costs	-	(10,839)	(63,133)	(51,644)
Share of losses of associates accounted for using the equity method	(401,091)	(101,816)	-	-
Share based payments expense	(139,000)	-	-	-
Other expenses	(451,227)	(759,598)	(1,724,548)	(930,107)
<b>Loss from continuing operations before income tax</b>	<b>(2,707,631)</b>	<b>(2,594,389)</b>	<b>(3,010,945)</b>	<b>(3,365,386)</b>
Income tax expense	-	(48,482)	350,043	-
<b>Loss from continuing operations after income tax</b>	<b>(2,707,631)</b>	<b>(2,642,871)</b>	<b>(2,660,902)</b>	<b>(3,365,386)</b>
Loss for the year from discontinued operations	-	(2,659,123)	(18,065,030)	-
<b>Loss for the year</b>	<b>(2,707,631)</b>	<b>(5,301,994)</b>	<b>(20,725,932)</b>	<b>(3,365,386)</b>
<b>Other comprehensive loss</b>				
Exchange differences arising on translation of foreign operations	-	(176,485)	145,590	(746,702)
<b>Other comprehensive loss for the year, net of tax</b>	<b>-</b>	<b>(176,485)</b>	<b>145,590</b>	<b>(746,702)</b>
<b>Total comprehensive loss for the year</b>	<b>(2,707,631)</b>	<b>(5,478,479)</b>	<b>(20,580,342)</b>	<b>(4,112,088)</b>
<b>Earnings per Share</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
<i>Continuing and discontinued operations</i>				
Basic loss per share (cents)	(0.73)	(1.54)	(13.58)	(2.50)
Diluted loss per share (cents)	(0.73)	(1.54)	(13.58)	(2.50)

### (c) Management Commentary on Historical Results

#### (i) (Revenue):

The primary source of revenue for the years ending 30 June 2009 to 2012 was generated from interest on bank deposits held by STZ.

#### (ii) (Expenditure):

The net loss after income tax of STZ for the year ended 30 June 2010 was \$20,725,932. The directors reviewed the carrying value of the Myszków tenements in Poland and considered it appropriate that the carrying value should be reduced to the equivalent of the cash inputs made into the Myszków project by the company. The resultant impairment was \$18,841,356 and

was the most significant contributor to the loss for the year ended 30 June 2010.

During the years ended 30 June 2011 and 2012 the directors reviewed the carrying value of exploration assets held by STZ. As a result of this review the exploration expenditure which was deemed to be non-recoverable was written off resulting in an impairment expense of \$1,396,889 (2011) and \$1,565,933 (2012).

**(iii) (Assets):**

In 2011 STZ completed an agreement with a strategic partner for the acquisition of an initial 55% of Strzelecki's Polish subsidiary Śląsko-Krakowska Kompania Górnictwa Metali Sp. z o.o. (SKKGM). On completion, STZ received a payment of \$US3.5 million.

**(iv) (Liabilities):**

Total liabilities decreased from \$741,054 to \$84,270 between 30 June 2010 and 30 June 2011 which was due to borrowings of \$500,000 being repaid by term deposit funds.

**(d) Forecast Information**

STZ's future financial performance is dependent on a range of factors, many of which are beyond STZ's control. Accordingly, STZ's Directors have concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable Australian law, policy and market practice.

Further information is available on STZ's financial performance from its financial reports. Copies of these reports are available from STZ's website [www.strzeleckimetals.com.au](http://www.strzeleckimetals.com.au).

**(e) Material changes in STZ's financial net asset position since last published accounts**

The following change occurred in STZ's financial net asset position since the Annual Report dated 30 June 2012:

- (i) On 6 September 2012 STZ entered into a Facility Agreement with Wolf whereby Wolf requested that STZ provide it with a fully secured loan amount of \$500,000 to enable Wolf to continue with its exploration programme.

**3.7 Corporate Governance**

The STZ Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles and Recommendations with 2010 amendments.

Details on STZ's corporate governance procedures, policies and practices can be obtained from page 8 of STZ's 2012 annual report and also [www.strzeleckimetals.com](http://www.strzeleckimetals.com).

### 3.8 Recent Performance of STZ Shares

Set out below is a table showing relevant trading prices of STZ Shares on ASX:

Comparative trading period	Price of STZ Shares	
	Pre Consolidation basis	Post Consolidation basis
Highest trading price on 23 May 2012 in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	\$0.026	\$0.26
Lowest trading price on 4 September 2012 in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	\$0.015	\$0.15
Closing trading price on the last trading day before the date STZ announced the Takeover Offer	\$0.020	\$0.20
Last available closing sale price of STZ Shares (as at 12 September 2012) on ASX prior to the date this Bidder's Statement was lodged with ASIC	\$0.016	\$0.16
One month volume weighted average price of STZ Shares before the Announcement Date	\$0.020	\$0.20

Set out below is a diagram showing trading prices and trading volumes of STZ Shares on ASX for the period between 30 August 2011 and 30 July 2012.



### 3.9 Admission of Takeover Offer Consideration

STZ Shares are admitted to trading on the Official List of ASX. STZ will lodge an application for admission to quotation of the Shares comprising the Takeover Offer Consideration to trading on ASX. Quotation will not be automatic and will depend upon ASX exercising its discretion. Nothing in this Bidder's Statement is to be taken to state or imply that the STZ Shares issued as Takeover Offer Consideration will be quoted on ASX. However, quotation is expected in the ordinary course as STZ is already admitted to the Official List of ASX.

As STZ is listed on ASX, STZ's actions and activities are subject to the ASX Listing Rules.

### **3.10 Rights and Liabilities of STZ Shares**

The STZ Shares offered to Wolf Shareholders under the Takeover Offer are fully paid ordinary shares in the capital of STZ, and from the date of their issue will rank equally with existing STZ Shares and will have the same rights and liabilities attaching to them.

The rights and liabilities attaching to STZ Shares are governed by the Constitution of STZ, the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and the general law of Australia.

Under Section 140(1) of the Corporations Act, the Constitution of STZ has effect as a contract between STZ and each member and between a member of STZ and each other member. Accordingly, if you accept STZ Shares as consideration you will, as a result, become liable to comply with the Constitution of STZ.

Set out below is a summary of the significant rights and liabilities attaching to STZ Shares. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders of STZ. Wolf Shareholders should seek their own advice when trying to establish their rights in specific circumstances.

Full details of the rights attaching to STZ Shares are set out in the Constitution, a copy of which is available for inspection at STZ's registered office during normal business hours.

### **3.11 Rights Attaching to STZ Shares**

The rights, privileges and restrictions attaching to STZ Shares can be summarised as follows:

#### **3.11.1 General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of STZ.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

#### **3.11.2 Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of STZ Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid STZ Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote

for the STZ Share, but in respect of partly paid STZ Shares shall have such number of votes as bears the same proportion to the total of such STZ Shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### **3.11.3 Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all STZ Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such STZ Shares.

The directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against STZ. The directors may set aside out of the profits of STZ any amounts that they may determine as reserves, to be applied at the discretion of the directors, for any purpose for which the profits of STZ may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, STZ may, by resolution of the directors, implement a dividend reinvestment plan on such terms and conditions as the directors think fit and which provides for any dividend which the directors may declare from time to time payable on STZ Shares which are participating STZ Shares in the dividend reinvestment plan, less any amount which STZ shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by STZ to the payment of the subscription price of STZ Shares.

### **3.11.4 Winding-up**

If STZ is wound up, the liquidator may, with the authority of a special resolution of STZ, divide among the Shareholders in kind the whole or any part of the property of STZ, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of STZ, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

### **3.11.5 Shareholder liability**

As the STZ Shares under the Offer are fully paid shares, they are not subject to any calls for money by the directors and will therefore not become liable for forfeiture.

### **3.11.6 Transfer of Shares**

Generally, STZ Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia

and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

### 3.12 STZ Options

STZ has granted 1,425,000 options. The STZ options are not listed on the ASX. Each STZ option entitles the holder to subscribe for one STZ share at the respective exercise prices and at any time prior to the corresponding expiry dates set out in Section 3.5 above.

### 3.13 Shareholders of STZ

As at 30 June 2012, the top 20 Shareholders of STZ were:

Rank	STZ Shareholder	Number of STZ Shares	% of STZ issued share capital <sup>1</sup>
1	Sheoak Runner Pty Ltd J R Santich Super Fund A/C	1,800,000	4.35
2	Foresight Pty Ltd	1,217,104	2.94
3	Mr Matthew Gaden Western Wood	1,097,091	2.65
4	Archon Resource Superannuation Pty Ltd Super Fund A/C	1,080,000	2.61
5	Symington Pty Ltd	1,010,000	2.44
6	Mr Timothy James Flavel The Flavel Investments A/C	1,000,000	2.42
7	Reeve Ventures Pty Ltd The Vega Account	1,000,000	2.42
8	Mr Jason Peterson + Mrs Lisa Peterson J & L Peterson S/F A/C	865,000	2.09
9	Dorsch Consultants Pty Ltd Dorsch Family	817,737	1.98
10	Mrs Carmel Elizabeth Whiting	728,450	1.76
11	Mr Michael Andrew Whiting + Mrs Tracey Anne Whiting Whiting Family S/F A/C	720,000	1.74
12	Archon Resource Technologies Pty Ltd Bogacz A/C	715,000	1.73
13	Mr Peter Anthony Whiting + Mrs Jane Mary Whiting Petefish P/L Super Fund A/C	700,000	1.69
14	Sheoak Runner Pty Ltd Archon Santich Discret A/C	681,194	1.65
15	Steven Peter Marinoff	635,978	1.54
16	Calama Holdings Pty Ltd Mambat Super Fund A/C	571,431	1.38
17	Mrs Kathleen Mary Eddington Kathie Eddington No2 S/F A/C	570,000	1.38
18	Ibrahim Adam Geha + Anna Geha	500,000	1.21

19	Taycol Nominees Pty Ltd	430,000	1.04
20	Corporate Property Services Pty Ltd K W Share A/C	420,000	1.01

The top 20 holders of ordinary fully paid shares hold 16,589,846 shares in STZ.

The directors of STZ had a relevant interest in 5,044,489 STZ Shares, being approximately 12.18% of the total number of STZ Shares on issue. The individual relevant interests held by each director are broken down as follows, on a post Consolidation basis:

Director	Shares	Options
Matthew Wood	1,535,910	Nil
Brian McMaster	1,000,000	Nil
John Santich	2,481,194	275,000 options exercisable at \$0.33 on or before 28 November 2015
Peter Hunt	27,385	275,000 options exercisable at \$0.33 on or before 28 November 2015

### 3.14 Dividend History

STZ has not previously and does not currently pay dividends.

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## 4. PROFILE OF WOLF PETROLEUM LIMITED

### 4.1 Disclaimer

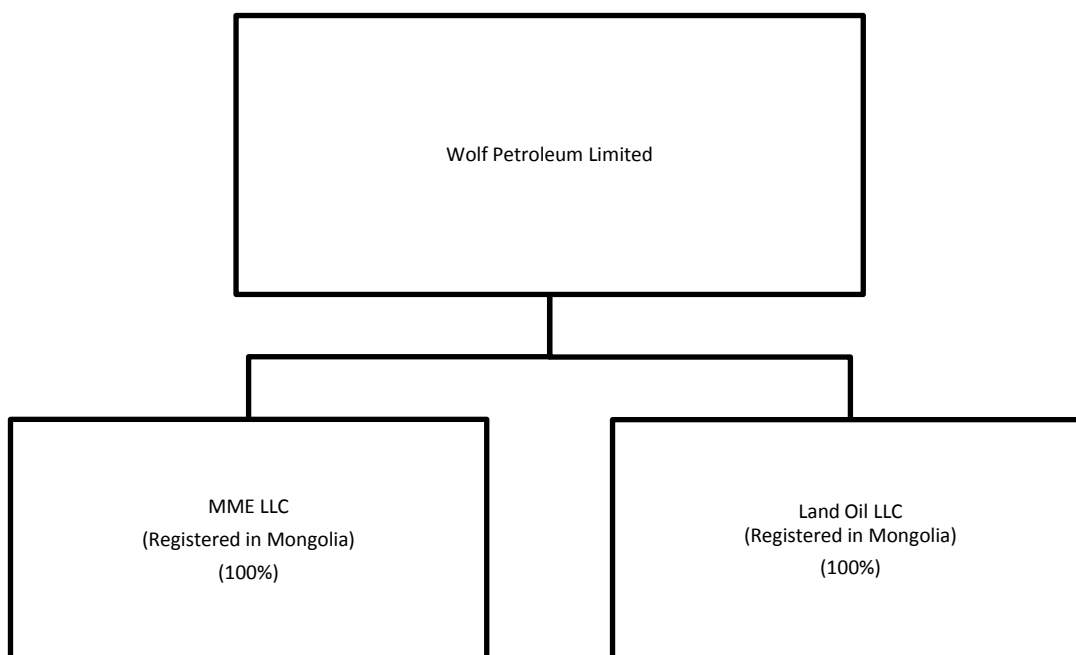
This overview of Wolf and all financial information concerning Wolf contained in this Bidder's Statement has been prepared by the Company using publicly available information.

The information in this Bidder's Statement concerning Wolf has not been independently verified. The Company does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Wolf is not considered to be comprehensive.

### 4.2 Overview of Wolf

Wolf was registered as a public company on 12 October 2010 as an oil and gas exploration, development and production company in Mongolia. It remains an unlisted, public company, limited by shares.

### 4.3 Corporate Structure



### 4.4 Wolf Board of Directors

As at the date of this Bidder's Statement, the directors of Wolf are:

- (a) Mr Matthew Wood – Executive Chairman;



- (b) Mr George Lkhagvadori Tumor – Managing Director;
- (c) Mr Baata Tumor-Ochir – Executive Director and Chief Operating Officer;
- (d) Mr Jason Peterson – Director;
- (e) Mr Jargalsaikhan Dambadarjaa – Non-Executive Director; and
- (f) Mr Timothy Flavel – Director and Company Secretary

#### 4.5 Information about Wolf Securities

According to documents provided by Wolf to ASIC, as at the date of this Bidder's Statement, Wolf's issued securities consisted of 82,775,003 fully paid ordinary shares.

#### 4.6 Substantial Shareholders

The 20 largest shareholders in Wolf were:

Rank	Wolf Shareholder	Number of Wolf Shares	% of Wolf issued share capital <sup>1</sup>
1	Next Level LLC	17,500,000	21.14
2	Nefco Nominees Pty Ltd	6,000,000	7.25
3	Brave Warrior Holdings Ltd	5,000,000	6.04
4	Taycol Nominees Pty Ltd	4,100,000	4.95
5	Mr Jason Peterson + Mrs Lisa Peterson J&L Peterson S/F A/C	3,500,000	4.23
6	Mr Timothy James Flavel The Flavel Investment A/C	3,500,000	4.23
7	Mitchell Grass Holdings Wood Family A/C	3,000,000	3.62
8	Mr Bataa Tumor-Ochir	2,500,000	3.02
9	Borjigon Taij Llc	2,000,000	2.42
10	Altan Tsurai Llc	2,000,000	2.42
11	JP Morgan Nominees Australia Ltd	1,850,000	2.23
12	Mr Khurelbaatar Urtnasan	1,400,000	1.69
13	Verve Resources Llc	1,000,000	1.21
14	Brijohn Nominees Pty Ltd Nelsonio A/C	850,000	1.03
15	Ziziphus Pty Ltd	825,000	1.00
16	Mr Joseph Patrick Burke	675,000	0.82
17	Interstate Investments Pty Ltd	650,000	0.79
18	Surfboard Pty Ltd ARW Super Fund No 1 A/C	645,000	0.78
19	Mr Christopher Simon Lunn	552,500	0.67
20	Albatross Pass Pty Ltd	540,000	0.65

The top 20 holders of ordinary fully paid shares in Wolf total 58,057,500.

**Notes:**

1. Actual voting power may differ from that shown above as there is no obligation to publicly disclose changes in voting power of less than 1%.

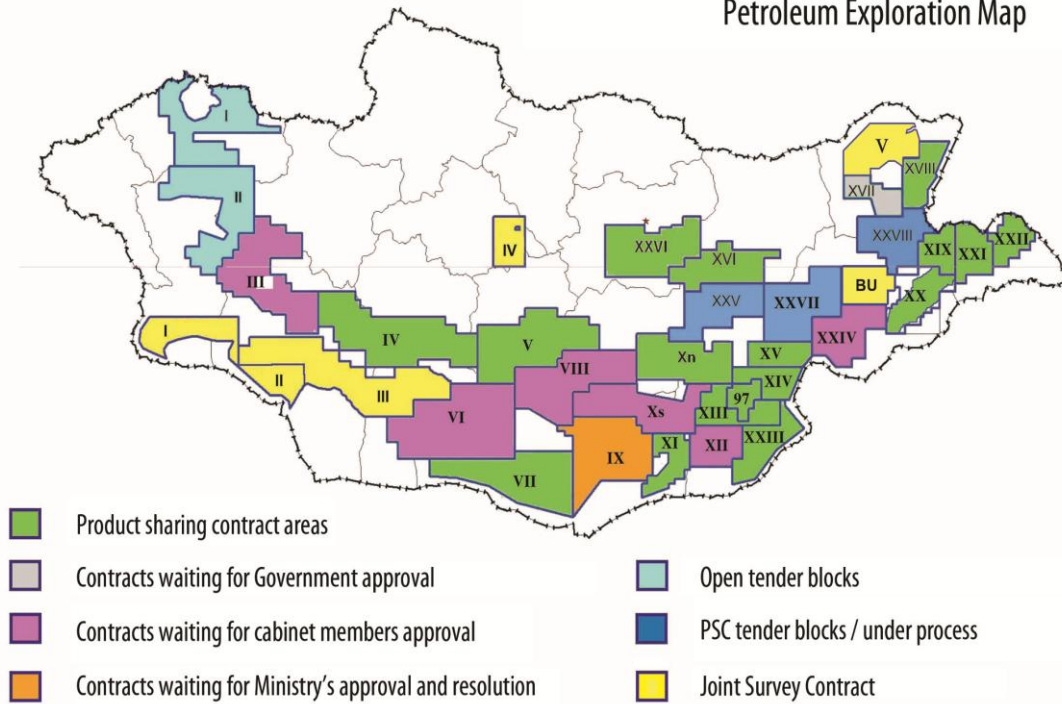
#### **4.7 Overview of Wolf's Activities and Projects**

Wolf is an Australian unlisted public company, with a focus on oil and gas exploration, development and production in Mongolia. In summary, Wolf:

- (a) is an active petroleum explorer in Mongolia and is currently conducting successful work programmes across three blocks;
- (b) has a 72,791 km<sup>2</sup> exploration package assembled across three blocks, with additional blocks being assessed;
- (c) has an aggressive onshore presence, with a low cost exploration base with the possibility for a large upside;
- (d) is located in a strong and growing market domestically in Mongolia and in China;
- (e) has interests in blocks that are proximal to multi-billion barrel oil fields located within Mongolia and within China to the south;
- (f) has near term development potential subject to successful exploration; and
- (g) has an experienced board of directors. The board of directors and senior management team have an enviable track record operating in Mongolia.

The map below illustrates the petroleum exploration currently underway in Mongolia.

## Petroleum Exploration Map

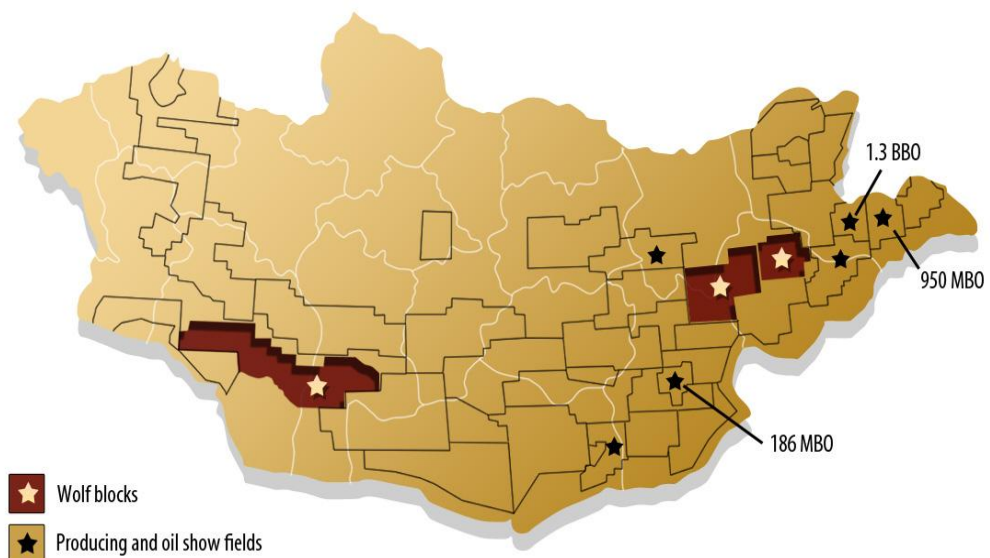


Wolf's business strategy is focussed on oil and gas exploration, development and production in Mongolia. Wolf, through its 100% owned Mongolian subsidiaries, is one of the largest holders of oil and gas exploration acreage in Mongolia.

Wolf's main objective is to increase its value and build a strong local presence in the growing Mongolian oil industry. Wolf seeks value growth through aggressive exploration, acquisition and growth strategy.

In order to achieve these strategies, Wolf seeks to acquire new assets and develop new business opportunities whilst working closely with Mongolian authorities. It has an exploration strategy based on gathering the most experienced local team and partnering them with local and international consultants.

The location of Wolf's Blocks is shown in the map below.



Wolf's main project is the Baruun Urt Block located in Mongolia, over which it has a Petroleum Survey Contract. It also has a Petroleum Survey Contract over the Jinst Block and has recently entered into a draft Production Sharing Contract for the Sukhbaatar Block. The Product Sharing Contract for the Sukhbaatar Block is waiting for government approval. All these projects are located in Mongolia and are referred to as the **Blocks**. A summary of the status of the Blocks is set out below, however for further details please refer to Wolf's website at [www.wolfpetroleum.net](http://www.wolfpetroleum.net).

**(a) Baruun Urt Block – Mongolia**

The Baruun Urt Block is Wolf's main project. The block's total size is 8,744 km<sup>2</sup> and is located between Petro Matad's (AIM) recent oil discovery and Petro China's exploration and development blocks. This region already has successfully operating oil fields.

The Baruun Urt sub basin is an extremely attractive field for further studies and exploration, with oil shales, bitumen occurrences and brown coal distributed across the basin. The dimensions of the basin held by Wolf are approximately 100km by 20km.

The Baruun Urt Block is governed by a Petroleum Survey Contract (formerly a "Joint Survey Contract") entered into between Wolf's wholly owned subsidiary, MME LLC and the Petroleum Authority of Mongolia (**PAM**) initially on 11 October 2010 and renewed on 17 August 2012. The Petroleum Survey Contract relates to the petroleum survey to be conducted on the territory of Khalzan, Asgat and Sukhbaatar soums of Sukhbaatar province (**Contracted Area**), previously known as the Baruun-Urt Area.

The "petroleum survey" means geological and geophysical surveys to be jointly conducted by the parties to the Petroleum Survey Contract for the purpose of determining the potential for petroleum within the Contracted area.

The key terms of the Petroleum Survey Contract of MME LLC are:

- (i) during the term of the Petroleum Survey Contract, the PAM is obligated not to declare the Contracted Area open for bid for exploration works and the PAM shall support MME LLC in carrying out its activities related to the petroleum survey by notifying the local authorities regarding the Contracted Area, organizing meetings and providing assistance to obtain the necessary approvals;
- (ii) it is for a term of 3 years from 15 August 2012 until 15 August 2015, with a renewal of 3 years currently being processed by PAM;
- (iii) MME LLC may make a request to PAM to enter into the Production Sharing Contract for the Contracted Area within one year after the expiry of the term of the Petroleum Survey Contract or the completion of the survey in accordance with the relevant procedure. However, if the PAM declares the areas open for bid for after the expiry of the term of the Petroleum Survey Contract, MME LLC will have to make a request to the PAM just like other companies. As the Petroleum Law of

Mongolia currently stands, holders of Petroleum Survey Contracts do not receive priority rights;

- (iv) income from sales of the data of the survey will be split between the parties to the contract; and
- (v) MME LLC is obligated not to transfer the rights and obligations of the Petroleum Survey Contract and the costs incurred for the survey will not be reimbursed.

According to the reference letter from the PAM dated 21 August, 2012, MME LLC has duly performed its obligations such as conducting survey works to a high quality standard and submitting the necessary reports when due. As confirmed by the PAM, MME LLC has performed its contract obligations in compliance with the laws and regulations of Mongolia and has not been in default or in dispute with respect to the Joint Survey Contract.

**(b) Jinst Block – Mongolia**

The Jinst Block is currently the largest exploration block in Mongolia. On the eastern side of the block, two significant sub basins covering an area of 1,600km<sup>2</sup> and 1,500km<sup>2</sup> have been identified, with an estimated depth of over 2,400 metres.

The Petroleum Survey Contract was entered into between Wolf's wholly owned subsidiary, Land Oil LLC and the PAM initially on 10 February 2011 and renewed on 17 August 2012.

The Petroleum Survey Contract (formerly the "Joint Survey Contract") relates to the petroleum survey to be conducted on the territory of Bugat, Tugrug, Tseel, Altai, Tsogt and Erdene soums of Gobi-Altai province of Mongolia (**Contracted Area**), previously known as the Jinst Area. The "petroleum survey" means geological and geophysical surveys to be jointly conducted by the parties to the Petroleum Survey Contract for purpose of determining the perspectives of the petroleum on the Contracted Area.

The key terms of the Petroleum Survey Contract of Land Oil LLC are:

- (i) during the term of the Petroleum Survey Contract, the PAM is obligated not to declare the Contracted Area open for bid for exploration works. The PAM shall support Land Oil LLC in carrying out activities related to the survey, by notifying the local authorities regarding the Contracted Area, organizing meetings and providing assistance to obtain the necessary approvals;
- (ii) it is for a term of 3 years, from 17 August 2012 to 17 August 2015;
- (iii) Land Oil LLC has the right to enter into a contract with subcontractors for the purpose of performing the contractual obligation;
- (iv) Land Oil LLC may make a request to PAM to enter into the Production Sharing Contract for the Contracted Area within one year after the expiry of the term of contract or the completion of the survey in accordance with the relevant

procedure. However, if the PAM declares the areas open for bid after the expiry of the term of the Petroleum Survey Contract, Land Oil LLC will have to make a request to the PAM just like other companies. As the Petroleum Law of Mongolia currently stands, holders of Petroleum Survey Contracts do not receive priority rights;

- (v) income from sales of the data of the survey will be split 50/50% between the parties to the contract; and
- (vi) Land Oil LLC is obligated not to transfer the rights and obligations of the Petroleum Survey Contract and the costs incurred for the survey will not be reimbursed.

According to the reference letter from the PAM dated 21 August 2012, Land Oil LLC has duly performed its obligations such as conducting survey works to a high quality standard and submitting the necessary reports when due. As confirmed by the PAM, Land Oil LLC has performed its contract obligations in compliance with laws and regulations of Mongolia and has not been in default or in dispute with respect to the Petroleum Survey Contract.

**(c) Sukhbaatar Block – Mongolia**

Sukhbaatar Block is approximately 23,047km<sup>2</sup> in size, with approximately 60% or 12,000 km<sup>2</sup> of the area covered in outcrops that are cretaceous in age with high potential source reservoir rocks at depth.

Wolf has passed through the selection process to obtain the Production Sharing Contract for the Sukhbaatar XXVII area and a draft Production Sharing Contract was signed between PAM and Wolf on 15 June 2012.

The material terms of the Sukhbaatar Production Sharing Contract are that:

- (i) the exploration works are for a term of 5 years commencing from the effective date of the Production Sharing Contract. This can be extended for two successive additional periods of two years. If the company requests the extension of the term, the Government of Mongolia may extend the term by 5 years depending on the performance of the obligations and the need for continuing the exploration works on the contracted area;
- (ii) the development period in respect of each commercial discovery shall take effect on the date of approval from an authorized organization and continue for a period of up to 20 years. This period can be extended for two successive additional periods of five years;
- (iii) Wolf shall have the exclusive right to conduct petroleum operations on the Sukhbaatar XXVII area upon obtaining a special permit in accordance with the Law on Petroleum and the Law on Licensing;
- (iv) Wolf shall place a specified amount in an escrow account for securing the obligations of the Production Sharing Contract for

the first contract year. The terms of this escrow account have not been determined at this stage;

- (v) Wolf shall pay a royalty on total production of crude oil – this can be paid in cash or by an equivalent amount of crude;
- (vi) Wolf shall pay a specified amount to PAM within 60 days from the date the Production Sharing Contract has been approved by the Government of Mongolia, or if production has commenced, Wolf shall pay another amount to PAM, within 30 days from the date production commenced;
- (vii) Wolf shall make certain payments to the Government of Mongolia as determined in the Production Sharing Contract depending on the daily average production of crude oil. These include training fees, earnest money for land, administrative service fees, payments for a supporting representative office of PAM and local areas development; and
- (viii) should Wolf have less than a specified interest under the Sukhbaatar Production Sharing Contract, it may transfer its rights and obligations to other parties, so long as it notifies the Government of Mongolia.

As at the date of this document, the draft Production Sharing Contract is being reviewed by the relevant Ministries and National Security Committee of Mongolia.

#### 4.8 **Wolf Financial Information**

##### **(a) Consolidated Statement of Financial Position**

The historical consolidated statements of financial position of Wolf are set out below and have been extracted from:

- (i) the audited consolidated statement of financial position as at 31 December 2011; and
- (ii) the unaudited management accounts as at 30 June 2012.

##### **(b) Consolidated Statement of Comprehensive Income**

The historical consolidated statements of comprehensive income of Wolf are set out below and have been extracted from:

- (i) the audited consolidated statement of financial position as at 31 December 2011; and
- (ii) the unaudited consolidated management accounts as of and for the half year ended 30 June 2012.

#### 4.9 Wolf Petroleum Consolidated Statement of Financial Position

	Unaudited 30-Jun-12 \$	Audited 31-Dec-11 \$
<b>Current Assets</b>		
Cash and cash equivalents	440,993	4,469,032
Other receivables	176,684	221,726
Other current assets	2,339,424	541,651
<b>Total Current Assets</b>	<b>2,957,101</b>	<b>5,232,409</b>
<b>Non-Current Assets</b>		
Plant and equipment	177,236	177,783
Exploration & evaluation expenditure	4,436,853	3,710,404
<b>Total Non-Current Assets</b>	<b>4,614,089</b>	<b>3,888,187</b>
<b>Total Assets</b>	<b>7,571,190</b>	<b>9,120,596</b>
<b>Current Liabilities</b>		
Trade and other payables	145,568	193,312
<b>Total Current Liabilities</b>	<b>145,568</b>	<b>193,312</b>
<b>Total Liabilities</b>	<b>145,568</b>	<b>193,312</b>
<b>Net Assets</b>	<b>7,425,622</b>	<b>8,927,284</b>
<b>Equity</b>		
Issued capital	9,745,516	9,745,516
Reserves	(55,608)	(138,242)
Accumulated losses	(2,264,286)	(679,990)
<b>Total Equity</b>	<b>7,425,622</b>	<b>8,927,284</b>



#### 4.10 Consolidated Statement of Comprehensive Income

	Unaudited 1 January 2012 to 30 June 2012 \$	Audited 12 October 2010 to 31 December 2011 \$
<b>Revenue from continuing operations</b>		
Interest income	21,583	89,080
Other income	-	7,139
	21,583	96,219
Corporate advisory fee	(30,000)	(25,000)
Employee benefits expense	(113,457)	(112,262)
Foreign exchange loss	5,073	(40,064)
Other expenses	(110,009)	(77,052)
Professional and consulting fees	(1,020,864)	(207,484)
Rental expenses	(171,828)	(105,582)
Service administration fee	(67,968)	(50,000)
Travel expenses	(96,826)	(158,765)
	(1,584,296)	(679,990)
<b>Loss from continuing operations before income tax</b>		
Income tax benefit	-	-
	-	-
<b>Loss from continuing operations after income tax</b>	<b>(1,584,296)</b>	<b>(679,990)</b>
<b>Loss for the period</b>	<b>(1,584,296)</b>	<b>(679,990)</b>
<b>Other comprehensive loss</b>		
Foreign currency translation	82,634	(138,242)
	82,634	(138,242)
<b>Other comprehensive loss for the period, net of tax</b>		
<b>Total comprehensive loss attributable to owners of Wolf Petroleum Limited</b>	<b>(1,501,662)</b>	<b>(818,232)</b>
<b>Loss per share attributable to owners of Wolf Petroleum Limited</b>		
Basic loss per share (cents)	(1.91)	(1.35)

#### 4.11 Further information on Wolf

Wolf maintains a website, [www.wolfpetroleum.net](http://www.wolfpetroleum.net), which contains further information about Wolf and its operations.

Wolf is an unlisted disclosing entity for the purposes of the Corporations Act, as such, is subject to regular reporting and disclosure obligations. Wolf is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Wolf may be obtained from, or inspected at, an ASIC office.

Further information about Wolf will be contained in its target statement.

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## **5. MERGED ENTITY**

### **5.1 Approach**

This Section 5 provides an overview of the Company and its subsidiaries following the acquisition by the Company of all, or a portion of the Wolf Shares on issue (**Merged Entity**), in the various scenarios following the Takeover Offer and the effect of the Takeover Offer on the Company and Wolf.

### **5.2 Disclaimer Regarding Wolf and the Merged Entity Information**

In preparing the information relating to Wolf and the Merged Entity contained in this Bidder's Statement, the Company has relied on publicly available information relating to Wolf and this has not been independently verified by the Company or its Directors. Risks may exist in relation to Wolf (which may affect the Merged Entity) of which the Company is unaware. If any material risks are known to the directors of Wolf, they must be disclosed in the target's statement to be issued by Wolf.

Accordingly, subject to any applicable laws, the Company makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

### **5.3 Profile of the Merged Entity**

If the Takeover Offer is successful, Wolf Shareholders will each receive two and a half (2.5) STZ Shares for every one (1) Wolf Share held by you. After the Takeover Offer, if the Company is successful in obtaining effective control of Wolf, all of the Company's shareholders (including Wolf Shareholders who have received STZ Shares pursuant to the Takeover Offer) will be shareholders in the Merged Entity.

### **5.4 Effect of Completion of the Takeover Offer**

After divestment of the assets currently held by the Company, the Merged Entity plans to hold a portfolio of oil and gas exploration, development and production assets in Mongolia.

The Merged Entity will have a greater capacity to develop its assets, will benefit from a wider level of management experience as well as achieving a strengthening and simplification of the current management arrangements and should achieve cost savings by reducing corporate overheads.

### **5.5 Effect on the Assets and Operations of the Merged Entity**

Following the Takeover Offer being successful, STZ will seek to dispose of its existing assets in an orderly fashion as it shifts its focus from mineral assets to oil and gas.

The Merged Entity will have a stronger financial position with an unaudited pro forma net cash position of approximately \$9,700,000<sup>3</sup> and, prior to any asset divestment, a portfolio of the following assets.

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<sup>3</sup> STZ Annual Report 30 June 2012 and Wolf Petroleum unaudited management accounts as at 30 June 2012

Location	Project	Resource type
Poland	Myszkow	Copper, molybdenum and tungsten
	Kupferschiefer	
Mongolia	Jinst Block Sukhbaatar Block Barrun Urt Block	Oil and gas
Australia	West Musgrave	Copper and nickel

## 5.6 Effect of the Takeover Offer on the Company's Capital Structure

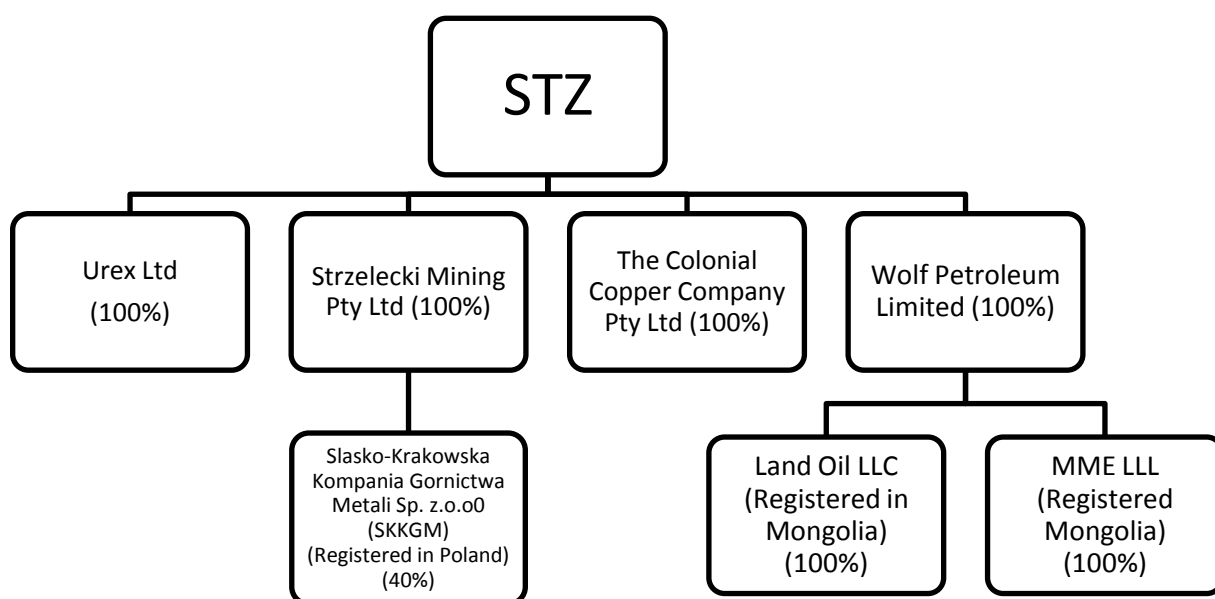
Shares	Number
Current (assuming no options are exercised or other shares issued)	414,000,000
<u>Post 1:10 Consolidation<sup>1</sup></u>	<u>41,400,000</u>
Issue to Wolf Shareholders (Post Consolidation <sup>2</sup> )	206,937,508
<b>TOTAL</b>	<b>248,337,508</b>
<b>Options</b>	
Unlisted Options exercisable at \$0.10 expiring 17 February 2013	2,250,000
Unlisted Options exercisable at \$0.033 expiring 28 November 2015	10,000,000
<u>Sub-Total</u>	<u>12,250,000</u>
<u>Post 1:10 Consolidation</u>	
Unlisted Options exercisable at \$1.00 expiring 17 February 2013	225,000
Unlisted Options exercisable at \$0.33 expiring 28 November 2015	1,000,000
<b>TOTAL</b>	<b>1,225,000</b>

### Notes:

- These numbers are approximations and will be subject to rounding of holdings and assumes 100% acceptance of the Takeover Offer.
- Wolf currently has 82,775,003 fully paid ordinary shares on issue.

## 5.7 Corporate Structure of the Merged Entity

If the Takeover Offer is successful and the Company acquires all Wolf Shares on issue, the corporate structure of the Merged Entity will be as shown in the following diagram;



## 5.8 Basis for preparation of the unaudited pro forma consolidated statement of financial position

The unaudited pro forma consolidated statement of financial position has been prepared in connection with the proposed acquisition of Wolf by STZ. The unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and gives effect to the acquisition by STZ pursuant to the assumptions described in Section 5.2. The unaudited pro forma consolidated statement of financial position as at 30 June 2012 gives effect to the transaction by STZ as if it had occurred as of 30 June 2012.

The unaudited pro forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been achieved if the transaction had been completed on the dates or for the periods presented, nor do they purport to project the results of operations or the financial position of the consolidated entities for any future period or as of any future date. The unaudited pro forma consolidated statement of financial position does not reflect any special items such as integration costs or operating synergies that may be incurred or achieved as a result of the acquisition.

The pro forma adjustments and allocations of the purchase price for the proposed acquisition of Wolf is based on a preliminary determination that the

fair value of net assets acquired will be allocated to the exploration and evaluation assets. The final purchase price allocation will be completed after the transaction is complete.

The unaudited pro forma consolidated statement of financial position has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (**IFRS**).

In preparing the unaudited pro forma consolidated statement of financial position in accordance with IFRS, the following historical information was used:

- (a) the audited consolidated financial report of STZ as of and for the year ending 30 June 2012; and
- (b) the unaudited consolidated management accounts of Wolf as of and for the half-year ended 30 June 2012.

In preparing the pro forma consolidated statement of financial position no alignment has been made between the accounting policies of Wolf and STZ.

## 5.9 Acquisition of Wolf by STZ

As announced to the market on 16 July 2012, the Company has entered into a Heads of Agreement to acquire 100% of the share capital of Wolf. Under the offer, accepting Wolf shareholders will receive post Consolidation of the STZ securities two and a half (2.5) STZ Shares for every one (1) Wolf Share held, implying a theoretical value of A\$0.50 per Wolf share based on the last traded price for STZ Shares prior to the announcement of \$0.02 (13 July 2012, pre-Consolidation), representing a 25% premium to the last capital raising price for Wolf Shares. The implied theoretical value will be the same, pre and post Consolidation of the STZ securities.

For the purpose of determining the preliminary purchase price allocation we have assumed 206,937,507 STZ Shares valued at \$41,387,502 will be issued to Wolf shareholders. The purchase consideration for the proposed acquisition of Wolf will be measured as the fair value of the STZ Shares issued at the date of exchange. Consequently the value of the purchase consideration for accounting purposes will differ from the amount assumed in the pro forma consolidated statement of financial position due to future changes in the market price of STZ Shares.

The difference between the fair value of the purchase consideration transferred by STZ (as discussed in the prior paragraph) and the book value of the net assets of Wolf has been treated as capitalised exploration and evaluation expenditure for pro forma purposes (for reasons described in Section 5.8).

The acquisition of Wolf, if completed, will be accounted for as an asset acquisition with STZ as the acquirer of Wolf's assets.

## 5.10 Pro Forma Consolidated Statement of Financial Position as at 30 June 2012 for the Merged Entity

	STZ	WOLF	Pro forma Adjustments	Section 5.11	STZ Consolidated Pro forma
<b>CURRENT ASSETS</b>					
Cash	4,790,716	440,993	4,468,379	(a)	9,700,088
Receivables	18,057	176,684	-		194,741

Other current assets	-	2,339,424	-	2,339,424
<b>Total Current Assets</b>	<b>4,808,773</b>	<b>2,957,102</b>	<b>4,468,379</b>	<b>12,234,254</b>
<b>NON-CURRENT ASSETS</b>				
Plant & equipment	-	177,236	-	177,236
Investment	669,027	-	-	669,027
Exploration properties	613,612	4,436,853	31,641,986	(b) 36,692,451
<b>Total Non-current Assets</b>	<b>1,282,639</b>	<b>4,614,089</b>	<b>31,641,986</b>	<b>37,538,713</b>
<b>TOTAL ASSETS</b>	<b>6,091,412</b>	<b>7,571,191</b>	<b>36,110,365</b>	<b>49,772,967</b>
<b>CURRENT LIABILITIES</b>				
Creditors and borrowings	90,339	145,568	-	235,907
<b>Total Current Liabilities</b>	<b>90,339</b>	<b>145,568</b>	<b>-</b>	<b>235,907</b>
<b>TOTAL LIABILITIES</b>	<b>90,339</b>	<b>145,568</b>	<b>-</b>	<b>235,907</b>
<b>NET ASSETS</b>	<b>6,001,073</b>	<b>7,425,623</b>	<b>36,110,365</b>	<b>49,537,060</b>
<b>EQUITY</b>				
Share Capital	37,461,067	9,745,516	36,110,365	83,316,948
Reserves	2,666,413	(55,608)	-	2,610,805
Retained Loss	(34,126,407)	(2,264,286)	-	(36,390,693)
<b>TOTAL EQUITY</b>	<b>6,001,073</b>	<b>7,425,623</b>	<b>36,110,365</b>	<b>49,537,060</b>

#### 5.11 Effect of transaction on the unaudited pro forma statement of financial position

The pro forma consolidated statement of financial position incorporates the following pro forma assumptions in relation to STZ's proposed acquisition of Wolf:

- (a) The pro forma adjustment reflects:
- (i) The issue of 25 million STZ shares at \$0.20 per share for the purposes of compliance with Chapters 1 and 2 of the ASX Listing Rules to raise up to \$5,000,000.
  - (ii) The pro forma adjustment provides for the expensing of STZ costs of the transaction and fund raising totalling approximately \$0.53 million. These costs have not been tax affected.
- (b) The pro forma adjustment reflects:
- (i) The preliminary assessment of the acquisition of Wolf gives rise to exploration and evaluation assets of \$41.4 million. As described in Section 5.9, the assessment is subject to change once the values of all assets and liabilities to be acquired have been finalised.
  - (ii) The pro forma adjustment eliminates the historical equity balance of \$9.7 million of Wolf.

## **5.12 Outlook for the Merged Entity**

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to the Company, Wolf or the Merged Entity.

The Company has given careful consideration as to whether there is a reasonable basis to produce reliable and meaningful forecast financial information for the Merged Entity. However, the Company Directors have concluded that as at the date of this Bidder's Statement, it would be misleading to provide forecast financial information for the Merged Entity.

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## **6. INTENTIONS OF STZ**

### **6.1 Disclosure Regarding Forward-Looking Statements**

This Bidder's Statement includes forward-looking statements that have been based on the Company's current expectations and predictions about future events including the Company's intentions (which include those set out in this Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of the Company, Wolf and the Merged Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in this Bidder's Statement (including those set out in Section 8).

None of the Company, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this Bidder's Statement.

### **6.2 STZ's Intentions Regarding Wolf**

#### **(a) Overview**

Subject to the below, it is the present intention of STZ, on the basis of the information concerning Wolf which is known to STZ and the existing circumstances affecting the business of Wolf, that:

- (i) the business of Wolf will otherwise be continued in substantially the same manner as it is presently being conducted;
- (ii) no other major changes will be made to the business of Wolf;
- (iii) there will not be any redeployment of the fixed assets of Wolf; and
- (iv) the present employees of Wolf will otherwise continue to be employed by Wolf.

The current intentions of the Company may change in light of material facts and circumstances at the relevant time.

#### **(b) Intentions Upon Acquisition of 90% or More of Wolf**

If as a result of the Takeover Offer, STZ becomes entitled to compulsorily acquire outstanding Wolf Shares in accordance with Part 6A.1 of the Corporations Act, it intends to proceed with the compulsory acquisition of those shares.

The Company then intends to undertake the steps outlined in 6.2(a) above.

#### **(c) Intentions Upon Gaining Control but Less Than 90% of Wolf**

If, following the close of the Takeover Offer, Wolf becomes a controlled entity, but not a wholly owned subsidiary of STZ, STZ presently intends,



subject to the following, and to the extent possible, and appropriate, to implement the objectives and goals mentioned in 6.2(a).

The extent to which STZ will be able to implement these intentions will be subject to:

- (i) the law and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interests;
- (ii) the legal obligation of the directors of Wolf to act for proper purposes and in the best interests of Wolf shareholders as a whole.

Having regard to this and in particular the possible requirements of minority shareholder approval, it is possible that STZ may not be able to implement some of these intentions.

**(d) Intentions if STZ does not Acquire Effective Control of Wolf**

STZ reserves its right to declare the Takeover Offer free from the 90% minimum acceptance Condition (or any other Condition) to the Takeover Offer. However, STZ has not decided at this stage whether it will free the Takeover Offer from the 90% minimum acceptance Condition (or any other Condition).

If the waiver occurs, STZ intends, subject to the Corporations Act and the ASX Listing Rules, to implement the process outlined in 6.2(a) above.

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## 7. AUSTRALIAN TAX CONSIDERATIONS

### 7.1 Overview

The following summary is a general description of the Australian income tax and CGT consequences for Wolf Shareholders who accept the Takeover Offer and dispose of their Wolf Shares to STZ in accordance with the Takeover Offer.

The summary is based on taxation law and practice in effect at the date of the Takeover Offer. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia, nor does it consider any specific facts or circumstances that may apply to particular Wolf Shareholders. Further, it does not deal with the taxation consequences of disposing of Wolf Shares which may have been issued under an employee shares scheme, which may be subject to specific tax provisions.

The Australian tax consequences for Wolf Shareholders of disposing of their Wolf Shares will depend on a number of factors including:

- (a) whether they are an Australian resident or non-resident for tax purposes;
- (b) whether they hold their Wolf Shares on capital, revenue account or as trading stock;
- (c) when they acquired their Wolf Shares;
- (d) whether they are an individual, a company or a trustee of a complying superannuation entity; and
- (e) whether scrip for scrip rollover relief is available – see Section 7.3 below.

**Given the complexity of the taxation legislation, Wolf Shareholders should seek independent taxation advice regarding the tax consequences of disposing of Wolf Shares given the particular circumstances which apply to them.**

### 7.2 Taxation Consequences for Wolf Shareholders

#### (a) Shareholders holding Wolf Shares as trading stock

Wolf Shareholders who hold their Wolf Shares as trading stock (e.g., as a share trader) will be required to include the value of the consideration from the disposal of their Wolf Shares in their assessable income.

#### (b) Shareholders holding Wolf Shares on Revenue Account

The Australian tax consequences for Wolf Shareholders who hold their Wolf Shares on revenue account and who accept the Takeover Offer will be able to include the amount received (the market value of the STZ Shares) over the cost of acquisition of the Wolf Shares as ordinary assessable income. Where the market value of STZ Shares is less than the cost of Wolf Shares the loss may be claimed as a tax deduction.

#### (c) Non-resident Wolf Shareholders holding Wolf Shares as trading stock or on revenue account

Wolf Shareholders who are a non-resident of Australia and whose Wolf Shares were acquired as trading stock or otherwise on revenue account, should seek their own professional advice. The Australian tax

treatment will depend on the source of any gain and whether a double tax agreement exists between their country of residence and Australia.

**(d) Wolf Shareholders holding Wolf Shares on Capital Account**

In broad terms, the Australian tax consequences for Wolf Shareholders who hold their Wolf Shares on capital account and who accept the Takeover Offer will depend on whether or not 'scrip for scrip' capital gains tax rollover relief is available and, if available, is elected. The following discussion considers the general Australian tax consequences for Wolf Shareholders where:

- (i) rollover relief is not available or is not elected; and
- (ii) rollover relief is available and is elected.

**7.3 Acceptance of the Takeover Offer where Rollover Relief is Available and is Elected**

Australian-resident Wolf Shareholders may be entitled to 'scrip for scrip' CGT rollover relief in respect of the consideration referable to STZ Shares where the exchange of the shares would otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to Wolf Shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain qualifying conditions are satisfied.

In broad terms, these qualifying conditions include the requirement that STZ must make an offer to all shareholders in Wolf to acquire their voting shares on substantially the same terms and STZ must become the owner of at least 80% of the voting shares in Wolf as a consequence of the Takeover Offer.

If the qualifying conditions are satisfied and a Wolf Shareholder elects for rollover relief to apply, the rollover relief is available.

The effect of the rollover relief is that the Wolf Shareholder's total capital gain will be deferred until the STZ Shares are disposed of.

The CGT cost base of the new STZ Shares acquired in the exchange is determined by reasonably attributing to it the CGT cost base of the Wolf Shares for which a rollover was obtained. For example, the CGT cost base for one (1) Wolf Share will be apportioned to the two and a half (2.5) STZ Shares received for each Wolf Share. Further, the Wolf Shareholders will be taken to acquire their STZ Shares at the time they originally acquired their Wolf Shares (for the purpose of determining any entitlement to a discount on an otherwise assessable capital gain in relation to a subsequent dealing in their new STZ Shares).

As discussed above, rollover relief will only be available if the qualifying conditions are satisfied and Wolf Shareholders elect to apply for it. Further, rollover relief is not available if Wolf Shareholders realise a capital loss on the disposal of their Wolf Shares.

Scrip for scrip rollover relief does not apply automatically and must be elected. The election to utilise scrip for scrip rollover relief is evidenced by the manner in which the tax return for the relevant income year is prepared although it may be prudent to keep a written record of that election with your tax records.

Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, Wolf Shareholders should seek independent taxation advice regarding their particular circumstances.

Non-resident Wolf Shareholders could only obtain rollover relief in very limited circumstances. It is imperative that non-residents seek independent tax advice to confirm their Australian tax position.

#### **7.4 Acceptance of the Takeover Offer where Rollover Relief is Not Available or is Not Elected**

Acceptance of the Takeover Offer is likely to involve a disposal by a Wolf Shareholder of their Wolf Shares for CGT purposes.

An Australian-resident Wolf Shareholder may make a capital gain or capital loss, depending on whether their capital proceeds from the exchange are more than the cost base of their Wolf Shares, or whether those capital proceeds are less than the cost base of those shares.

Wolf Shareholders who are not resident in Australia for tax purposes will generally be subject to Australian CGT on the disposal of Wolf Shares if:

- (a) together with their Associates, they directly or indirectly own at least 10% or more (by value) of the shares in Wolf:
  - (i) at the time of the sale; or
  - (ii) throughout a 12 month period beginning no earlier than 24 months before the time of the sale and ending no later than the time of the sale; and
- (b) if more than 50% of the value of Wolf's assets is attributable to Australian real property,

subject to the terms of any applicable double tax agreement. It is imperative that non-residents independently confirm their Australian tax position.

The capital proceeds that a Wolf Shareholder will be taken to have received in respect of the disposal of their Wolf Shares will generally be the market value of STZ Shares on the date of implementation of the Takeover Offer.

The cost base of Wolf Shares will generally be the cost at which they were acquired including any incidental costs of acquisition.

Where the amount of capital proceeds received by a Wolf Shareholder in respect of the disposal of their Wolf Shares is greater than the cost base of those Wolf Shares, then the shareholder should realise a capital gain for Australian CGT purposes.

Where the amount of capital proceeds received by a Wolf Shareholder in respect of the disposal of their Wolf Shares is less than the reduced cost base of those Wolf Shares, then the Wolf Shareholder should realise a capital loss for Australian CGT purposes. Where it is expected that a capital gain will result, if a Wolf Shareholder does not elect for rollover relief, or that relief is not available, then partial tax relief may be available in the form of the CGT discount.

Specifically, where Wolf Shares have been held for at least 12 months before their disposal, a Wolf Shareholder who is an individual, a complying superannuation entity or the trustee of a trust should be able to reduce the

capital gain arising from the disposal of Wolf Shares by the CGT discount (see below).

The CGT discount will be available if the relevant Wolf Shares have been held for at least 12 months.

Subject to the Wolf Shareholder having any capital losses or net capital losses from previous income years, where the CGT discount is available, eligible Wolf Shareholders which are individuals or trustees of trusts will reduce the capital gain arising on the disposal of Wolf Shares by one-half. For individuals, this reduced gain should be assessed at the Wolf Shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

Subject to the Wolf Shareholder having any capital losses or net capital losses from previous income years, where Wolf Shares are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any capital losses or net capital losses from previous income years. Wolf Shareholders having any capital losses or net capital losses from previous income years should seek independent advice in relation to the potential availability of the CGT discount.

#### **7.5 Wolf Shareholders who are Companies will Not be Entitled to the CGT Discount**

Companies are not entitled to the CGT discount. The capital gain or capital loss will be calculated with reference to the capital proceeds less the cost base or reduced cost base of the shares. Where a company realises a capital gain, it may be eligible to reduce that gain with capital losses from previous income years. We recommend that companies seek advice from their professional tax advisor in relation to the availability and deductibility of capital losses.

#### **7.6 GST**

GST should not apply to the disposal of Wolf Shares under the Takeover Offer, the issue of STZ Shares under the Takeover Offer, or any subsequent disposal of STZ Shares.

Wolf Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in STZ or Wolf. Wolf Shareholders should seek their own tax advice in this respect.

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## **8. RISK FACTORS**

### **8.1 Overview**

If the Offer becomes unconditional, Wolf Shareholders who accept the Offer will become STZ Shareholders. In those circumstances, Wolf Shareholders will:

- (a) continue to be exposed to the risks associated to the investment in Wolf as a result of their indirect interest in Wolf through STZ;
- (b) be exposed to the risks which are specific to an investment in STZ, subject to the possible divestment of the STZ Assets; and
- (c) be exposed to additional risks relating to the Offer and the Merged Entity.

These risks are explained below. Wolf Shareholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Offer. By accepting the Offer, Wolf Shareholders will be investing in STZ.

The business activities of STZ and the Merged Entity are subject to various risks that may impact on the future performance of STZ and the Merged Entity. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of STZ and the Merged Entity and cannot be mitigated.

Accordingly, an investment in the Merged Entity carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following.

### **8.2 Risks Relating to the Offer**

#### **(a) Issue of STZ Shares as consideration**

Wolf Shareholders are being offered specific quantities of STZ Shares as consideration under the Offer. As a result, the value of the consideration will fluctuate depending upon the market value of STZ Shares at any given time. Accordingly, the market value of the STZ Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer.

#### **(b) Rollover Relief**

A condition of the Offer is that the level of acceptance must result in STZ obtaining a Relevant Interest in at least 90% of all Wolf Shares.

If STZ does not acquire a Relevant Interest in at least 80% of Wolf Shares, scrip-for-scrip CGT rollover relief will not be available to Wolf Shareholders. Refer to Section 7 above for further details.

#### **(c) Sale of STZ Shares**

Under the Offer, STZ will issue a significant number of new STZ Shares. Some holders of STZ Shares may not intend to continue to hold their STZ Shares and may wish to sell them. There is a risk that this may adversely impact on the price of and demand for STZ Shares.

**(d) Acquisition of Less than 90% of Wolf Shares**

It is possible that STZ could acquire a Relevant Interest of less than 90% of Wolf Shares on issue under the Offer. The existence of a minority interest in Wolf may have an impact on the operations of the Merged Entity, although this impact will depend upon the ultimate level of Wolf ownership acquired by STZ.

**(e) Stamp Duty and Government Charges**

Stamp duty and other government charges may be payable by STZ in relation to the Offer. The amount of these duties and charges may be material.

**(f) Dilution Risk**

The consideration for the Offer is the Consideration Shares. If the Offer is completed, there will be a dilution for current Shareholders as a result of these Consideration Shares being issued.

**8.3 Risks Relating to the Merged Entity**

This Section 8.3 sets out risks that are specific to STZ and Wolf as the Merged Entity.

**(a) Additional Requirements for Capital**

STZ will be required to raise additional funds in the future in the event exploration costs exceed STZ's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which STZ may incur.

STZ may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for STZ's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Wolf Projects, or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to STZ and might involve substantial dilution to Shareholders.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by STZ may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that STZ would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by STZ or default under a finance lease could also result in the loss of assets.

**(b) Exploration Risks**

By its nature, the business of oil and gas exploration contains elements of significant risk with no guarantee of success. Ultimate and continuous exploration success is dependent on many factors such as:

- (i) access to adequate capital;
- (ii) the design and construction of efficient exploration programs and expenditure budgets;
- (iii) securing and maintaining title to interests;
- (iv) obtaining consents and approvals necessary for the conduct of oil and gas exploration; and
- (v) access to competent exploration and operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Industry exploration risks include fire, explosions, unanticipated reservoir problems which may affect field production performance, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty (such as lack of sufficient sub-surface data from correlative well logs and/or formation core analyses). The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

Drilling activities carry risk as such activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment. In addition, drilling and operations include reservoir risk such as the presence of shale laminations in the otherwise homogeneous sandstone porosity.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

**(c) Oil and gas price fluctuations**

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.



**(d) Trading Price of STZ Shares**

STZ's operating results, economic and financial prospects and other factors will affect the trading price of the STZ Shares. In addition, the price of STZ Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the Australian dollar and United States dollar performance on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general or Australian mining stocks in particular, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the STZ Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that STZ's market performance will not be adversely affected by any such market fluctuations or factors.

**(e) Title Risk**

STZ cannot give any assurance that title to the STZ or Wolf Projects will not be challenged or impugned for various reasons, including that they may be subject to prior unregistered agreements or transfers or title may be affected by undetected defects.

**(f) Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of STZ depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on STZ if one or more of these employees cease their employment.

**(g) Legal risks associated with operating in Mongolia**

Mongolian operations are subject to the jurisdiction of Mongolia's courts, except where parties to a contract have chosen arbitration (local and international such as Hong Kong, Singapore or London Arbitration). The legal system operating in Mongolia is developing which may result in risks such as:

- (i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;
- (ii) a high degree of discretion on the part of governmental agencies;
- (iii) a lack of political or administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights; or
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions.

The commitment to local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licenses and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that the Blocks and other legal arrangements will not be adversely affected by the actions of the government authorities or others and the effective enforcement of such arrangements cannot be assured.

In the case where there is a dispute about the actions of the State in Mongolia with regard to the Blocks, it is unlikely that a claim could be raised in Australian courts for reasons of comity or the doctrine of sovereign immunity.

The introduction of new legislation or amendments to existing legislation by governments, developments in existing law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern operations or contractual obligations in Mongolia, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its shares. In addition there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.

**(h) Uncertainties regarding necessary approvals**

Under Mongolian Petroleum Law, neither MME LLC nor Land Oil LLC have any priority in relation to applying to the PAM for a Production Sharing Contract. Within 1 year from the completion of the Production Survey Contract period.

The Draft Law on Petroleum contains a clause that the Petroleum Survey Contracts provide priority rights to companies that have conducted surveys when applying for Production Sharing Contracts. Therefore, should the Draft Law on Petroleum be passed before August 2015 (being the expiration date of the Jinst and Baruun Urt contracts), this risk will reduce as both MME LLC and Land Oil LLC will have priority when applying for Production Sharing Contracts for the Baruun Urt and Jinst Blocks respectively.

**(i) Competition Risk**

The industry in which STZ will be involved is subject to domestic and global competition. Although STZ will undertake all reasonable due diligence in its business decisions and operations, STZ will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of STZ's projects and business.

**(j) Force Majeure**

Both STZ, Wolf and their respective projects, now or in the future may be adversely affected by risks outside the control of STZ and Wolf including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

**(k) Litigation Risks**

STZ and Wolf are exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, STZ and Wolf may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on STZ's and Wolf's operations, financial performance and financial position. STZ is not currently engaged in any litigation.

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## **9. ADDITIONAL INFORMATION**

### **9.1 STZ's Interest in Wolf Shares**

As at the date of this Bidder's Statement:

- (a) STZ has no voting power in Wolf; and
- (b) STZ has no Relevant Interest in Wolf Shares.

Immediately before the first Takeover Offer is sent:

- (a) STZ has no voting power in Wolf; and
- (b) STZ has no Relevant Interest in Wolf Shares.

As part of the Takeover Offer, STZ has agreed to loan up to AUD\$500,000 (**Loan Amount**) to Wolf on usual commercial terms to assist Wolf to continue its exploration programme on the Blocks. In the event that the Takeover Offer does not become unconditional by 30 November 2012, the Loan Amount must be repaid by Wolf within 10 days of the Company serving notice on Wolf that the Loan Amount must be repaid. In the event that the Takeover Offer does become unconditional by 30 November 2012, the Loan Amount must be repaid by Wolf by 31 December 2013.

### **9.2 Acquisitions of Wolf Shares by STZ and its Associates**

#### **(a) Previous 4 months**

Neither STZ nor any Associate of STZ has provided, or agreed to provide, consideration for Wolf Shares under any purchase or agreement during the period beginning 4 months before the date of this Bidder's Statement ending on the day immediately before the date of this Bidder's Statement.

#### **(b) Period before Takeover Offer**

Neither STZ nor any Associate of STZ has provided, or agreed to provide, consideration for Wolf Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Takeover Offer.

### **9.3 No Escalation Agreements**

Neither STZ nor any Associate of STZ has entered into any escalation agreement that is prohibited by Section 622 of the Corporations Act.

### **9.4 Collateral Benefits**

#### **(a) Previous 4 months**

During the period beginning 4 months before the date of this Bidder's Statement and ending on the day immediately before the date of this Bidder's Statement, neither STZ nor any Associate of STZ gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Takeover Offer; or

- (ii) dispose of their Wolf Shares,

and which is not offered to all holders of Wolf Shares under the Takeover Offer.

**(b) Period before Takeover Offer**

During the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Takeover Offer, neither STZ nor any Associate of STZ gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Takeover Offer; or
- (ii) dispose of their Wolf Shares,

and which is not offered to all holders of Wolf Shares under the Takeover Offer.

**9.5 Disclosure of Information**

Due to the fact that STZ is offering STZ Shares as consideration for the acquisition of Wolf Shares under the Takeover Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Wolf Shares under Sections 710 to 713 of the Corporations Act.

As a company whose shares are quoted on ASX, STZ is subject to regular disclosure requirements. In particular, STZ is required to disclose information concerning its finances, activities and performance. This disclosure is available on STZ's website as well as on the ASX website (ASX Code: STZ).

Please refer to Section 3.7 for further details in relation to STZ's corporate governance policies.

**9.6 Interests and Benefits Relating to the Takeover Offer**

**(a) Interests**

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (i) director or proposed director of STZ;
- (ii) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (iii) promoter of STZ; or
- (iv) broker or underwriter in relation to the issue of STZ Shares pursuant to the Takeover Offer or financial services licensee named in this Bidder's Statement as being involved in the issue of STZ Shares,

(together, the **Interested Persons**) has, or had within 2 years before the date of this Bidder's Statement, any interest in:

- (v) the formation or promotion of STZ;

- (vi) any property acquired or proposed to be acquired by STZ in connection with its formation or promotion or in connection with the offer of STZ Shares under the Takeover Offer; or
- (vii) the offer of STZ Shares under the Takeover Offer.

(b) **Implied Value of the Takeover Offer**

Based on the closing price of a STZ Share on ASX on 15 July 2012 (the last trading day before the announcement of the Takeover Offer) of \$0.20 (on a post Consolidation basis or \$0.02 on a pre Consolidation basis), the implied value of the Takeover Offer is \$0.50 per Wolf Share.

Based on the closing price of a STZ Share on ASX on 12 September 2012 (the last practicable trading day before this Bidder's Statement was lodged with ASIC), of \$0.16 (on a post Consolidation basis or \$0.016 on a pre Consolidation basis), the implied value of the Takeover Offer is \$0.40 per Wolf Share.

The implied value of the Takeover Offer will change as a consequence of changes in the market price of STZ Shares from time to time. The following table may assist Wolf Shareholders to determine the implied value of the Takeover Offer at different STZ Share price levels. The table is not an indication of prices at which STZ Shares may trade – STZ Shares may trade within this range or at higher or lower levels. The prices in the table are the same pre and post the Consolidation of the STZ shares.

Price of a STZ Share (\$)		Implied offer price for a Wolf Share (\$)
Post-Consolidation	Pre-Consolidation	
\$0.05	\$0.005	\$0.125
\$0.10	\$0.01	\$0.25
\$0.15	\$0.015	\$0.375
\$0.20	\$0.02	\$0.50
\$0.25	\$0.025	\$0.625
\$0.30	\$0.03	\$0.75
\$0.35	\$0.035	\$0.875
\$0.40	\$0.04	\$1.00
\$0.45	\$0.045	\$1.125
\$0.50	\$0.05	\$1.25

(c) **Disclosure of Fees and Benefits Received by Certain Persons**

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (i) to a director or proposed director of STZ to induce them to become, or to qualify as, a director of STZ; or
- (ii) for services provided by an Interested Person in connection with the formation or promotion of STZ or the offer of STZ Shares under the Takeover Offer.

The Company has entered into an agreement with Garrison Capital Pty Ltd (**Corporate Adviser** or **Garrison Capital**) to provide corporate advisory services. The Company will pay Garrison Capital \$200,000 (plus GST) payable fourteen (14) days after the approval of the STZ shareholders of the resolutions required to give effect to the Takeover Offer and Garrison Capital or its nominees will be granted 5,000,000 unlisted Options with an exercise price of 25 cents and an expiry of 31 December 2016. The grant of the Options is subject to STZ Shareholder approval.

Garrison Capital is a company associated with Directors Messrs, Brian McMaster and Matthew Wood who are directors and shareholders of Garrison Capital.

**(d) Expenses of the Takeover Offer**

The total amount of cash that STZ may become obliged to pay to satisfy all expenses incurred by STZ and relating to the Takeover Offer will be provided from STZ's existing cash balances.

STZ estimates it will incur fees for services provided in connection with the Takeover Offer, including for legal, taxation, financial advisers, share register and ASX and other professional fees, in the amount of approximately \$530,000 (excluding GST).

**9.7 Disclosure of Interests of Directors**

The directors of STZ have the following interests in STZ securities as at the date of this Bidder's Statement.

<b>Director<sup>1</sup></b>	<b>Shares</b>	<b>Options</b>
Mr Mathew Wood	1,535,910	Nil
Mr Brian McMaster	1,000,000	Nil
Mr John Santich	2,481,194	275,000 (exercisable at \$0.33 cents on or before 28 November 2015)
Mr Peter Hunt	27,385	275,000 held directly (exercisable at \$0.33 cents on or before 28 November 2015)

**Notes:**

1. This table includes interests held by related parties of the Directors.

The directors of STZ have the following interests in Wolf securities as at the date of this Bidder's Statement.

<b>Director<sup>1</sup></b>	<b>Shares</b>	<b>Options</b>
Mr Mathew Wood	3,900,000	Nil
Mr Brian McMaster	500,000	Nil
Mr John Santich	Nil	Nil
Mr Peter Hunt	Nil	Nil

## 9.8 Fees and Benefits of Directors

The Constitution of STZ provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by STZ in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The annual remuneration (inclusive of superannuation) of the Directors for the last two financial years and the current financial year is as follows:

Director	2011 Financial Year	2012 Financial Year	2013 Financial Year (proposed)
Mr Mathew Wood	Nil	\$20,000	\$120,000
Mr Brian McMaster	Nil	\$20,000	\$120,000
Mr John Santich	\$110,000 <sup>4</sup>	\$189,621 <sup>52</sup>	-
Mr Peter Hunt	\$60,000	\$60,000	-

STZ's financial year end is 30 June.

Directors, companies associated with the Directors or their Associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of STZ and other miscellaneous expenses.

The remuneration of Directors is reviewed annually by STZ. The figures for the 2013 Financial Year are current as at the date of this Bidder's Statement.

## 9.9 Material Litigation

STZ is not aware of any instituted or threatened litigation, or other legal proceedings in relation to STZ.

## 9.10 Ineligible Foreign Shareholders

Wolf Shareholders who are Ineligible Foreign Shareholders will not be entitled to receive STZ Shares as consideration for their Wolf Shares pursuant to the Takeover Offer.

A Wolf Shareholder is an Ineligible Foreign Shareholder for the purposes of the Takeover Offer if their address as shown in the register of members of Wolf is in a jurisdiction other than Australia or its external territories or New Zealand. However, such a person will not be an Ineligible Foreign Shareholder if STZ is satisfied, in its sole discretion, that it is not legally or practically constrained from making the Takeover Offer to a Wolf Shareholder in the relevant jurisdiction and to issue STZ Shares to such a Wolf Shareholder on acceptance of the Takeover Offer, and that it is lawful for the Wolf Shareholder to accept the Takeover Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else

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<sup>4</sup> This comprises \$50,000 for superannuation and \$60,000 salary.

<sup>5</sup> This comprises \$45,833 for superannuation and \$143,788 salary.



in this Bidder's Statement, STZ is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The STZ Shares which would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to the Sale Nominee who will sell these shares. The proceeds of the sale (less any transaction costs) of such shares will then be remitted to the relevant Ineligible Foreign Shareholders.

### **9.11 Unmarketable Parcels**

If the total number of STZ Shares which a Wolf Shareholder is entitled to receive as consideration under the Takeover Offer is an Unmarketable Parcel, that Wolf Shareholder will be an Unmarketable Parcel Shareholder and will not be entitled to receive STZ Shares as consideration for its Wolf Shares pursuant to the Takeover Offer.

The STZ Shares which would otherwise have been issued to Unmarketable Parcel Shareholders will instead be issued to the Sale Nominee who will sell those shares. The proceeds of the sale (less any transactions costs) of such shares will then be remitted to the relevant Unmarketable Parcel Shareholders.

### **9.12 Status of Conditions**

The conditions of the Takeover Offer are set out in Section 1.10 of Annexure A. STZ will use all reasonable endeavours to ensure the Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

As at the date of this Bidder's Statement, STZ is not aware of any events which would result in a breach or inability to satisfy the Conditions.

STZ will give a notice of the status of the Conditions in accordance with the Corporations Act on 22 October 2012 (subject to extension if the Offer Period is extended).

### **9.13 Regulatory Approvals**

As contained in 4(v) of the Conditions, the Takeover Offer is conditional upon obtaining various approvals, including from STZ Shareholders, the ASX and the ASIC.

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable. ASX Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of Shareholders and must comply with any requirements of ASX in relation to the Notice of Meeting.

ASX has indicated to the Company that, given the significant change in the nature and scale of the activities of the Company upon completion of the Takeover Offer, it requires the Company to obtain the approval of its Shareholders.

Additionally, ASX has informed STZ that Shareholder approval and compliance with Chapters 1 and 2 is required. Amongst other things, the provisions of Chapters 1 and 2 of the Listing Rules require the Company to undertake or comply with the following:

- (a) subject to any exemptions granted by the ASX, any new Share issues must be made at a minimum of \$0.20 in order to raise additional working

capital and any options must have an exercise price of no less than \$0.20;

- (b) obtain the requisite shareholder spread;
- (c) prepare a prospectus, which will be in accordance with the provisions of the Corporations Act 2001;
- (d) have an appropriate structure and operations; and
- (e) satisfy either of the tests set down in the Listing Rules in relation to the Company's profitability or the Company's asset value.

Pursuant to the Notice of Meeting, STZ will seek Shareholder approval for these approvals, as relevant.

Further information in relation to the necessary approvals and compliance requirements is contained in the Notice of Meeting.

#### **9.14 Consents**

Each of the parties referred to in this Section 9.13:

- (a) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this Section 9.13; and
- (b) has not caused or authorised the issue of this Bidder's Statement.

Each of the following has consented to being named in this Bidder's Statement in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC:

- (a) Steinepreis Paganin as Australian legal advisors to the Company in relation to the Takeover Offer;
- (b) Computershare Investor Services Pty Limited as the share registry of the Company; and
- (c) Grant Thornton as the Company's auditor and also to the inclusion of the Company's 2009 – 2012 audited accounts in this Bidder's Statement.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or on the company announcement platform of ASX. Under the Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of these reports or statements free of charge, please contact STZ on +61 8 9200 4428.

As permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement contains ASX share price trading information sourced from ASX without its consent.

**9.15 Other Material Information**

There is no other information material to the making of a decision by a holder of Wolf Shares whether or not to accept the Takeover Offer being information that is known to STZ and which has not previously been disclosed to Wolf Shareholders other than as is contained elsewhere in this Bidder's Statement.

**9.16 Expiry Date**

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

**9.17 Date for Determining Holders**

For the purposes of Section 633 of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Record Date.

**9.18 ASIC Modifications and Exemptions, ASX Waivers**

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including STZ, in relation to the operation of Chapter 6 of the Corporations Act. STZ may rely on this "Class Order" relief.

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**10. DIRECTORS AUTHORISATION**

This Bidder's Statement is dated 12 September 2012 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of STZ.

**Signed for and on behalf of  
Strzelecki Metals Limited  
Brian McMaster  
Chairman**

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## 11. DEFINITIONS AND INTERPRETATION

### 11.1 Definitions

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

**\$** or **Dollar** means Australian dollars.

**Acceptance Form** means the form of acceptance for the Offer accompanying this Bidder's Statement or alternatively any acceptance form sent to a Wolf Shareholder by STZ's share registry in relation to the Offer, as the context requires.

**Announcement Date** means 16 July 2012, being the date the Offer was announced on ASX.

**Associate** has the meaning given in chapter 6 of the Corporations Act.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as the context requires).

**ASX Settlement Corporation** means ASX Settlement Pty Ltd ABN 49 008 504 532.

**ASX Settlement Operating Rules** means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHESS subregisters.

**ASX Listing Rules** means the official listing rules of ASX, as amended from time to time.

**Bid Period** has the meaning given to that term in the Corporations Act.

**Bidder's Statement** means this document including the Annexures.

**Blocks or the Wolf Projects** means, as the context requires, the joint survey exploration block contracts held by Wolf and located at Jinst, Baruun Urt and Sukhbaatar as well as any other assets held by Wolf, further details of which are set out in Section 4.7 of this Bidder's Statement.

**Board** or **STZ Board** means the board of directors of STZ.

**Business Day** means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.

**CGT** means capital gains tax as defined in the *Income Tax Assessment Act 1997* (Cth).

**CHESS** means Clearing House Electronic Subregister System as defined in Rule 2.3.1 of the ASX Settlement Operating Rules.

**CHESS Holding** means a number of Wolf Shares which are registered on Wolf's share register being a registered administered by the ASX Settlement Corporation and which records uncertified holdings of shares.

**Company** or **STZ** means Strzelecki Metals Limited (ABN 35 116 249 060) or the Merged Entity as the context requires.

**Conditions** means the conditions set out in Section 1.10 of Annexure A.

**Consolidation** means the consolidation of the capital of STZ on a 1:10 basis.

**Constitution** means the constitution of STZ.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of STZ as at the date of this Bidder's Statement.

**Government Agency** means a government or government department, a governmental or semi-governmental or judicial person (whether autonomous or not) charged with the administration of any applicable law.

**Independent Directors** means Mr Brian McMaster, Mr John Santich and Mr Peter Hunt.

**Ineligible Foreign Shareholder** means any Wolf Shareholder whose address, as entered in the register of members of Wolf, is in a jurisdiction other than Australia (and its external Territories) and New Zealand, unless STZ otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to an Wolf Shareholder in the relevant jurisdiction and to issue STZ Shares to such an Wolf Shareholder on acceptance of the Offer, and that it is not unlawful for such an Wolf Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

**Merged Entity** means STZ and its subsidiaries or the Company following the acquisition by STZ of all, or a portion of Wolf Shares on issue.

**Notice of Meeting** means the Notice for the meeting of Shareholders of STZ as required under the ASX Listing Rules and the Corporations Act

**Offer Consideration** means, two and a half (2.5) STZ Shares for every one (1) Wolf Share held by you on a post Consolidation basis, equal to 25 STZ Shares for every 1 Wolf share held pre Consolidation of STZ's securities.

**Offer Period** means the period during which the Offer is open for acceptance.

**Official List of the ASX** means the official list of entities that ASX has admitted and not removed.

**PAM** means the Petroleum Authority of Mongolia.

**Perth Time** means Perth (Western Australia) Standard Time.

**Record Date** means the date set by STZ under Section 633(2) of the Corporations Act, being 5:00pm (Perth time) on 12 September 2012.

**Relevant Interest** has the meaning given in Section 9 of the Corporations Act.

**Rights** means all accreditations, benefits and rights attaching to or arising from SCR Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by SCR).

**Sale Nominee** means the nominee approved by ASIC for the sale of Wolf Shares held by the Ineligible Foreign Shareholders and the Unmarketable Parcel Shareholder.

**STZ** or **Company** means Strzelecki Metals Limited (ABN 35 116 249 060) or the Merged Entity as the context requires.

**STZ Share** means a fully paid ordinary share in the capital of STZ.

**STZ Shareholder** means a holder of a STZ Share.

**Subsidiary** means a subsidiary within the meaning given to that term in Section 9 of the Corporations Act.

**Takeover Offer** means the off market takeover offer by STZ of two and a half (2.5) STZ Shares for every one (1) Wolf Share held by you on a post Consolidation basis, equal to 25 STZ shares for every 1 Wolf share held pre Consolidation of STZ's securities, on the terms and conditions set out in this Bidder's Statement.

**Unmarketable Parcel** means a number of STZ Shares which is less than a "marketable parcel" under the market rules of the ASX (currently a parcel of less than \$500), calculated based on the highest closing price for STZ Shares published during the Bid Period (or, in relation to STZ Shares issued in respect of accepting Wolf Shareholders during the Bid Period, based on the highest closing price for STZ Shares published between the start of the Bid Period until the last trading day before STZ issues those STZ Shares).

**Unmarketable Parcel Shareholder** means a Wolf Shareholder in respect of whom the total number of STZ Shares to which that Wolf Shareholder would be entitled to receive as consideration under the Offer is an Unmarketable Parcel.

**Wolf** means Wolf Petroleum Limited (ABN 17 146 794 176).

**Wolf Board** means the board of directors of Wolf.

**Wolf Share** means a fully paid ordinary share in the capital of Wolf.

**Wolf Shareholders** means all persons who hold Wolf Shares.

**Your Shares** means the Wolf Shares: (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of Wolf at the opening of business (Sydney Time) on the Record Date; or (b) to which you are able to give good title at the time you accept this Offer during the Offer Period.

## 11.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Perth (Western Australian) time, unless otherwise stated;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a Section is to a Section of this Bidder's Statement;
- (e) a gender includes all genders;

- (f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (n) a reference to you is to a person to whom the Takeover Offer is made; and
- (o) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.



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## ANNEXURE A – TERMS OF TAKEOVER OFFER

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### 1.1 General Terms

- (a) STZ offers to acquire all of Your Shares, together with all Rights attached to them, on the following terms and conditions set out in this Takeover Offer.
- (b) The Offer Consideration being offered by STZ for the acquisition of all of Your Shares is two and a half (2.5) STZ Shares for every one (1) Wolf Share (on a post Consolidation basis) you own, subject to the terms and conditions set out in this Takeover Offer.
- (c) If, you become entitled to a fraction of a STZ Share under the Takeover Offer, the number of STZ Shares will be rounded up to the nearest whole STZ Share (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5).
- (d) If you are an Ineligible Foreign Shareholder at the time the Takeover Offer is made to you then, despite any other provision of this Takeover Offer, you may be offered and may receive for Your Shares a cash amount calculated under Section 1.8 of this Annexure A.
- (e) If you accept the Takeover Offer and are eligible under the Takeover Offer to be issued an Unmarketable Parcel of STZ Shares, the STZ Shares to which you would otherwise be entitled under the Takeover Offer will be sold by the Sale Nominee as if you were an Ineligible Foreign Shareholder, with the proceeds of the sale (less any transaction costs) remitted to you in accordance with Section 1.9 of this Annexure A.
- (f) The STZ Shares to be issued pursuant to this Takeover Offer will be fully paid and, from their date of issue, rank equally in all respects with existing STZ Shares currently on issue.
- (g) The rights and obligations of the STZ Shares to be issued under the Takeover Offer are summarised in Section 3.10 of the Bidder's Statement.
- (h) The Offer is dated 14 September 2012.

### 1.2 Offer Period

- (a) Unless withdrawn, this Takeover Offer will remain open for acceptance during the period commencing on the date of this Takeover Offer and ending at 5:00 pm (Perth Time) on the later of:
  - (i) 29 October 2012; or
  - (ii) any date to which the Offer Period is extended, in accordance with the Corporations Act.
- (b) STZ reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:

- (i) the Takeover Offer is varied to improve the consideration offered; or
- (ii) STZ's voting power in Wolf increases to more than 50%,

then the Offer Period will automatically be extended so that it ends 14 days after the relevant events in accordance with Section 624(2) of the Corporations Act.

### **1.3 Who May Accept**

- (a) An Offer in this form and bearing the same date is being made to each person registered as a holder of Wolf Shares on Wolf's register of members at open for business (Perth Time) on the Record Date.
- (b) The Offer also extends to each person who becomes registered as the holder of Your Shares during the Offer Period.
- (c) A person who:
  - (i) is able during the Offer Period to give good title to a parcel of Wolf Shares; and
  - (ii) has not already accepted this Takeover Offer which relates to those Wolf Shares,

may accept as if an Offer from STZ on terms identical with this Takeover Offer had been made to that person in relation to those Wolf Shares.

- (d) If, at the time the Takeover Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of Your Shares, then:
  - (i) a corresponding offer on the same terms and conditions as this Takeover Offer will be deemed to have been made to that other person in respect of those Wolf Shares; and
  - (ii) a corresponding offer on the same terms and conditions as this Takeover Offer will be deemed to have been made to you in respect of any other Wolf Shares you hold to which the Takeover Offer relates; and
  - (iii) this Takeover Offer will be deemed to have been withdrawn immediately at that time.
- (e) If at any time during the Offer Period you are registered as the holder of one or more parcels of Wolf Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Takeover Offer has been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Takeover Offer for each distinct parcel, you must comply with the procedure in Section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call STZ on +61 8 9200 4468 to request those additional copies.

- (f) This Takeover Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). The Offer is not registered in New Zealand, but is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002. It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Takeover Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.
- (g) If Your Shares are registered in the name of broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting this Takeover Offer.

#### **1.4 How to Accept this Takeover Offer**

- (a) You may only accept this Takeover Offer in respect of all (and not a lesser number) of Your Shares. For example, if you have 10,000 Wolf Shares and you wish to accept the Takeover Offer, you may only accept this Takeover Offer in respect of 10,000 Wolf Shares.
- (b) You may accept this Takeover Offer at any time during the Offer Period.
- (c) To accept this Takeover Offer for Wolf Shares held in your name, you must:
  - (i) complete and sign the Acceptance Form in accordance with the terms of this Takeover Offer and the instructions on the Acceptance Form; and
  - (ii) ensure that the Acceptance Form (including any documents required by the terms of this Takeover Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.
- (d) Acceptance Form and Other Documents
  - (i) The Acceptance Form forms part of the Takeover Offer. The requirements on the Acceptance Form must be observed in accepting the Takeover Offer.
  - (ii) For your acceptance to be valid you must ensure that your Acceptance Form (including any documents required by the terms of this Takeover Offer and the instructions on the Acceptance Form) are posted or delivered in sufficient time for it to be received by STZ at the address shown on the Acceptance Form before the end of the Offer Period.
  - (iii) The postage and transmission of the Acceptance Form and other documents is at your own risk.
  - (iv) When accepting the Takeover Offer, you must also forward for inspection:
    - (A) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and

- (B) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Wolf Shareholder, the relevant grant of probate or letters of administration.

## **1.5 Validity of Acceptances**

- (a) Subject to this Section 1.5 of this Annexure A, your acceptance of the Takeover Offer will not be valid unless it is made in accordance with the procedures set out in Section 1.4 of this Annexure A.
- (b) STZ may, in its sole discretion, at any time deem any Acceptance Form it receives to be a valid acceptance in respect of Your Shares even if a requirement for acceptance has not been complied with.
- (c) STZ may at any time in its sole discretion:
  - (i) treat the receipt by it of an Acceptance Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with and without further communication to you; and
  - (ii) where you have satisfied the requirements for acceptance in respect of only some of your Wolf Shares, treat the acceptance as a valid acceptance in respect of all of your Wolf Shares.
- (d) In respect of any part of an acceptance treated by it as valid, STZ will provide you with the relevant consideration in accordance with Section 1.7(a) of this Annexure A, and the exercise of STZ's rights under this Section 1.5 of this Annexure A will be conclusive and only evidenced by its so doing. The payment of consideration in accordance with the Takeover Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by STZ.
- (e) This Section is not a condition of this Takeover Offer.

## **1.6 The Effect of Acceptance**

- (a) Once you have accepted this Takeover Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Takeover Offer or otherwise dispose of Your Shares, except as follows:
  - (i) if, by the times specified in Section 1.6(b) of this Annexure A, the conditions in Section 1.10(a) of this Annexure A have not all been fulfilled or waived, the Takeover Offer will automatically terminate and Your Shares will be returned to you; or
  - (ii) if the Takeover Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when STZ has to meet its obligations under the Takeover Offer, and, at the time, the Takeover Offer is subject to one or more of the conditions in Section 1.10(a) of this Annexure

A, you may be able to withdraw your acceptance in accordance with Section 650E of the Corporations Act.

- (b) The relevant times for the purposes of Section 1.6(a) are:
- (i) in relation to the condition in Section 1.10(a)(ii) of this Annexure A, the end of the third business day after the end of the Offer Period; and
  - (ii) in relation to all other conditions in Section 1.10(a) of this Annexure A, the end of the Offer Period.
- (c) By following the procedures described in Section 1.4 of this Annexure A, you will be deemed to have:
- (i) accepted this Takeover Offer (and any variation to it) in respect of the Wolf Shares registered in your name to which this Takeover Offer relates, regardless of the number of Wolf Shares specified in the Acceptance Form;
  - (ii) agreed to the terms of the Takeover Offer and, subject to the conditions contained in Section 1.10(a) of this Annexure A being fulfilled or waived, agreed to transfer to STZ all of your Wolf Shares and all of the Rights attached to those Wolf Shares;
  - (iii) agreed to accept the consideration being offered by STZ and have authorised STZ to place your name on its register of shareholders in respect of STZ Shares offered by STZ as consideration, and agreed to be bound by the Constitution of STZ;
  - (iv) authorised STZ to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary:
    - (A) to make the Acceptance Form an effective acceptance of this Takeover Offer; and/or
    - (B) to enable registration of the transfer to STZ of your Wolf Shares;
  - (v) irrevocably authorised and directed Wolf to pay to STZ or to account to STZ for all dividends and other distributions and entitlements which are declared, paid or which arise or accrue after the date of this Takeover Offer in respect of your Wolf Shares (subject to STZ accounting to you for any dividends, distributions or entitlements received by it if your acceptance of this Takeover Offer is validly withdrawn pursuant to Section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);
  - (vi) represented and warranted to STZ that:
    - (A) STZ will acquire good title to and beneficial ownership of all of your Wolf Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;

- (B) you have paid Wolf all amounts which are due in respect of your Wolf Shares;
  - (C) all of your Wolf Shares are fully paid; and
  - (D) you have full power and capacity to accept the Takeover Offer and to sell and transfer the legal and beneficial ownership of your Wolf Shares (together with all Rights attached to them) to STZ;
- (vii) unless you are an Ineligible Foreign Shareholder (as that expression is defined in Section 11.1 of this Bidder's Statement), or entitled to an Unmarketable Parcel of STZ Shares under the Takeover Offer, agreed to accept the STZ Shares to which you become entitled by accepting this Takeover Offer subject to the Constitution and the terms of issue of the STZ Shares and to have authorised STZ to place your name on its register of shareholders as the holder of the STZ Shares issued to you under the Takeover Offer;
- (viii) acknowledged and agreed that if you are an Ineligible Foreign Shareholder, STZ will arrange for any STZ Shares otherwise issuable to you to be issued and sold, and the proceeds (less any transaction costs) to be remitted to you, as described in Section 1.8 of this Annexure A;
- (ix) represented and warranted to STZ that the making by STZ to you, and your acceptance, of this Takeover Offer is lawful under any foreign law which applies to you, to the making of this Takeover Offer, and to your acceptance of this Takeover Offer;
- (x) with effect from the later of acceptance of the Takeover Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, appointed (and agreed not to revoke that appointment) STZ and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your Wolf Shares or in exercise of any right or power derived from the holding of your Wolf Shares including, without limitation:
- (A) attend and vote in respect of your Wolf Shares at any and all meetings of Wolf;
  - (B) requisition or join with other holders of Wolf Shares in requisitioning and/or convening a meeting of the members of Wolf;
  - (C) demand a poll for any vote to be taken at any meeting of Wolf Shareholders;
  - (D) propose or second any resolutions to be considered at any, and all meetings of Wolf Shareholders;
  - (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of STZ as a proxy in respect of all or any of your Wolf

Shares and a transfer form for your Wolf Shares), proxies, consents, agreements and resolutions relating to your Wolf Shares;

(F) request Wolf to register in the name of STZ or its nominee your Wolf Shares which you hold on any register of Wolf; and

(G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of STZ as the beneficial owner and intended registered holder of your Wolf Shares in respect of which you have accepted this Takeover Offer and to have further agreed to do all such acts, matters and things that STZ may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the Constitution of Wolf) if requested by STZ. This appointment is irrevocable and terminates upon registration of a transfer to STZ or your Wolf Shares;

(xi) with effect from the later of acceptance of the Takeover Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, agreed not to vote in person at any general meeting of Wolf or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on STZ and the directors, secretaries and other officers of STZ by Section 1.6(c)(x) of this Annexure A;

(xii) irrevocably authorised STZ to notify Wolf on your behalf that your place of address for the purposes of serving notices in respect of your Wolf Shares is the address specified by STZ in the notification;

(xiii) represented and warranted to STZ that, unless you have notified it in accordance with Section 1.3(e) of this Annexure A, your Wolf Shares do not consist of a separate parcel of shares; and

(xiv) agreed, subject to the conditions of this Takeover Offer in Section 1.10(a) of this Annexure A being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that STZ may consider necessary or desirable to convey your Wolf Shares registered in your name and Rights to STZ.

(d) The representations, warranties, undertakings and authorities referred to in this Section 1.6 of this Annexure A will (unless otherwise stated) remain in force after you receive the consideration for your Wolf Shares and after STZ becomes the register as the holder of them.

## **1.7 Payment of Consideration**

(a) Subject to the terms of this Takeover Offer and the Corporations Act, STZ will provide the consideration for Your Shares on or before the earlier of:

- (i) one month after the date of your acceptance or, if this Takeover Offer is subject to a defeating condition when you accept this Takeover Offer, within one month after this Takeover Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period.
- (b) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Takeover Offer, regardless of any delay in providing the consideration or any extension of the Takeover Offer.
- (c) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
- (i) if that document is given with your acceptance, STZ will provide the consideration in accordance with Section 1.7(a) of this Annexure A;
  - (ii) if that document is given after acceptance and before the end of the Offer Period while this Takeover Offer is subject to a defeating condition, STZ will provide the consideration by the end of whichever of the following periods ends earlier:
    - (A) within one month after this Takeover Offer become unconditional; or
    - (B) 21 days after the end of the Offer Period;
  - (iii) if that document is given after the Offer Period while this Takeover Offer is not subject to a defeating condition, STZ will provide the consideration due to you on or before the earlier of:
    - (A) one month after that document is given to STZ; and
    - (B) 21 days after the end of the Offer Period; and
  - (iv) if that document is given after the end of the Offer Period, and the Takeover Offer is not subject to a defeating condition, STZ will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Takeover Offer is still subject to a defeating condition that relates only to the happening of an event of circumstances referred to in Section 652C(1) or (2) of the Corporations Act, STZ will provide the consideration for you within 21 days after the Takeover Offer becomes unconditional.
- (d) Subject to Sections 1.8 and 1.9 of this Annexure A, the obligation of STZ to allot and issue any STZ Shares to which you are entitled under the Takeover Offer will be satisfied by:
- (i) entering your name on the register of members of STZ; and
  - (ii) dispatching or procuring the dispatch to you by pre-paid post to your last recorded address on the most recent copy of Wolf's register of members after the Takeover Offer goes unconditional, a confirmation of the issue of STZ Shares in your name. If Your Shares are held in a joint name, an uncertificated



holding statement will be issued in the name of, and forwarded to the last recorded address on the most recent copy of Wolf's register of members.

- (e) If, at the time you accept the Takeover Offer, any of the following:
- (i) Banking (Foreign Exchange) Regulations 1959 (Cth);
  - (ii) Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
  - (iii) Charter of the United Nations (Sanctions – Al-Qaida and the Taliban) Regulations 2008 (Cth);
  - (iv) Charter of the United Nations (Sanctions - Iraq) Regulations 2008 (Cth); or
  - (v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for Your Shares, or would make it unlawful for STZ to provide any consideration to you for Your Shares, you will not be entitled to receive any consideration for Your Shares until all requisite authorities, clearances or approvals have been received by STZ. As far as STZ is aware, as at the date of this Bidder's Statement, the persons to whom this Section 1.7(e) of this Annexure A will apply are: prescribed supporters of the former government of Yugoslavia; ministers and senior officials of the Government of Zimbabwe; persons associated with the former government of Iraq (including senior officials, immediate family members of senior officials, or entities controlled by any of those persons); Osama bin Laden; the Taliban; members of the Al Qaida organisation; and a person named in the list maintained pursuant to Section 2 of Resolution 1390 of the Security Council of the United Nations.

## 1.8 Ineligible Foreign Shareholders

- (a) If you are an Ineligible Foreign Shareholder (as that expression is defined in Section 11.1 of this Bidder's Statement), you may not be entitled to receive STZ Shares as the consideration for Your Shares as a result of accepting the Takeover Offer, and STZ may:
- (i) arrange for the issue to a nominee approved by ASIC (the **Sale Nominee**) of the number of STZ Shares to which you and all other Ineligible Foreign Shareholders would have been entitled but for Section 1.1(d) of this Annexure A and the equivalent provision of each other offer under the Takeover Offer;
  - (ii) cause the STZ Shares so issued to be offered for sale by the Sale Nominee on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and
  - (iii) cause the Sale Nominee to pay, to you the amount ascertained in accordance with the following formula (calculated on an average basis so that all Ineligible Foreign

Shareholders who accept the Takeover Offer receive the same proceeds per Wolf Share, subject to rounding):

$$\frac{\text{Net Proceeds of Sale} \times \text{YS}}{\text{TS}}$$

Where:

**Net Proceeds of Sale** is the amount received by the Sale Nominee upon the sale of STZ Shares under this Section 1.8 of this Annexure A, less the expenses of the sale (brokerage, stamp duty and other selling costs, taxes and charges);

**YS** is the number of STZ Shares which would, but for Sections 1.8(a) and 1.1(d) of this Annexure A, have been allotted and issued to you; and

**TS** is the total number of STZ Shares allotted and issued to the Sale Nominee under this Section 1.8 of this Annexure A in respect of the Wolf Shares held by all Ineligible Foreign Shareholders.

- (b) You will be paid your share of the proceeds of the sale of STZ Shares by the Sale Nominee in Australian currency.
- (c) Payment will be made by cheque payable in Australian Dollars and drawn on an Australian bank branch posted to you at your risk by ordinary mail (or in the case of overseas shareholders by airmail) as soon as practicable and in any event within the period required by the Corporations Act to your address recorded on the latest copy of the Wolf shareholders register.
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of STZ Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.

## 1.9 Unmarketable Parcels

If you accept the Takeover Offer and are eligible under the Takeover Offer to be issued an Unmarketable Parcel of STZ Shares, the STZ Shares to which you would otherwise be entitled under the Takeover Offer may be sold by the Sale Nominee as if you were an Ineligible Foreign Shareholder, with the proceeds of the sale (less any transaction costs) remitted to you in accordance with Section 1.8 of this Annexure A with references to "Ineligible Foreign Shareholder" read accordingly.

## 1.10 Conditions of this Takeover Offer

- (a) Subject to Sections 1.10(b) and 1.10(c) of this Annexure A, the Takeover Offer and any contract that results from acceptance of the Takeover Offer is subject to the fulfilment of the following conditions:

- (i) **Minimum acceptance**

- At or before the end of the Offer Period, STZ has a Relevant Interest in such number of Wolf Shares which represents at least 90% of the aggregate of all the Wolf Shares on issue and

becomes entitled to compulsorily acquire all outstanding Wolf Shares under Part 6A.1 of the Corporations Act.

**(ii) No prescribed occurrences**

During the period from Announcement Date to the day that is 3 Business Days after the end of the Offer Period (each inclusive), none of the following occurrences (being the prescribed occurrences listed in Section 652C of the Corporations Act) happens:

- (A) Wolf converts all or any of its shares into a larger or smaller number of shares under Sections 254H of the Corporations Act;
- (B) Wolf or a Subsidiary of Wolf resolves to reduce its share capital in any way;
- (C) Wolf or a Subsidiary of Wolf enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under Sections 257C(1) or 257D(1) of the Corporations Act;
- (D) Wolf or a Subsidiary of Wolf issues shares (other than as a result of the exercise of any Wolf Options or grants an option over its shares, or agrees to make such an issue or grant such an option);
- (E) Wolf or a Subsidiary of Wolf issues, or agrees to issue, convertible notes;
- (F) Wolf or a Subsidiary of Wolf disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (G) Wolf or a Subsidiary of Wolf charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (H) Wolf or a Subsidiary of Wolf resolves to be wound up;
- (I) a liquidator or provisional liquidator of Wolf or of a Subsidiary of Wolf is appointed;
- (J) a court makes an order for the winding up of Wolf or of a Subsidiary of Wolf;
- (K) an administrator of Wolf or of a Subsidiary of Wolf is appointed under Sections 436A, 436B or 436C of the Corporations Act;
- (L) Wolf or a Subsidiary of Wolf executes a deed of company arrangement; or
- (M) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Wolf or a Subsidiary of Wolf.

**(iii) No prescribed occurrences between Announcement Date and service**

None of the events listed in sub-sections (i) to (xiii) of paragraph 1.10(a)(ii) happens during the period beginning on the Announcement Date and ending at the end of the day before the Bidder's Statements are given to Wolf.

**(iv) No action by Government Agency adversely affecting the Takeover Offer**

During the period from Announcement Date to the end of the Offer Period:

- (A) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
- (B) no action or investigation is instituted, or threatened by any Government Agency with respect to Wolf or any Subsidiary of Wolf; or
- (C) no application is made to any Government Agency (other than an application by STZ or any company within the STZ, an application under Section 657G of the Corporations Act, or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Takeover Offer),

in consequence of, or in connection with, the Takeover Offer, which restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon, the making of the Takeover Offer or the completion of any transaction contemplated by the Bidder's Statements (including implementing the intentions expressed therein) or seeks to require the divestiture by STZ of any Wolf Shares, or the divestiture of any assets by Wolf or by any Subsidiary of Wolf or by any company within the STZ.

**(v) Approvals by Government Agencies and other authorities**

During the Offer Period, STZ receives all approvals or consents which are:

- (A) required by law or by any Government Agency;
- (B) required or imposed by ASX, ASIC or the Takeovers Panel; or
- (C) required by or necessary to comply with the listing rules of any Relevant Stock Exchange:
  - (I) to permit the Offers to be made to and accepted by Wolf Shareholders and to permit STZ to acquire any or all of the Wolf Shares it does not already hold; or
  - (II) as a result of the Offers, or the successful acquisition of the Wolf Shares, and which are

necessary for the continued operation of the business of Wolf and its subsidiaries or of STZ and its subsidiaries,

and those Approvals are on an unconditional basis and remain in force in all respects and there is no notice or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals.

**(vi) STZ shareholder approvals**

The consent and approval of the shareholders of STZ being obtained to the performance of the transactions contemplated by this Agreement in accordance with the requirements of the Corporations Act and the ASX Listing Rules.

**(vii) Conduct of business**

Except for any proposed transaction publicly announced by Wolf before the Announcement Date, none of the following events occur during the period from Announcement Date to the end of the Offer Period:

- (A) Wolf, or any Subsidiary of Wolf, acquires, offers to acquire or agrees to acquire one or more companies, businesses, trusts or assets (or an interest in one or more companies, businesses, trusts or assets) for an amount in aggregate greater than \$100,000 or makes an announcement about such an acquisition;
- (B) Wolf, or any Subsidiary of Wolf, disposes, offers to dispose or agrees to dispose of, or creates, or offers to create an equity interest in one or more companies, trusts or assets (or an interest in one or more companies, trusts or assets) for an amount in aggregate greater than \$25,000 or makes an announcement about such a disposal;
- (C) Wolf, or any Subsidiary of Wolf, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership involving a commitment of (or foregoing of revenue of) greater than \$50,000 or dual listed company structure, or makes an announcement about such a commitment;
- (D) Wolf, or any Subsidiary of Wolf, incurs or commits to, or grants to another person a right the exercise of which would involve Wolf or any Subsidiary of Wolf incurring or committing to any capital expenditure or liability for one or more related items of greater than \$250,000 or makes an announcement about such a commitment; or
- (E) Wolf, or any Subsidiary of Wolf, declares, pays or distributes any dividend, bonus or other share of its profits or assets.

**(viii) No material failings in filings**

STZ does not become aware, during the Offer Period, that any document filed by or on behalf of Wolf with ASX or ASIC contains a statement which is incorrect or misleading in any material respect or from which there is a material omission.

**(ix) Non-existence of certain rights**

Save as may be agreed between Wolf and STZ, no person has any right (whether subject to conditions or not) as a result of STZ acquiring Wolf Shares to:

- (A) acquire, or require Wolf or a subsidiary of Wolf to dispose of, or offer to dispose of, or alter the terms of its holding of, any material asset of Wolf or a subsidiary of Wolf;
- (B) terminate or vary any material agreement with Wolf or a subsidiary of Wolf; or
- (C) accelerate or adversely modify the performance of any obligations of Wolf or any of its subsidiaries in a material respect under any material agreements, contracts or other legal arrangements.

**(x) No force majeure event**

During the Offer Period:

- (A) no outbreak of hostilities (whether war is declared or not) or terrorism, mobilisation of armed forces, civil or political unrest or labour disturbance, fire or natural disaster, material increase in the intensity of any of the above events or other event beyond the control of Wolf or the relevant Subsidiary of Wolf occurs which affects or is likely to affect the assets, liabilities, financial position, performance, profitability or prospects of Wolf or any of its subsidiaries; and
- (B) there is no amendment made (or proposed to be made) to any law, regulation or similar applying to Wolf or any of its Subsidiaries that is reasonably likely to have an adverse affect on the assets, liabilities, financial position, performance, profitability or prospects of Wolf; and
- (C) there is no widespread disruption to global financial markets, or the financial markets of Australia or Mongolia.

**(xi) No material adverse change to Wolf**

- (A) Between the Announcement Date and the end of the Offer Period:
  - (I) no matter, event, change, condition, circumstance, information or thing (**Change(s)**) occurs, is announced, becomes likely to occur

or becomes known to STZ (in any such case, individually or when aggregated with all such Change(s) and whether or not becoming public) that discloses (or could reasonably be inferred from the disclosure that), would result in and/or would reasonably be likely to result in:

- (II) the value of the consolidated net assets of the Wolf Group being reduced by at least \$1,000,000 against what they would reasonably have been expected to have been but for the Change(s) (as the case may be); or
  - (III) a material adverse effect on the business, assets, liabilities, financial position or performance, profitability or prospects of the Wolf Group taken as a whole, or the status or terms of any of the exploration or mining tenements owned by the Wolf Group; or
- (B) the Australian Dollar is not valued at or more than 1.15 United States Dollars (on the basis of the average of the buy and sell rates in respect of the exchange rate of Australian Dollars to United States Dollars appearing in the hard copy newspaper version of The Australian Financial Review published on that Business Day) at any time.
- (b) Each condition in Section 1.10(a) of this Annexure A is a separate, several and distinct condition, operates as a condition subsequent and is for the benefit of STZ alone and may only be relied upon by STZ.
- (c) All the conditions in Section 1.10(a) of this Annexure A are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the conditions in Section 1.10(a)(ii) of this Annexure A, until the end of the third business day after the end of the Offer Period), prevent a contract to sell Your Shares from arising, but entitles STZ by written notice to you, to rescind the contract resulting from your acceptance of this Takeover Offer.

### **1.11 Freeing the Takeover Offer of Conditions**

STZ may free this Takeover Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 1.10(a) of this Annexure A by giving notice to Wolf declaring the Takeover Offer to be free from the relevant conditions specified in accordance with Section 650F of the Corporations Act. This notice may be given:

- (a) in relation to the condition in Section 1.10(a)(ii) of this Annexure A that comprise an event or circumstance referred to in Sections 652C(1) or (2) of the Corporations Act in relation to Wolf – not later than 3 business days after the end of the Offer Period; and
- (b) in relation to all other conditions in Section 1.10(a) not less than 7 days before the end of the Offer Period.

## **1.12 Freeing the Takeover Offer from Conditions**

- (a) If, at the end of the Offer Period (or in the case of the condition at Section 1.10(a)(ii) of this Annexure A, at the end of the third business day after the end of the Offer Period), the conditions in Section 1.10(a) of this Annexure A have not been fulfilled and STZ has not declared the Takeover Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Takeover Offer will be automatically void.
- (b) Subject to the provisions of the Corporations Act, STZ alone will be entitled to the benefit of the conditions in Section 1.10(a) of this Annexure A and any breach or non-fulfilment thereof may be relied upon only by STZ.

## **1.13 Notice of Status of Conditions**

The date for giving the notice required by Section 630(1) of the Corporations Act is 22 October 2012, subject to extension in accordance with 630(2) if the Offer Period is extended.

## **1.14 Quotation**

- (a) An application will be made within 7 days after the start of the Bid Period to ASX for the granting of quotation of the STZ Shares to be issued in accordance with the Takeover Offer. However, quotation is not granted automatically on application.
- (b) Pursuant to the Corporations Act, this Takeover Offer and any contract that results from your acceptance of it are subject to a condition that permission for quotation by ASX (as the circumstances require) of the STZ Shares to be issued pursuant to the Takeover Offer being granted no later than 7 days after the end of the Bid Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Takeover Offers will be automatically void.

## **1.15 Withdrawal of Offer**

STZ may withdraw this Takeover Offer at any time before you accept it, but only with the consent in writing of ASIC (which consent may be given subject to such conditions, if any, as are imposed by ASIC). If ASIC gives such consent, STZ will give notice of the withdrawal to ASX and to Wolf and comply with any other conditions imposed by ASIC.

## **1.16 Variation**

STZ may vary this Takeover Offer in accordance the Corporations Act.

## **1.17 Stamp Duty or Other Costs**

- (a) All costs and expenses of the preparation, dispatch and circulation of this Takeover Offer and any stamp duty payable in respect of the transfers will be paid by STZ.
- (b) As long as your Wolf Shares are registered in your name and you deliver them directly to STZ, you will not incur any brokerage in connection with your acceptance of this Takeover Offer.



**1.18 Governing Law**

This Takeover Offer and any contract that results from your acceptance of this Takeover Offer is governed by the laws in force in Western Australia.

**1.19 Date of Offer**

This Takeover Offer is dated 14 September 2012.

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**ANNEXURE B – STZ'S ASX ANNOUNCEMENTS**

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The Company has lodged the following announcements with ASX since 1 July 2012:

<b>Date</b>	<b>Description of Announcement</b>
03/09/2012	2012 Annual Report
31/07/2012	Quarterly Activities Report
31/07/2012	Quarterly Cashflow Report
27/07/2012	Change of Director's Interest Notice
24/07/2012	Change of Director's Interest Notice
23/07/2012	Expiry of Unlisted Options
16/07/2012	Update - Proposed Acquisition of Wolf Petroleum Limited
16/07/2012	Proposed Acquisition of Wolf Petroleum Limited
13/07/2012	Request for Trading Halt
13/07/2012	Trading Halt