WOLF PETROLEUM LIMITED
ABN 17 146 794 176

TARGET'S STATEMENT

This Target's Statement has been issued in response to the off-market takeover bid made by Strzelecki Metals Limited (ABN 35 116 249 060) for all the issued ordinary shares in Wolf Petroleum Limited.

The Independent Directors of Wolf Petroleum Limited unanimously recommend that you ACCEPT the takeover offer from Strzelecki Metals Limited (in the absence of a Superior Proposal)

Legal Adviser

ALLION LEGAL

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

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KEY DATES

Date of this Target's Statement	20 September 2012
Date of Strzelecki's Offer	14 September 2012
Close of Strzelecki's Offer Period (unless extended or withdrawn)	5.00pm (WST) on 29 October 2012

WOLF SHAREHOLDER INFORMATION

If you have any queries in relation to Strzelecki's Offer please call Wolf on +61 8 9200 4439 between 9.00 am and 5.00 pm Monday to Friday (WST)

Further information relating to Strzelecki's Offer can be obtained from Wolf's website at www.wolfpetroleum.net.

IMPORTANT NOTICES

Nature of this document

This document is a Target's Statement issued by Wolf Petroleum Limited (ABN 17 146 794 176) (**Wolf**) under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by Strzelecki Metals Limited (ABN 35 116 249 060) (**Strzelecki**), a company incorporated in Australia and listed on the ASX, for all the ordinary Shares in Wolf.

This Target's Statement is dated 20 September 2012 and was lodged with ASIC on that date. Neither ASIC nor any of its officers take any responsibility for the contents of this Target's Statement.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in section 10 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement and defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. Your Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Wolf operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of Wolf, Wolf's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Disclaimer as to information

The information on Strzelecki, the Strzelecki Group, and Strzelecki's securities contained in this Target's Statement has been prepared by Wolf using publicly available information. The information in the Target's Statement concerning Strzelecki, the Strzelecki Group, and Strzelecki's securities, has not been independently verified by Wolf. Accordingly Wolf does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

Maps and diagrams

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

Privacy

Wolf has collected your information from the Wolf register of Wolf Shareholders for the purpose of providing you with this Target's Statement. The type of information Wolf has collected about you includes your name, contact details and information on your shareholding or option holding (as applicable) in Wolf. Without this information, Wolf would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Wolf Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Wolf's related bodies corporate and external service providers (such as the share registry of Wolf and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Wolf, please contact Wolf on +61 8 9200 4439.

ACN 146 794 176

20 September 2012

Dear Shareholders

Takeover bid by Strzelecki Metals Limited

On 16 July 2012, Strzelecki announced it had entered into a Heads of Agreement with Wolf pursuant to which Strzelecki would make offers for all the issued and outstanding shares in Wolf which are not already held by Strzelecki (**Offer**).

Strzelecki is a minerals exploration and development company, with offices and projects in Australia and Poland. Strzelecki is listed on the ASX.

Under Strzelecki's Offer, Wolf Shareholders are being offered, on a pre Consolidation basis, twenty five (25) Strzelecki Shares for every one (1) Wolf Share held, and on a post Consolidation basis, two and a half (2.5) Strzelecki Shares for every one (1) Wolf Share held. The Offer price, based on a Strzelecki Share price of $0.016 pre Consolidation ($0.16 post Consolidation) is $0.40 per Wolf Share[1].

As at the date of this Target's Statement, Strzelecki does not have a relevant interest in any Wolf Shares.

Strzelecki's Bidder's Statement sets out the detailed terms of Strzelecki's Offer. A copy of the Bidder's Statement is available from the website of the ASX at www.asx.com.au.

Your Directors' formal response to Strzelecki's Offer is set out in this Target's Statement, including the reasons why the Independent Directors unanimously recommend that you accept Strzelecki's Offer, in the absence of a Superior Proposal.

Strzelecki has taken steps to ensure the independence of Wolf's response and has formed an Independent Board Committee to consider and assess the Offer. The Independent Board Committee comprises of all of the directors of Wolf other than Matthew Wood, a director of Wolf who is also a director of Strzelecki.

Since the formation of Wolf Petroleum in 2010, the strategy of Wolf has been to acquire and develop prospective oil and gas assets in Mongolia. Wolf, as an unlisted company, has to date funded its activities through three capital raisings. The last capital raising to sophisticated investors in October 2011 was conducted at a price of 40 cents per Wolf share.

Following completion of the October 2011 capital raising the Directors concluded that to optimally develop the company's assets it would be in the best interests of the Company to introduce a suitable cornerstone investor during 2012 at a premium to the October 2011 capital raising. The strategy was then to conduct an initial public offering and list the Company on the ASX during late 2012 or early 2013.

To implement this strategy the Company engaged with appropriately qualified corporate and legal advisors and several stock broking firms. Contemporaneously, the Company engaged with potential cornerstone investors to invest in the Company. In recent months based on the feedback from these discussions and the Company's own observations as to share market conditions it was concluded that the previously contemplated strategy was unlikely to succeed. Feedback from advisors indicated that further capital raisings in Wolf as an unlisted entity would potentially be unsuccessful.

[1] Based on the closing share price of STZ Shares of $0.016 (or $0.16 on a Post Consolidation basis) as at 11 September 2012, the last trading day prior to the date of the Bidder's Statement. As the consideration offered comprises Strzelecki Shares, the value of the consideration will vary with the market price of Strzelecki Shares.

Cognisant of the need to continue to develop and add value to the Company's assets and the requirement for capital to fund this growth it was determined that this would be best achieved through a listing on a recognised stock exchange. It was considered that this would be best achieved through a backdoor listing.

The key objectives of the Directors in pursuing this merger opportunity are:

(a) to secure a listed platform upon which capital can be raised to advance the company's projects;

(b) to provide shareholders with a liquid market for their shares in Wolf; and

(c) to continue to grow the assets of Wolf.

The Offer is an excellent opportunity for you to become part of a merged entity listed on the ASX, which has the funding, and the potential to secure further funding, to advance Wolf's projects.

The Independent Directors have carefully considered the Offer. **The Independent Directors unanimously recommend that you ACCEPT Strzelecki's Offer and intend to accept Strzelecki's Offer for their own Wolf Shares, in the absence of a Superior Proposal.**

The Independent Directors recommendation is based on the following points:

(a) Your shareholding will be more liquid in a merged entity which will have a stronger balance sheet and improved fundraising capability with the financial capacity to progress its projects;

(b) The Offer represents an appropriate price for your Wolf Shares comparable to the price at which the Company last raised money in October 2011, despite a deteriorating market;

(c) The merged entity will have a strong board and management team that can progress Wolf's projects; and

(d) There are risks in not accepting the Offer;

(e) Capital Gains Tax rollover relief may be available;

(f) The Offer is the only proposed transaction before Wolf;

(g) The Independent Expert has determined that Strzelecki's Offer is not fair but reasonable to Wolf Shareholders not associated with Strzelecki.

A full discussion of the reasons for the Independent Directors' recommendation is set out in section 3.8 of this Target's Statement.

The Independent Expert's Report (which also includes the independent valuation of the Company's mineral assets) is an important document. Please refer to Appendix 1 to read the Independent Expert's Report.

ASX has indicated to Strzelecki that, given the significant change in the nature and scale of the activities of Strzelecki that will occur upon completion of Strzelecki acquiring all the issued and outstanding shares in Wolf, ASX requires Strzelecki to obtain the approval of its Shareholders in order to proceed with the Offer. The Offer will result in a change in the nature and scale of Strzelecki's activities to an oil and gas exploration, development and production company. As a consequence, Strzelecki is seeking the approval of Strzelecki Shareholders pursuant to ASX Listing Rule 11.1.2 at a general meeting to be held in or around late October 2012.

Accepting the Offer and next steps

The Offer Period is scheduled to close at 5:00 pm WST on 29 October 2012 (unless extended).

To accept the Offer, simply follow the instructions outlined in the Bidder's Statement and printed on the acceptance form. To be valid, your acceptance must be received before the close of the Offer Period.

In considering whether to accept the Offer, the Wolf Directors encourage you to:

(a) read the whole of this Target's Statement and the Bidder's Statement;

(b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;

(c) carefully consider section 3 of this Target's Statement, including the risks of becoming a minority Wolf Shareholder;

(d) consider the choices available to you as outlined in section 5 of this Target's Statement; and

(e) obtain personal advice from your broker, financial adviser, accountant, lawyer or other professional adviser on the effect of accepting the Offer.

Further information

The Independent Directors will keep Wolf Shareholders informed of any material developments in relation to the Offer through releases which will be published on Wolf's website.

I encourage you to read this document carefully. If you need any more information I recommend that you seek professional advice or call Wolf on +61 8 9200 4439 between 9.00 am and 5.00 pm Monday to Friday (WST).

Yours sincerely

Mr Tim Flavel
Director

1. FREQUENTLY ASKED QUESTIONS

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Wolf Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
Who is the Bidder and what is the Bidder's Statement?	The Bidder is Strzelecki Metals Limited (**Strzelecki**), an ASX minerals exploration and development company, with offices and projects in Australia and Poland. Information about Strzelecki can be obtained from section 3 of the Bidder's Statement, on Strzelecki's website www.strzeleckimetals.com or by calling Strzelecki on +61 8 9200 4428. The Bidder's Statement is a document which contains information on the Offer that the Bidder has made for your Wolf Shares. The law requires the Bidder to send the Bidder's Statement to you.
What is a Target's Statement?	This document comprises a Target's Statement. Wolf is required, by law, to produce the Target's Statement in response to the Offer. The Target's Statement contains information to help you decide whether to accept or reject the Offer for your Wolf Shares. The Wolf Directors encourage you to review the information thoroughly.
What is Strzelecki's Offer for my Wolf Shares?	Strzelecki is offering you, on a pre Consolidation basis, twenty five (25) Strzelecki Shares for every one (1) Wolf Share held, and on a post Consolidation basis, two and a half (2.5) Strzelecki Shares for every one (1) Wolf Share held. The Strzelecki Offer is subject to the Conditions which are set out in Annexure A of the Bidder's Statement and summarised in section 4.2 of this Target's Statement.
What choices do I have as a Wolf Shareholder?	As a Wolf Shareholder, you have the following choices in respect of your Wolf Shares: • accept the Offer. The Independent Directors recommend that you accept the Offer in the absence of a Superior Proposal; • reject Strzelecki's Offer, in which case you do not need to take any action; or • otherwise sell some or all of your Wolf Shares (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance). There are several implications in relation to each of the above choices. A summary of these implications is set out in section 5 of this Target's Statement.

Question	Answer
What do the Independent Directors of Wolf recommend that I do?	The Independent Directors unanimously recommend that you accept the Offer in the absence of a Superior Proposal. The key reasons why the Independent Directors unanimously recommend that you accept the Offer in the absence of Superior Proposal are set out in section 3 of the Target's Statement. However, the Independent Directors recommend that Wolf Shareholders take into account the factors set out in section 3.9 of the Target's Statement in making their decision in relation to Strzelecki's Offer. Wolf Shareholders should note that they will not receive the Offer Consideration any sooner by accepting Strzelecki's Offer early and, in any event, will not receive the Offer Consideration until each of the Conditions have been satisfied or waived. Unless Strzelecki's Offer is extended or withdrawn, it is open for acceptance until 5.00pm WST on 29 October 2012. Once you have accepted Strzelecki's Offer, you will be prevented from participating in a Superior Proposal, should one eventuate, unless the limited circumstances for withdrawal of your acceptance apply. As at the date of this Target's Statement, the Wolf Directors are not aware of a proposal by anyone to make a Superior Proposal. As outlined elsewhere in this Target's Statement Matthew Wood is Executive Chairman of Wolf and an executive Director of Strzelecki. Mr Wood was excluded from all discussions of the board of directors of Strzelecki in relation to formulating Strzelecki's Offer. Due to his interest as executive Director of Strzelecki, Mr Wood makes no recommendation in relation to Strzelecki's Offer.
What do the Directors of Wolf intend to do with any Wolf Shares that they hold?	Each Wolf Director has advised that they will accept the Offer in respect of any Wolf Shares that they, or their associates, own or control (whether they be held directly or through an entity they control), in the absence of a Superior Proposal.

Question	Answer
Who is the Independent Expert and what do they do?	As Mr Wood is a director of both Strzelecki and Wolf, Wolf is required by law to instruct an independent expert to provide an opinion on whether the Strzelecki's Offer is fair and reasonable to Wolf Shareholders. BDO has been appointed as the Independent Expert and has prepared the Independent Expert's Report contained in Appendix 1 of this Target's Statement.
What is the Independent Expert's opinion?	The Independent Expert has concluded that Strzelecki's Offer is not fair but reasonable to Wolf Shareholders that are not associated with Strzelecki. A copy of the Independent Expert's Report is provided as Appendix 1 of this Target's Statement.
What is the Independent Board Committee?	A committee of the Wolf Board formed to consider and assess the Offer. It comprises of all of the Directors of Wolf other than Mr Matthew Wood. Mr Wood is not a member of the Independent Board Committee as he is also a director of Strzelecki.
How many Wolf Shares does Strzelecki already own?	As at the date immediately before this Target's Statement, Strzelecki does not have a relevant interest in any of the Wolf Shares currently on issue.
How do I accept the Offer?	Details of how to accept the Offer are set out in the Bidder's Statement.
What are the consequences of accepting the Offer now?	If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to accept a Superior Proposal if one is made by another bidder, sell your Wolf Shares or otherwise deal with your Wolf Shares while the Offer remains open. The effect of acceptance is set out in section 4.7 of this Target's Statement and section 1.6 of Annexure A to the Bidder's Statement. Wolf Shareholders should read these sections in full to understand the effect that acceptance will have on their ability to exercise rights attaching to their Wolf Shares and the representations and warranties they give by accepting the Offer.
If I accept the Offer, can I withdraw my acceptance?	You may only withdraw your acceptance if Strzelecki varies the Offer in a way that postpones the time when Strzelecki is required to satisfy its obligations by more than one month. (See section 4.8 of this Target's Statement for further details.)

Question	Answer
Can I accept the Offer for only some of my Shares?	Unless you hold the Shares as trustee or nominee for, or otherwise on account of, more than one person, you can accept the Offer only in respect of all of your Wolf Shares. See section 1.1 of Annexure A to the Bidder's Statement for more information on who can accept the Offer.
How do I reject Strzelecki's Offer?	To reject Strzelecki's Offer, you do not need to do anything. If you intend on rejecting Strzelecki's Offer, do not respond to any telephone calls or correspondence received from Strzelecki. You should note, however, that if Strzelecki receives acceptances giving it more than 90% voting power in Wolf, it will be entitled to proceed to compulsory acquisition of Wolf Shares held by Wolf Shareholders who did not accept Strzelecki's Offer.
When does the Offer close?	The Offer is presently scheduled to close at 5.00pm WST on 29 October 2012, but the Offer Period can be extended in certain circumstances. See section 4.5 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.
Can the Offer Period be extended?	Yes. While the Offer is subject to the Offer Conditions, Strzelecki may extend the Offer Period at any time before giving the Notice of Status of Conditions and otherwise only in limited circumstances. However, if the Offer is unconditional (that is all of the other Offer Conditions are fulfilled or waived), Strzelecki may extend the Offer Period at any time before the end of the Offer Period. In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period: • Strzelecki improves the consideration offered under the Offer; or • Strzelecki's voting power in Wolf increases to more than 50%. If either of these events occurs, the Offer Period is automatically extended so that it ends 14 days after the day on which the event occurs.
What are the conditions to the Offer?	The Strzelecki Offer is subject to the Conditions set out in Annexure A of the Bidder's Statement. In summary, the key Conditions are as follows: • Strzelecki acquiring a Relevant Interest in at least 90% of the aggregate of all Wolf Shares on issue and becoming entitled to compulsorily acquire all of the outstanding Wolf Shares under Part 6A.1 of the Corporations Act:

Question	Answer
	• no Prescribed Occurrences; • no action by any Government Agency adversely affecting the Strzelecki Offer; • Strzelecki obtaining approval of its shareholders pursuant to requirements under the Corporations Act and the ASX Listing Rules; • no material transactions or certain actions undertaken by or relating to Wolf's business; • no force majeure event; and • no Material Adverse Change in relation to Wolf. (See section 4.2 of this Target's Statement and section 9.12 of the Bidder's Statement for further details).
What happens if the conditions of the Offer are not satisfied or waived?	If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You would then be free to deal with Wolf Shares even if you had accepted the Offer.
Can Strzelecki withdraw the Offer?	Strzelecki cannot withdraw the Offer if you have already accepted it. Before you accept the Offer, Strzelecki may withdraw the Offer with the written consent of ASIC and subject to conditions (if any) specified in such consent.
What if I am an Ineligible Foreign Wolf Shareholder or an Unmarketable Parcel Wolf Shareholder?	If you accept the Strzelecki Offer and are an Ineligible Foreign Wolf Shareholder or an Unmarketable Parcel Wolf Shareholder, you will not be entitled to receive Strzelecki Shares as consideration for your Wolf Shares held by you pursuant to the Strzelecki Offer. The Strzelecki Shares that Ineligible Foreign Wolf Shareholders and Unmarketable Parcel Wolf Shareholders which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Strzelecki Shares and remit the proceeds (less transaction costs) of such sale to you by cheque in Australian dollars. Full details are set out in sections 4.13 and 4.14 of this Target's Statement and sections 9.10 and 9.11 of the Bidder's Statement.
When will I receive my Strzelecki Shares if I accept the Offer?	Please refer to section 4.9 of this Target's Statement for further details on when you will be sent your Strzelecki Shares.
Can I be forced to sell my Wolf Shares?	You cannot be forced to sell your Wolf Shares unless Strzelecki receives acceptances giving it more than 90% voting power in Wolf. In such circumstances, Strzelecki will be entitled to proceed to compulsory acquisition of Wolf Shares held by

Question	Answer
	Wolf Shareholders who did not accept Strzelecki's Offer and, in which case, you will receive the same Offer Consideration for your Wolf Shares that you would have received under Strzelecki's Offer.
What happens if Strzelecki improves the consideration under its Offer?	If Strzelecki improves the consideration offered under its Offer (as referred to in section 4.10 of this Target's Statement), all Wolf Shareholders who have accepted the Offer will be entitled to the benefit of that improved consideration (whether they accepted the Offer before or after the consideration is improved).
What are the tax implications of accepting the Offer?	A general outline of the tax implications of accepting the Offer is set out in section 7 of the Bidder's Statement. As the outline is a general outline only, you are encouraged to seek your own specific professional advice as to the taxation implications applicable to your circumstances.
Do I have to pay any fees?	You will not pay duty on the disposal of your Wolf Shares if you accept the Offer.
Will I receive further advice from the Independent Directors during the Offer Period?	The Independent Directors will be closely monitoring the progress of Strzelecki's Offer. If circumstances change, or if matters arise which should be drawn to the attention of Wolf Shareholders or which cause any change or variation to the advice of your Independent Directors contained in this Target's Statement, the Independent Directors will ensure that Wolf Shareholders are promptly and appropriately advised.
Is there a number that I can call if I have further queries in relation to the Offer?	If you have any further queries in relation to the Offer, you can call Wolf on +61 8 9200 4439 between 9.00 am and 5.00 pm Monday to Friday (WST).

2. STRZELECKI'S OFFER - SUMMARY

2.1 Strzelecki Offer

Strzelecki announced its intention to make its takeover bid for Wolf on 16 July 2012. A copy of the announcement by Strzelecki is contained in Annexure A of this Target's Statement. A summary of the Offer is contained in section 4 of this Target's Statement.

On 12 September 2012, Strzelecki lodged its Bidder's Statement with ASIC and sent it to Wolf Shareholders on or about 14 September 2012. The Bidder's Statement contains the full terms and Conditions of Strzelecki's Offer, together with other information material to your decision whether or not to accept Strzelecki's Offer.

2.2 Offer period

Strzelecki's Offer is open for acceptance until 5.00pm WST on 29 October 2012, unless it is extended or withdrawn (sections 4.5 and 4.6 of this Target's Statement describe the circumstances in which Strzelecki can extend or withdraw its Offer).

2.3 Offer consideration

The consideration being offered by Strzelecki under the Offer is, on a pre Consolidation basis, twenty five (25) Strzelecki Shares for every one (1) Wolf Share held, and on a post Consolidation basis, two and a half (2.5) Strzelecki Shares for every one (1) Wolf Share held. The Offer is subject to a number of Conditions. The Conditions are summarised in section 4.2 of this Target's Statement and set out in full in Annexure A of the Bidder's Statement.

Based on the closing price of Strzelecki Shares on the ASX on 13 July 2012, the last trading day before the Announcement Date of $0.02, the value of the Offer Consideration was $0.50 per Wolf Share.

Based on the closing price of Strzelecki Shares on 11 September 2012, the last trading day before the date of the Bidder's Statement of $0.016, the value of the Offer Consideration was $0.40 per Wolf Share.

2.4 Payment of Offer consideration

Strzelecki has stated in the Bidder's Statement that if you accept Strzelecki's Offer, subject to satisfaction of the Conditions of Strzelecki's Offer, you will receive twenty five (25) Strzelecki Shares for every one (1) Wolf Share held by you, and on a post Consolidation basis, two and a half (2.5) Strzelecki Shares for every one (1) Wolf Share held. Full details of when you will receive the Offer Consideration are set out in section 1.7 of Annexure A to the Bidder's Statement.

If you accept Strzelecki's Offer and you are an Ineligible Foreign Wolf Shareholder or an Unmarketable Parcel Wolf Shareholder, you will not be entitled to receive Strzelecki Shares as consideration for your Wolf Shares. In these circumstances, Strzelecki's Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Strzelecki Shares and remit the sale proceeds (less any transaction costs) to you by cheque in Australian dollars. See sections 4.13 and 4.14 of the Target's Statement for further details.

2.5 Conditions to Strzelecki's Offer

Strzelecki's Offer is subject to the Conditions summarised in section 4.2 of this Target's Statement and set out in Annexure A of the Bidder's Statement. In summary, the key Conditions are as follows:

(a) Strzelecki acquiring a Relevant Interest in at least 90% of the aggregate of all Wolf Shares on issue and becoming entitled to compulsorily acquire all of the outstanding Wolf Shares under Part 6A.1 of the Corporations Act;
(b) no Prescribed Occurrences;
(c) no action by any Government Agency adversely affecting Strzelecki's Offer;
(d) Strzelecki obtaining approval from its shareholders pursuant to requirements under the Corporations Act and the ASX Listing Rules;
(e) no material transactions or certain actions undertaken by or relating to Wolf' business;
(f) no force majeure event; and
(g) no Material Adverse Change in relation to Wolf.

Please refer to Annexure A of the Bidder's Statement for the full terms of the Conditions.

2.6 Independent Expert's Report

As Matthew Wood is a director of both Wolf and Strzelecki, section 640 of the Corporations Act requires this Target's Statement to include a report by an expert that states whether, in the expert's opinion, Strzelecki's Offer is fair and reasonable and gives the reasons for forming that opinion.

The Independent Expert is of the view that Strzelecki's Offer is not fair but reasonable to Wolf Shareholders not associated with Strzelecki. The Independent Expert's Report is included in its entirety at Appendix 1 of this Target's Statement. You are urged to read that report carefully.

3. RECOMMENDATION OF THE INDEPENDENT DIRECTORS AND WHY YOU SHOULD ACCEPT STRZELECKI'S OFFER

3.1 Your independent directors' recommendation

3.2 Directors of Wolf

As at the date of this Target's Statement, the Directors of Wolf are:

Name	Position
Mr Timothy James Flavel	Director and Company Secretary
Mr Jason William Peterson	Director
Mr Matthew Wood	Executive Chairman
Mr Bataa Tumur-Ochir	Chief Operating Officer and Executive Director
Mr Jargalsaikhan Dambadarjaa	Director
Mr Lkhagvadorj Tumur	Managing Director

3.3 Recommendation of Directors'

After taking into account each of the matters in this Target's Statement, the Bidder's Statement and the Independent Expert's Report, the Independent Directors recommend that you accept the Offer (in the absence of a Superior Proposal) for the reasons set out in section 3.8 of this Target's Statement.

Wolf Shareholders should note that they will not receive the Offer Consideration any sooner by accepting Strzelecki's Offer early and, in any event, will not receive the Offer Consideration until each of the Conditions have been satisfied or waived.

Unless Strzelecki's Offer is extended or withdrawn, it is open for acceptance until 5.00pm (WST) on 29 October 2012. Once you have accepted Strzelecki's Offer, you will be prevented from participating in a Superior Proposal, should one eventuate, unless the limited circumstances for withdrawal of your acceptance apply.

As at the date of this Target's Statement, the Independent Directors are not aware of a proposal by anyone to make a Superior Proposal.

The Wolf Directors will continue to assess any opportunities that may arise to obtain a Superior Proposal for your Wolf Shares and deal with any such opportunities in a manner consistent with their statutory and fiduciary duties. The Wolf Directors will continue to keep you informed of any new developments.

The Independent Directors have given careful consideration to Strzelecki's Offer and set out in section 3.8 are some of the more relevant matters which were considered.

In considering whether to accept the Offer, your Directors encourage you to:

(a) read the whole of this Target's Statement and the Bidder's Statement;

(b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;

(c) consider the alternatives noted in section 5 of this Target's Statement; and

(d) obtain financial advice from your broker or financial adviser upon the Offer and obtain taxation advice on the effect of accepting the Offer.

3.4 Independent Board Committee

Wolf has taken steps to ensure the independence of Wolf's response to the Offer. A committee of the Wolf Board (the **Independent Board Committee**) was formed to consider and assess Strzelecki's Offer. It comprises of all of the directors of Wolf other than Mr Matthew Wood.

As outlined elsewhere in this Target's Statement Mr Matthew Wood is Chairman of Wolf and an executive director of Strzelecki.

Mr Wood was excluded from all discussions of the board of directors of Strzelecki in relation to formulating the Strzelecki's Offer.

Due to his interest as Executive Director of Strzelecki, Mr Wood makes no recommendation in relation to Strzelecki's Offer and is not a member of the Independent Board Committee.

The Independent Board Committee has adopted various protocols and processes to manage Wolf's consideration of Strzelecki's Offer. Among other things, Mr Wood was not allowed to participate in or vote on any consideration by the Wolf Board of the Offer. Further details regarding the processes are set out in section 3.5 of the Target's Statement.

3.5 Processes and protocols

The Company has established an Independent Board Committee and implemented protocols and processes to manage the Company's consideration of the Offer and any Competing Proposal pursuant to an Independent Board Committee Charter. The processes and protocols adapted by the Independent Board Committee include the following:

(a) the Independent Board Committee will authorise and regulate participating insiders' and management's participation in the Offer (including limited waiver/release of confidentiality and other obligations in service agreements) where required;

(b) the Independent Board Committee will participate in and vote on any consideration by the Board of the Offer or any Competing Proposal. Participating insiders are excluded from such processes; and

(c) the Independent Board Committee will limit or restrict a participating insider from:

  (i) accessing documents and information held by or prepared by the Company or the Independent Board Committee in connection with the Offer or a Competing Proposal, or any documents or information that may be material to the Offer or competing proposal;

  (ii) accessing the Company's premises or part of the premises where the person may have access to the documents and information referred to in paragraph 3.5(c)(i) above; and

(iii) accessing the information systems of the Company where the person may have access to the documents and information referred to in paragraph 3.5(c)(i) above.

To give effect to these processes and protocols Mr Wood (a participating insider, due to the conflict of interest arising from his dual role as a director of both Wolf and Strzelecki), has entered into a confidentiality agreement with the Company.

3.6 Intentions of your Directors in relation to the Offer

Each Director of Wolf has advised that they will accept the Offer in respect of any Wolf Shares that they, or their associates, own or control (whether they are held directly or through an entity they control) in the absence of a Superior Proposal.

Details of direct and indirect holdings of each Wolf Director in Wolf Shares are set out in section 9.1 of this Target's Statement.

3.7 No brokerage payable

Wolf Shareholders will not be required to pay brokerage or any other costs in relation to the sale of their Wolf Shares under the Offer.

3.8 Reasons to accept Strzelecki's Offer

The Independent Directors recommend that Wolf Shareholders accept the Offer in the absence of a Superior Proposal but consider that Wolf Shareholders should also be aware of the following factors set out in this section in making their decision in relation to the Offer.

In summary, the key reasons why the Independent Directors of Wolf have recommended Wolf Shareholders accept the Offer, in the absence of a Superior Proposal, are:

1.	Your shareholding will be more liquid in a merged entity which will have an increased scale, stronger balance sheet and improved fundraising capability with the financial capacity to progress its projects.
2.	The Offer represents an appropriate price for your Wolf Shares comparable to the price at which the Company last raised money in October 2011, despite a deteriorating market;
3.	The merged entity will have a strong board and management team that can progress Wolf's projects.
4.	There are risks in not accepting the Offer.
5.	Capital Gains Tax rollover relief may be available.
6.	The Offer is the only proposed transaction before Wolf.

7. The Independent Expert has determined that Strzelecki's Offer is not fair but reasonable to Wolf Shareholders not associated with Strzelecki.

3.8.1 The merged entity will have a stronger balance sheet and improved fundraising capability and your investment will be more liquid

Since the last capital raising of the Company in October 2011, the directors have explored a number of options to raise capital to continue to develop the assets of the Company and enhance the value of shareholder interests. These included the introduction of a cornerstone investor, listing the company on a recognised stock exchange whilst conducting an initial public offering or undertaking a reverse takeover into an existing listed company with cash reserves. The key objectives of the Wolf Directors in pursuing these opportunities have been to:

(a) to secure a listed platform upon which capital can be raised to advance the company's projects;

(b) to provide shareholders with a liquid market for their shares in Wolf; and

(c) to continue to grow the Company's projects.

By accepting the Offer you will move from holding an interest in an unlisted company with limited cash resources and a limited ability to raise capital to a holding in a listed company with the financial capacity to progress Wolf's projects.

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 Strzelecki, an ASX listed company, after the Takeover Offer becomes unconditional and the Strzelecki Shares have been issued to you. You are therefore expected to benefit from the greater liquidity of being able to trade your shares in an open market.

As an ASX listed company, Wolf will have greater opportunities to raise further funds to continue and advance the development of the Wolf Projects. In addition, as Strzelecki is listed on ASX, it has greater access to a wider range of sources of finance than are currently available to Wolf as an unlisted public company.

As set out in section 5.10 of the Bidder's Statement, the Merged Entity will have a stronger balance sheet with a pro-forma unaudited cash position of $9,700,088. The stronger balance sheet will assist the Merged Entity with developing Wolf's projects.

As set out in section 5.5 of the Bidder's Statement, the Merged Entity intends to divest of all of its non-oil and gas assets and focus solely on Wolf's current assets. Accordingly, you will remain primarily exposed to Wolf's existing assets.

3.8.2 The Offer represents an appropriate price for your Wolf Shares

Strzelecki Shares trade on the ASX. The volume weighted average price of Strzelecki Shares on the ASX prior to the Announcement Date is as follows:

5 day VWAP	$0.02
30 day VWAP	$0.0204
60 day WVAP	$0.0229

As an unlisted Australian public company with exploration assets in Mongolia, traditional valuation methodologies are not applicable to Wolf. For example, the application of earnings multiples and any comparable quoted securities multiples are not appropriate. Wolf has to date not received any Superior Offer for Wolf Shares or for its assets other than the Offer.

The most recent capital raisings undertaken by Wolf were as follows:

Date	Price per Wolf Share	Wolf Shares issued
March 2011	$0.25	12,000,000
October 2011	$0.40	15,775,000

The Wolf Directors consider that these capital raisings provide the most suitable means of assessing the current value of Wolf Shares. These values compare with the implied value per Wolf Share of $0.40 based on a price of 1.6 cents per Strzelecki Share on a pre consolidation basis (16 cents per Strzelecki Share on a post consolidation basis). Subsequent to the October 2011 capital raising, global market conditions have deteriorated considerably. We therefore believe that the price offered is appropriate in today's market. The Independent Directors therefore advise their unanimous recommendation that Wolf Shareholders should accept the Offer in the absence of a Superior Proposal.

3.8.3 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 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.

3.8.4 Potential availability of Capital Gains Tax relief

You may have access to scrip for scrip rollover relief, in which case you will not incur capital gains tax as a result of accepting the Offer. If, as a result of the Offer, Strzelecki becomes the holder of 80% of 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 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 Offer, all of the capital gain from the disposal may be disregarded. The capital gains tax provisions would then only apply on a later taxable event (such as disposal) happening to the Strzelecki Shares received as consideration under the Offer. Please refer to Section 7 of the Bidder's Statement for more information.

3.8.5 The Offer is the only proposed transaction before Wolf.

The Offer is the only proposed transaction before Wolf. As discussed in section 3.8.1 of this Target's Statement and the Letter to Shareholders, the Directors have considered other options to grow and develop the Company.

There is a significant risk that if the Offer had not been made by Strzelecki the Company would remain unlisted and Wolf Shareholders would not have a way to realise their investment.

This Offer provides you with an opportunity to exchange your Wolf Shares for shares in the Merged Entity which will have larger scale and more liquidity as discussed in more detail in this section of the Target's Statement.

3.8.6 The Independent Expert has determined that Strzelecki's Offer is not fair but reasonable

As set out in the Independent Expert's Report in Appendix 1 to this Target's Statement, the Independent Expert has determined that Strzelecki's Offer is not fair but reasonable to Wolf Shareholders not associated with Strzelecki.

3.9 Risks in relation to the Offer

The Independent Directors recommend that Wolf Shareholders accept the Offer in the absence of a Superior Proposal but consider that Wolf Shareholders should also be aware of the following factors in making their decision in relation to the Offer:

(a) inability to accept a superior offer if one was to emerge;

(b) reduced exposure to Wolf assets;

(c) the price of Strzelecki Shares fluctuates; and

(d) effect of Offer on Wolf's material agreements.

3.9.2 Inability to accept a superior offer

Except in the limited circumstances provided for in the Corporations Act, accepting the Offer will preclude you from accepting a Superior Proposal from a third party, should one emerge during the Offer Period. At the date of this Target's Statement, the Wolf Directors are not aware of a proposal by anyone to make a Superior Proposal.

Accepting the Offer would preclude you from selling your Wolf Shares. Accepting the Offer will not, however, deny a Wolf Shareholder the benefit of any superior price offered by Strzelecki which, under the Corporations Act, is required to be extended to all Wolf Shareholders, including those who have already accepted the Offer. At the date of this Target's Statement, Strzelecki has given no indication that it intends to increase the Offer Consideration.

3.9.3 Reduced exposure to Wolf assets

If you accept the Offer and the Offer becomes unconditional, your interest in Wolf's assets and the value that could be realised through a successful development of the assets will be diluted. However, this has to be weighed against the dilution that is likely to occur if Wolf remains an independent company and has to raise working capital to fund its projects through further equity raisings.

3.9.4 Risks in relation to Strzelecki Shares

If the terms of the Offer are accepted by Wolf Shareholders, then Wolf Shareholders will receive the Offer consideration in the form of Strzelecki Shares. The value of the Offer to those Wolf Shareholders will therefore depend upon the future value of Strzelecki Shares. The future value of Strzelecki Shares will itself depend on the future performance of the combined entity, as appropriate. Wolf Shareholders should therefore consider the risks which may affect future performance.

The risks which are known to Strzelecki and which may have a material adverse impact on the future performance, as applicable, are described in section 8 of the Bidder's Statement.

3.9.5 Risk relating to effect of Offer on Wolf's material agreements

To the best of Wolf's knowledge, none of the material contracts to which Wolf is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer and which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of Wolf.

3.10 Minority ownership consequences

Strzelecki may acquire more than 50% but less than 90% of Wolf Shares pursuant to the Offer. Wolf Shareholders who do not accept the Offer may become minority shareholders in Wolf. This has a number of possible implications, including:

(a) Strzelecki will be in a position to cast the majority of votes at a general meeting of Wolf. This will enable it to control the composition of Wolf's Board and senior management, determine Wolf's dividend policy and control the strategic direction of the businesses of Wolf and its subsidiaries. In its Bidder's Statement, Strzelecki provides that it intends to procure the appointment of nominees of Strzelecki to Wolf's Board;

(b) the liquidity of Wolf Shares may be lower than at present;

(c) the Wolf Share price may fall immediately following the end of the Offer Period;

(d) if Strzelecki acquires 75% or more of the Wolf Shares, Strzelecki will be able to pass a special resolution of Wolf. This will enable Strzelecki to, among other things, change Wolf's constitution; and

(e) if Strzelecki acquires a majority of the Wolf Shares on issue, the Independent Directors believe that it is unlikely that a subsequent takeover bid for Wolf will emerge at a later date from a third party.

4. KEY FEATURES OF STRZELECKI'S OFFER AND IMPORTANT MATTERS FOR WOLF SHAREHOLDERS TO CONSIDER

4.1 Consideration payable to Shareholders who accept the Offer

The consideration being offered by Strzelecki is an implied offer price of $0.40 per Share (based on a Strzelecki Share price of $0.016 on the last trading day (being 11 September 2012) before the date of the Bidder's Statement.

4.2 Conditions to the Offer

Strzelecki's Offer is subject to a number of Conditions. The Conditions are set out in full in section 4 of Annexure A of the Bidder's Statement.

In summary, the key Conditions are as follows:

(a) **90% minimum acceptance**: During, or at the end of, the Offer Period Strzelecki has a relevant interest in such number of Wolf Shares which represents at least 90% of the aggregate of all the Wolf Shares and Strzelecki becoming entitled to compulsorily acquire all of the outstanding Wolf Shares under Part 6A.1 of the Corporations Act;

(b) **No Prescribed Occurrences**: No Prescribed Occurrences happens during the period beginning on the Announcement Date to the day that is 3 Business Days after the end of the Offer Period;

(c) **No regulatory actions**: No action by any Government Agency which adversely affects the Offer during the period beginning on the date of the Bidder's Statement to the end of the Offer Period;

(d) **Strzelecki shareholder approval**: Strzelecki obtaining approval from its shareholders pursuant to requirements under the Corporations Act and the ASX Listing Rules;

(e) **No material acquisitions, disposals or new commitments**: During the period beginning on the Announcement Date to the end of the Offer Period, Wolf, or any subsidiary, disposes or acquires, or offers to dispose or acquire, an asset for an amount greater than $100,000 (in the case of an acquisition) or $25,000 (in the case of a disposal), enters into a joint venture, commits to a liability of greater than $50,000 or declares or pays a distribution;

(f) **No force majeure event**: During the Offer Period no force majeure event occurs which materially affects or is likely to materially affect the assets, liabilities, financial position, performance, profitability or prospects of Wolf or any of its subsidiaries; and

(g) **No Material Adverse Change**: Between the Announcement Date and the end of the Offer Period no Material Adverse Change occurs, is discovered, or becomes known to Strzelecki.

Please refer to section 4 of Annexure A to the Bidder's Statement for the full terms of the Conditions.

As at the date of this Target's Statement, Wolf is not aware of any act, omission, event or fact that would result in the failure of any of the Conditions to the Offer.

While the Independent Directors have no reason to believe that the Conditions will not be satisfied, Wolf is not in a position to state whether the Offer Conditions will be satisfied.

Any Offer Conditions which are not satisfied (or triggered, as appropriate) may be waived by Strzelecki.

If any Condition is unsatisfied (or has been triggered), Strzelecki will have a choice either to waive the Condition and proceed with the Strzelecki Offer or to allow the Strzelecki Offer to lapse with unsatisfied Offer Conditions.

4.3 Notice of Status of Conditions

Section 9.12 of the Bidder's Statement indicates that Strzelecki will give a Notice of Status of Conditions to the ASX and Wolf on 22 October 2012.

Strzelecki is required to set out in its Notice of Status of Conditions:

(a) whether the Offer is free of any or all of the Conditions;

(b) whether, so far as Strzelecki knows, any of the Conditions have been fulfilled on the date the Notice of Status of Conditions is given; and

(c) Strzelecki's voting power in Wolf.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Strzelecki is required, as soon as practicable after the extension, to give a notice to the ASX and Wolf that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the Bid Period, but before the date on which the Notice of Status of Conditions is required to be given, Strzelecki must, as soon as practicable, give the ASX and Wolf a notice that states that the particular condition has been fulfilled.

4.4 Offer Period

Unless Strzelecki's Offer is extended or withdrawn, it is open for acceptance until 5.00pm WST on 29 October 2012.

The circumstances in which Strzelecki may extend or withdraw its Offer are set out in sections 4.5 and 4.6 respectively of this Target's Statement.

4.5 Extension of the Offer Period

Strzelecki may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to in section 4.3 in this Target's Statement) while the Offer is subject to Conditions. However, if the Offer is unconditional (that is, all the Conditions are fulfilled or waived), Strzelecki may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

(a) Strzelecki improves the consideration offered under the Offer; or

(b) Strzelecki's voting power in Wolf increases to more than 50%.

If either of these events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

4.6 Withdrawal of Offer

Strzelecki may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Strzelecki may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

4.7 Effect of acceptance

Accepting the Offer would (subject to the withdrawal rights discussed below):

(a) prevent you from accepting any Superior Proposal that may be made by a third party;

(b) relinquish control of your Wolf Shares to Strzelecki with no guarantee of receipt of the Offer Consideration until the Offer becomes, or is declared, unconditional;

(c) if the Conditions of its Offer are not satisfied, give Strzelecki the option to either keep your Shares (by waiving the conditions) or allow the Offer to lapse (as discussed in Section 4.2); and

(d) prevent you from selling your Wolf Shares.

4.8 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if Strzelecki varies the Offer in a way that postpones, for more than one month, the time when Strzelecki needs to meet its obligations under the Offer. This will occur if Strzelecki extends the Offer Period by more than one month and the Offer is still subject to conditions.

In those circumstances, you will have a period of one month after the date that the Offer is extended to withdraw your acceptance. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended you will receive further statutory withdrawal rights (that is, a further month long withdrawal right for each and every extension thereafter provided the Offer is still conditional).

4.9 When you will receive your Strzelecki Shares if you accept the Offer

In the usual case, you will be issued your Strzelecki Shares on or before the later of:

(a) one month after the date the Offer becomes or is declared unconditional; and

(b) one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional,

but, in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your Strzelecki Shares are set out in section 1.7 of Annexure A to the Bidder’s Statement.

4.10 Effect of an improvement in consideration on Shareholders who have already accepted the Offer

If Strzelecki improves the consideration offered under its takeover bid, all Wolf Shareholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

4.11 Lapse of Offer

The Offer will lapse if the Offer conditions are not waived or fulfilled by the end of the Offer Period, in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Wolf Shares as you see fit.

4.12 Compulsory acquisition

Strzelecki has indicated in section 6.2 of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Wolf Shares.

Strzelecki will be entitled to compulsorily acquire any Wolf Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period, Strzelecki and its associates have a relevant interest in at least 90% (by number) of the Wolf Shares.

If the above threshold is met, Strzelecki will have one month after the end of the Offer Period, within which to give compulsory acquisition notices to Wolf Shareholders who have not accepted the Offer. Wolf Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their Wolf Shares. If compulsory acquisition occurs, Wolf Shareholders who have their Wolf Shares compulsorily acquired are likely to be issued their consideration approximately 5 to 6 weeks after the compulsory acquisition notices are dispatched to them.

It is also possible that Strzelecki will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Wolf Shares. Strzelecki would then have rights to compulsorily acquire Wolf Shares not owned by it within 6 months of becoming the holder of 90%. Strzelecki's price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

4.13 Ineligible Foreign Wolf Shareholders

Ineligible Foreign Wolf Shareholders will not be entitled to receive Strzelecki Shares as consideration for their Wolf Shares pursuant to Strzelecki's Offer.

A Wolf Shareholder is an Ineligible Foreign Wolf Shareholder for the purposes of Strzelecki's 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 Wolf Shareholder if Strzelecki is satisfied that it is not legally or practically constrained from making Strzelecki's Offer to a Wolf Shareholder in the relevant jurisdiction and to issue Strzelecki Shares to such a shareholder on acceptance of Strzelecki's Offer, and that it is lawful for the Wolf Shareholder to accept Strzelecki's Offer in such circumstances in the relevant jurisdiction.

Strzelecki's Shares which would otherwise have been issued to Ineligible Foreign Wolf Shareholders will instead be issued to the Sale Nominee who will sell these Strzelecki Shares. The proceeds of the sale (less any transaction costs) of such Strzelecki Shares will then be remitted to the relevant Ineligible Foreign Wolf Shareholders. See section 1.8 of Annexure A to the Bidder's Statement for further details.

4.14 Unmarketable Parcel Wolf shareholders

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

Strzelecki's Shares which would otherwise have been issued to Unmarketable Parcel Wolf Shareholders will instead be issued to the Sale Nominee who will sell those shares. The proceeds of the sale (less any transaction costs) of such Strzelecki Shares will then be remitted to the relevant Unmarketable Parcel Wolf Shareholders. See section 1.9 of Annexure A to the Bidder's Statement for further details.

4.15 Intentions of the Bidder

The intentions of Strzelecki (as at the date of the Bidder's Statement) in relation to Wolf, its business, assets and employees are set out in section 6 of the Bidder's Statement. The statements set out in section 6 of the Bidder's Statement are statements of Strzelecki's intentions at the date of the Bidder's Statement only, which may vary as new information becomes available or circumstances change.

4.16 Other alternatives to the Offer

Strzelecki Shareholders should note that your Independent Directors' recommendation is subject to the absence of a Superior Proposal.

The Board is not aware of any alternatives to the Offer in order to maximise value for Wolf Shareholders.

At this stage, the Board is not in a position to provide Shareholders with information in relation to the probability of an alternative transaction arising but will keep Shareholders informed of any material developments.

As at the date of this Target's Statement, no Competing Proposal or Superior Proposal had been received by the Wolf Board. Should such a proposal arise, your Independent Directors will reconsider their recommendation and inform you accordingly.

4.17 Wolf Share price absent the Offer

There is no guarantee an active market for Wolf Shares will develop in the future. Wolf Shares are not quoted on a financial market and are an illiquid investment. There is a significant risk that if the Strzelecki Offer is not successful that the Company will remain unlisted and Wolf Shareholders will not have a way to realise their investment.

4.18 Taxation consequences of a change in control in Wolf

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer are set out in section 7 of the Bidder's Statement and section 9.8 of the Target's Statement.

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement and the Target's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

5. YOUR CHOICES AS A WOLF SHAREHOLDER

Your Independent Directors unanimously recommend that you accept the Offer (in the absence of a Superior Proposal).

However, as a Wolf Shareholder you have three choices currently available to you during the Offer Period:

(a) Accept the Offer

If you wish to accept Strzelecki's Offer, you should follow the instructions in the Bidder's Statement and the Acceptance Form. To validly accept Strzelecki's Offer, Strzelecki must receive your acceptance before 5.00pm (WST) on 29 October 2012, unless the Offer Period is extended.

Subject to the Conditions of Strzelecki's Offer being satisfied or waived (including the 90% minimum acceptance Condition), you will receive , on a pre Consolidation basis, twenty five (25) Strzelecki Shares for every one (1) Wolf Share held, and on a post Consolidation basis, two and a half (2.5) Strzelecki Shares for every one (1) Wolf Share held. Particular arrangements apply to Ineligible Foreign Wolf Shareholders and Unmarketable Parcel Wolf Shareholders, as explained in sections 4.14 and 4.15 of this Target's Statement and sections 9.10 and 9.11 to the Bidder's Statement.

You should be aware that once you accept Strzelecki's Offer, your acceptance cannot be withdrawn except in the limited circumstances in the Corporations Act (summarised in section 4.8 of this Target's Statement). You should consider the timing of any acceptance of Strzelecki's Offer in light of the fact that a Superior Proposal by another party may emerge which you would be precluded from accepting if you had already accepted Strzelecki's Offer. As at the date of this Target's Statement, the Wolf Directors are not aware of a proposal by anyone to make a Superior Proposal.

You should be aware that the price of Wolf Shares may rise or fall after you have accepted Strzelecki's Offer.

Note that there may be tax consequences for you if accept Strzelecki's Offer. Please refer to section 9.8 of this Target's Statement for a general outline of the potential Australian tax implications of accepting Strzelecki's Offer.

(b) Do not accept the Offer

Shareholders who do not wish to accept the Offer should do nothing.

Shareholders should note that if Strzelecki and its associates have a relevant interest in at least 90% of the Wolf Shares during or at the end of the Offer Period, Strzelecki will be entitled to compulsorily acquire the Wolf Shares that it does not already own (See section 4.12 of this Target's Statement for further details).

If Strzelecki acquires more than 50% but less than 90% of the Wolf Shares then, assuming all other Conditions to the Offer are fulfilled or waived, Strzelecki will acquire a majority shareholding in Wolf. Accordingly, Shareholders who do not accept the Offer will become minority Shareholders in Wolf.

(c) Sell your Wolf Shares

During a takeover, shareholders of a target company who have not already accepted the bidder's offer can still sell their shares. However, there is presently no active market for Wolf Shares. Wolf Shares are not quoted on a financial market and are an illiquid investment.

Shareholders who sell their Wolf Shares may be liable for capital gains tax on the sale and may incur a brokerage charge.

6. WOLF INFORMATION

6.1 Background information on Wolf

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

(a) is an active petroleum explorers in Mongolia and is currently conducting successful work programmes across three blocks;

(b) has an approximate 74,401 km^2 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;

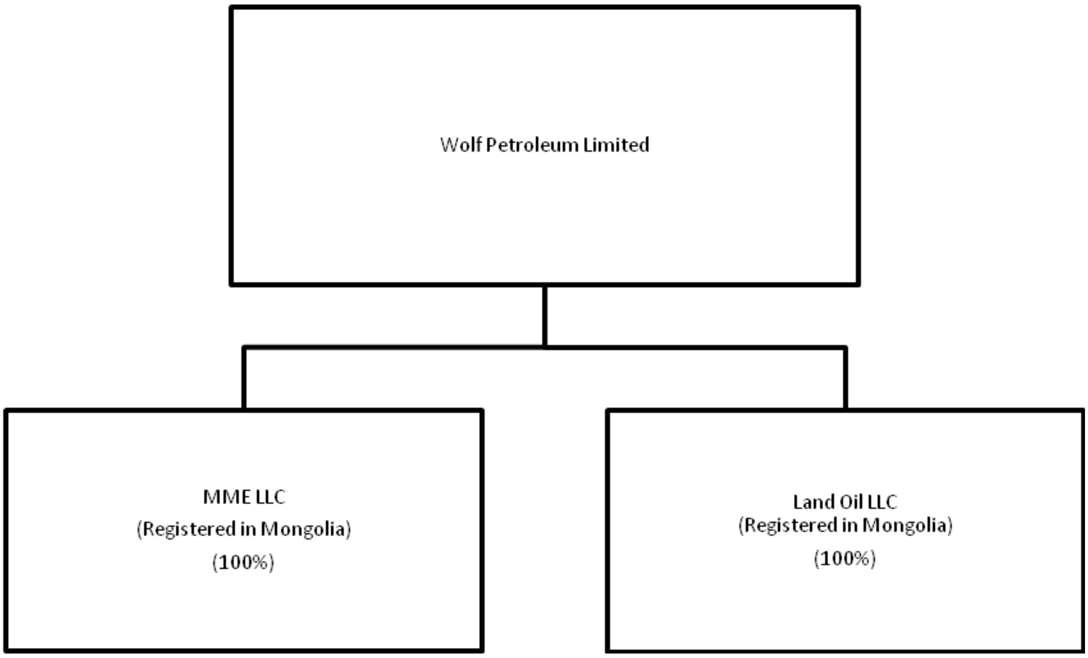
(d) is located in a strong and growing market domestically in Mongolia and in China;

(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) Wolf has an experienced Board of Directors. The Board of Directors and senior management team have an enviable track record operating in Mongolia. Mongolia is open for business and is actively encouraging investment in its resources sector.

Wolf currently holds joint survey exploration block contracts at Jinst and Baruun Urt and has been recently been awarded a third block at Sukhbaatar (together the **Blocks**) with a product sharing contract (**PSC**) to be awarded. Further information on these Blocks is set out in section 6.2 of this Target's Statement.



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, with a view to implementing new technologies and meeting exploration targets.

6.2 Current business activities of Wolf

Baruun Urt Block – Mongolia

The Baruun Urt Block is Wolf's main project. In 2010 Wolf signed a Joint Survey Contract on the Baruun Urt oil exploration block in Eastern Mongolia. This region already has successfully operating oil fields and recent discoveries, with an estimate of between 2 billion and 4 billion barrels of crude oil.

The blocks total size is 10,287 km^2 and is located between Petro Matad Limited's (an AIM listed company) recent oil discovery and Petro China Company Limited's exploration and development blocks.

Wolf is currently gathering geophysical data with the intention of commencing initial ground work on the Baruun Urt Block in the coming month.

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 x 20km.

Wolf has successfully completed an initial exploration programme for 2010-2013 and now processing current results and proceeding to further detailed exploration in 2012.

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^2 and 1,500km^2 were identified, with an estimated depth of over 2,400 metres.

Geological and geophysical (gravity and magnetic) studies have been completed with cretaceous rocks found on the surface of sub basins, similar to producing fields in Mongolia.

Remote sensing and geochemistry has begun, with a 500km seismic acquisition programme started in April 2012.

Sukhbaatar Block – Mongolia

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

Wolf has bid on an international open tender for Sukhbaatar Block, having successfully passed through the selection process and signed the initial production sharing contract.

6.3 Directors of Wolf

Name	Position
Mr Timothy James Flavel	*Director and Company Secretary* Mr Flavel is a Chartered Accountant and Company Secretary, with more than 20 years experience in the mining industry and accounting profession both in Australia and overseas. Mr Flavel currently assists a number of resources companies operating throughout Australia, Mongolia and Africa with financial accounting, stock exchange compliance and regulatory activities.
Mr Jason William Peterson	*Director* Mr Peterson has more than 16 years of experience in the financial advisory sector, which he obtained by working in both local and international stockbroking companies such as Patersons, Tolhurst, and Merrill Lynch. Mr Peterson specialises in corporate structuring, capital raisings, corporate and strategic advice to small and medium size companies and reverse takeovers. Mr Peterson holds a Bachelor of Commerce degree from Curtin University in Australia and a Graduate Diploma of Finance from FINSIA (Financial Services Institute of Australia)/SDIA (Securities & Derivatives Institute of Australia). Mr Peterson is a Senior Client Advisor and a Director and 33% shareholder of stock broking firm,

Name	Position
	CPS Securities.
Mr Matthew Wood	*Executive Chairman* Mr Wood has more than 20 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 a founding director of Garrison Capital Pty Ltd
Mr Bataa Tumur-Ochir	*Chief Operating Officer and Executive Director* Mr. Bataa Tumur-Ochir has served as Chief Operating Officer since Wolf Petroleum's establishment in 2010 and appointed as an Executive Director in August 2011. Mr. Tumur-Ochir is responsible for new business acquisitions, development and government and community relations. As a Chief Operating Officer Mr.Tumur-Ochir focuses on the Company's local team and operations in Mongolia. In 2011, Wolf Petroleum's subsidiary company, MME, was honoured with the "Contractor of the Year" award from the Petroleum Authority of Mongolia, and today, Wolf Petroleum is recognised as the fastest growing exploration company in Mongolia. Mr. Tumur-Ochir holds a bachelor's degree in business administration from the University of Science and Technology in Mongolia and graduate certificates in international business and marketing from Australian and Singaporean universities. Previously, Mr. Tumur-Ochir established a marketing and project management firm with clients ranging from local major mining and construction companies to government agencies.
Mr Jargalsaikhan Dambadarjaa	Non-executive Director Mr. Jargalsaikhan Dambadarjaa (Jargal or JD) is an economist and management consultant, specialising in financial markets, banking, marketing, strategic planning and competitiveness. Mr. Jargalsaikhan Dambadarjaa has extensive experience working in investment and commercial banking, financial, tourism and petroleum companies. He has worked in government and non-government organizations. He is currently Chief Executive Officer of XacLeasing Company, a part of TenGer Financial Group. His previous works include: Chief Executive Officer of Capital Bank, Chairman of a government agency (FIFTA), Deputy Director of Juulchin Company and Economist of Mongolian Petroleum

Name	Position
	Company. Mr. Jargalsaikhan Dambadarjaa writes columns weekly for daily national newspaper and conducts television interviews. He received a diploma in Economics from the Moscow State University (Russia) 1984 summa cum laude; and MBA degree specialized in finance from the Daniel's School of Business University of Denver (USA) in 2002.
Mr Lkhagvadorj Tumur	*Managing Director* Mr. George Lkhagvadorj Tumur serves as Managing Director of Wolf. Mr. Tumur serves also as Managing Director of Hunnu Coal and Executive Director of Operations for Mongolia at Voyager Resources Limited. He has worked in senior management positions for various Mongolian mining companies. Mr. Tumur has an intricate understanding of the mining and legal landscape in Mongolia and has been one of the leaders in introducing western contract mining and mineral processing technologies into the Mongolian mining industry. Mr. Tumur has a MSc in Mining Engineering and BSc in Metallurgical Engineering from Colorado School of Mines, as well as a Technical degree in Mineral Processing from a Ukrainian Industrial Technical School.

6.4 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.

6.5 Wolf Petroleum Consolidated Statement of Financial Position

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

6.6 Consolidated Statement of Comprehensive Income

	Unaudited 1 January 2012 to 30 June 2012 $	Audited 12 October 2010 to 31 December 2011 $
Revenue from continuing operations		
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)
Loss from continuing operations before income tax	(1,584,296)	(679,990)
Income tax benefit	-	-
Loss from continuing operations after income tax	**(1,584,296)**	**(679,990)**
Loss for the period	**(1,584,296)**	**(679,990)**
Other comprehensive loss		
Foreign currency translation	82,634	(138,242)
Other comprehensive loss for the period, net of tax	**82,634**	**(138,242)**
Total comprehensive loss attributable to owners of Wolf Petroleum Limited	**(1,501,662)**	**(818,232)**
Loss per share attributable to owners of Wolf Petroleum Limited		
Basic loss per share (cents)	(1.91)	(1.35)

6.7 Issued capital

As at the date of this Target's Statement, Wolf's issued capital consisted of 82,775,003 fully paid ordinary Shares.

6.8 Substantial holders

As at the date of this Target's Statement:

(a) Next Level LLC held 17,500,000 Wolf Shares representing 21.14% of all Wolf Shares;

(b) Nefco Nominees Pty Ltd held 6,000,000 Wolf Shares representing 7.25% of all Wolf Shares; and

(c) Brave Warrior Holdings, an entity controlled by Mr George Tumur, held 5,000,000 Wolf Shares representing 6.04% of all Wolf Shares.

6.9 Dividend issues for Wolf Shareholders

Wolf has never paid a dividend and the Board does not expect this to change in the short to medium term.

7. STRZELECKI INFORMATION

7.1 Overview of Strzelecki

Strzelecki Metals Limited (ASX: STZ) is an ASX minerals exploration and development company, with offices and projects in Australia and Poland.

Strzelecki' projects include Myszkow, Kupferschiefer and the West Musgrave JV.

As at the Announcement Date, Strzelecki had a market capitalisation of approximately $8.52 million.

Please refer to section 3 of the Bidder's Statement for detailed information on Strzelecki.

7.2 Risks associated with becoming a Strzelecki Shareholder

There are certain risks with holding Strzelecki Shares. Those risks are outlined in section 8 of the Bidder's Statement.

The Wolf Directors encourage Wolf Shareholders to consider section 8 of the Bidder's Statement before deciding on a course of action in relation to the Offer.

8. RISK FACTORS

8.1 Risks of investment in Wolf

Wolf's business activities are subject to a number of investment risk factors, both specific to its business activities and of a general nature, which may materially affect the future exploration, operating and financial performance of Wolf and the value of Wolf Shares. You should be aware that rejecting Strzelecki's Offer may result in Wolf Shareholders continuing to be exposed to the following investment risk factors:

(a) **General Risks**

Factors such as inflation, interest rates, levels of tax, taxation law and accounting practices, government legislation or intervention, natural disasters, social upheaval, war and civil disturbances may have an impact on prices, operating costs and market conditions generally. Accordingly, Wolf's future possible revenue and operations can be affected by these factors, which are beyond the control of Wolf. General movements in local and international stock markets, and economic conditions could all affect the market price of Wolf Shares.

(b) **Future Capital Requirements**

Wolf activities will require substantial expenditures. If Wolf is unable to use debt or equity to fund development of its projects there can be no assurances that it will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to Wolf or at all. Any additional equity financing may be dilutive to shareholders and any debt financing, if available, may involve restrictive covenants, which limit its operations and business strategy. Wolf failure to raise capital if and when needed could delay or suspend its business strategy and could have a material adverse effect on Wolf activities.

(c) **Foreign Currency Risk**

Foreign currency exchange risk involves exchange rate movements amongst currencies that may adversely impact the value of foreign currency-denominated assets, liabilities and off-balance sheet arrangements.

Unfavourable movements in the Mongolian Tughrik may have an adverse effect on the Company's operations and the market price of Wolf Shares. The Company does not hedge against these risks.

(d) **Operating Risks**

The operations of Wolf may be affected by various factors, including operational and technical difficulties encountered in exploration and production; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated geological problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; infrastructure failures and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(e) **Geological risk**

As an oil and gas exploration company, an investment in Wolf has inherent risk in that there can be no guarantee that economic resources will be discovered in the Company's projects.

(f) **Economic Factors**

Factors such as inflation, currency fluctuations, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. Wolf's future possible revenues and share price can be affected by these factors which are beyond the control of Wolf and the Wolf Directors.

(g) **Government Policy Changes**

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of Wolf and may affect industry profitability as well as Wolf's capacity to explore and mine.

Other than as previously disclosed Wolf is not aware of any reviews or changes that would affect its permits. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect Wolf's exploration plans or its rights and obligations in respect of its permits. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by Wolf.

(h) **Oil and Gas Price Volatility**

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 and the economic viability of its exploration projects.

(i) **Environmental Risks**

The operations and proposed activities of Wolf are subject to Mongolian laws and regulations concerning the environment. As with most exploration projects and production operations, Wolf's activities are expected to have an impact on the environment, particularly if advanced exploration or development proceeds. It is Wolf's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, this does not necessarily mean that all of Wolf's proposed activities will be approved by the Mongolian environmental authorities.

(j) **Sovereign Risk**

Wolf is conducting its oil and gas exploration and development activities primarily in Mongolia. There is no assurance that future political and economic conditions in this country will not result in the government adopting policies precluding foreign development and ownership of mineral resources.

Any such changes in policy may result in changes in laws affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both Wolf' ability to undertake exploration and development activities in respect of future properties in the manner currently contemplated, as well as its ability to continue to explore and develop those properties in respect of which it has obtained exploration and development rights to date. The possibility that a future government may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out. There can be no assurance that the governments of Mongolia or their instrumentalities, agencies or controlled entities and operations will not impose measures that could have material adverse effects on Wolf' operations or will renew or issue new exploration or exploitation permits to Wolf.

(k) **Title Risks**

Although Wolf has obtained legal advice with respect to its Mongolian properties, there is no guarantee that title to such properties will not be challenged or impugned. The properties may be subject to prior unregistered agreements or transfers or land claims and title may be affected by undetected defects. There is no guarantee that the prospecting permits granted by the governments of Mongolia in connection with the properties will be renewed upon their termination. In addition, according to the terms and conditions of its exploration permits and agreements with other parties relating to some of its properties, Wolf undertook certain obligations with respect to the exploration activities to be conducted on these properties. If Wolf does not meet its obligations, it may lose its interests in the properties. Government approvals and permits are currently, and may in the future be, required in connection with Wolf' operations. To the extent such approvals are required and not obtained, Wolf may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

(l) **Legal Risks**

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

(m) **Liquidity**

There is no guarantee and active market for Wolf Shares will develop in the future. Wolf Shares are not quoted on a financial market and are an illiquid investment. There is a significant risk that if the Strzelecki Offer is not successful that the Company will remain unlisted and Wolf Shareholders will not have a way to realise their investment.

(n) **Uninsured loss and liability**

Exploration for and development of oil and gas involves hazards and risks that could result in Wolf incurring losses and liabilities to third parties. There is a risk that Wolf may not be insured against all losses or liabilities that could arise from its operations. If Wolf incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or tenure of Wolf' assets may be at risk.

8.2 Risks of accepting Strzelecki's Offer

Wolf Shareholders should be aware of the following implications and risks that arise from Strzelecki's Offer and that may affect the future performance and value of Wolf Shares.

(a) **Share Price Fluctuation**

Wolf Shareholders are being offered specific quantities of Strzelecki Shares as consideration under Strzelecki's Offer. As a result, the value of the Offer Consideration will fluctuate depending on the market value of Strzelecki Shares.

(b) **Inability to accept an alternative offer**

Except under limited circumstances provided in the Corporations Act, Wolf Shareholders who accept Strzelecki's Offer will not be able to accept an alternative offer, should any emerge. Wolf Shareholders may only withdraw their acceptances and accept an alternative offer if Strzelecki extends the Offer Period for more than one month and Strzelecki's Offer remains subject to any Condition at that time.

(c) **Availability of CGT rollover relief**

Strzelecki has the right to waive the minimum acceptance Condition. If Strzelecki waives the minimum acceptance Condition and the remaining Conditions are satisfied or waived, CGT rollover relief may not be available if Strzelecki acquires less than 80% of the Wolf Shares under Strzelecki's Offer. A general overview of the tax implications of accepting Strzelecki's Offer for Australian resident Wolf Shareholders is set out in section 9.8 of this Target's Statement and section 7 of the Bidder's Statement.

(d) **Risks of holding Strzelecki Shares**

If Strzelecki's Offer becomes unconditional, Wolf Shareholders who accept Strzelecki's Offer will become shareholders of Strzelecki. In those circumstances, Wolf Shareholders will be exposed to the general risks associated with investing in a mineral exploration company and risks which are specific to an investment in Strzelecki. These risks are explained in detail in section 8

In preparing the information relating to Strzelecki contained in this Target's Statement, Wolf has relied on publicly available information relating to Strzelecki. As a result, risks may exist in relation to Strzelecki of which Wolf is not aware. If any material risks are known to the directors of Strzelecki, they must be disclosed in the Bidder's Statement.

These risks are explained in detail in section 8 of the Bidder's Statement. Wolf Shareholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept Strzelecki's Offer. By accepting Strzelecki's Offer, Wolf Shareholders are investing in Strzelecki.

9. ADDITIONAL INFORMATION

This section includes information on the interests of the Wolf Directors and taxation considerations for Wolf Shareholders.

9.1 Wolf Directors Interests and dealings in Wolf securities

(a) **Interests in Wolf Shares and Options**

As at the date of this Target's Statement, your Directors had the following relevant interests in Wolf Shares:

Director	Number of ordinary Wolf shares
Mr Timothy James Flavel	3,700,001
Mr Jason William Peterson	4,100,000
Mr Matthew Wood	3,900,001
Mr Bataa Tumur-Ochir	20,100,000
Mr Jargalsaikhan Dambadarjaa	Nil
Mr Lkhagvadorj Tumur	5,000,001

(b) **Dealings in Wolf Shares**

No Director of Wolf has acquired or disposed of a relevant interest in any Wolf Shares in the 4 month period ending on the date immediately before the date of this Target's Statement.

9.2 Interests and dealings in Strzelecki securities

(a) **Interests in Strzelecki securities**

Except for the following Wolf Directors; neither Wolf nor any Director has a relevant interest in securities of Strzelecki or any Related Body Corporate of Strzelecki:

Director	Number of ordinary Strzelecki shares
Mr Timothy James Flavel	10,000,000
Mr Jason William Peterson	8,650,000

Mr Matthew Wood	15,359,907
Mr Lkhagvadorj Tumur	1,500,000

Despite the shareholdings in Strzelecki set out above, the Directors, who own shares in Strzelecki and who comprise the Independent Board Committee, consider themselves to be independent and free of any material personal interest despite the shareholdings in Strzelecki.

(b) **Dealings in Strzelecki securities**

Except for Matthew Wood and Jason Peterson, no Wolf Director acquired or disposed of a relevant interest in any Strzelecki Shares in the 4 month period ending on the date immediately before the date of this Target's Statement.

Mr Wood acquired directly or indirectly:

(i) 500,000 Strzelecki Shares on 18 July 2012;

(ii) 75,000 Strzelecki Shares on 4 June 2012; and

(iii) 895,405 Strzelecki Shares on 29 and 30 May 2012.

Mr Peterson acquired directly or indirectly:

(iv) 650,000 Strzelecki Shares on 16 July 2012;

(v) 160,000 Strzelecki Shares on 27 June 2012; and

(vi) 840,000 Strzelecki Shares on 26 June 2012.

9.3 Benefits and agreements

(a) **Benefits in connection with retirement from office**

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Wolf or related body corporate of Wolf.

(b) **Agreements connected with or conditional on the Offer**

There are no agreements made between any Director of Wolf and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Wolf Shares.

(c) **Benefits from Strzelecki**

None of the Directors of Wolf has agreed to receive, or is entitled to receive, any benefit from Strzelecki which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Wolf Shares.

(d) **Interests of Directors in contracts with Strzelecki**

Other than the agreement between Garrison Capital Pty Ltd (of which Mr Wood and Mr Flavel are directors) and Strzelecki disclosed in section 9.6(c) of the Bidder's

Statement, none of the Directors of Wolf has any interest in any contract entered into by Strzelecki.

9.4 Effect of the takeover on Wolf's material contracts

None of the material contracts to which Wolf is a party contains change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer.

9.5 Heads of Agreement

Copies of the announcements made by Strzelecki to the ASX on the Announcement Date regarding the Offer are available through the ASX website or Wolf's and Strzelecki's websites.

9.6 Material litigation

As at the date of this Target's Statement, Wolf was not involved in any known disputes which were material in the context of Wolf and its subsidiaries taken as a whole.

9.7 Status of conditions

As set out in section 9.12 of the Bidder's Statement, Strzelecki is not aware of any events which would result in a breach or inability to satisfy the Conditions.

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

9.8 Taxation considerations for Wolf Shareholders

Please refer to section 7 of the Bidder's Statement regarding taxation considerations.

9.9 Consents

The following persons have given, and have not withdrawn before the lodgement of this Target's Statement with ASIC, their written consent:

(a) to be named in the Target's Statement in the form and context in which they are named;

(b) for inclusion of their respective reports or statement (if any) noted next to their names and the references to those reports or statements in the form and context in which they are included in the Target's Statement; and

(c) the inclusion of other statements in the Target's Statement which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included.

Name of Person	Named as	Report or Statement
Allion Legal	Australian Legal Adviser	None
BDO	Independent Expert	Independent Expert's Report

Each of the above persons:

(a) does not make, or purport to make, any statement in this Target's Statement other than those statements referred to above and consented to by that person;

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than as described in this section with the person's consent.

Allion Legal has not advised on the laws of any foreign jurisdiction and has not provided tax advice in relation to any jurisdiction.

As permitted by ASIC Class Order 01/1543, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by Strzelecki with ASIC, given to the ASX or announced on the announcements platform of the ASX, by Strzelecki. Pursuant to the Class Order, the consent of Strzelecki is not required for the inclusion of such statements in this Target's Statement. Any Wolf Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting Wolf on +61 8 9200 4439. As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

(a) fairly representing a statement by an official person; or

(b) from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains Share price trading data sourced from Bloomberg without its consent.

9.10 Facility agreement with Strzelecki

On 23 August 2012, the Company entered into a facility agreement (**Facility Agreement**) with Strzelecki for the provision of $500,000 for the purposes of the Company continuing its exploration programme. The loan is non-interest bearing. The Facility Agreement is repayable as follows:

(a) if the Offer has not become unconditional by 30 November 2012 (or such other date as agreed by the Company and Strzelecki), the loan will become repayable within 10 Business Days of a written demand from Strzelecki;

(b) if the Offer has become unconditional by 30 November 2012 (or such other date as agreed by the Company and Strzelecki), the loan will become repayable on 31 December 2013; or

(c) if an event of default occurs, the loan will become immediately due and repayable upon the Lender making a written demand.

The events of default are customary for a loan of this nature and includes the Company failing to comply with any obligation in the Facility Agreement, failing to repay any amount outstanding under the Facility Agreement and the Company becoming insolvent.

Wolf has also entered into a general security deed with Strzelecki on 23 August 2012 pursuant to which Wolf has charged all of its assets in favour of Strzelecki as security for the repayment of the loan under the Facility Agreement.

9.11 No other material information

This Target's Statement is required to include all the information that Wolf Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

(a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and

(b) only if the information is known to any Director of Wolf.

The Directors of Wolf are of the opinion that the information that Wolf Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

(a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);

(b) the information contained in the documents lodged by Wolf with ASIC before the date of this Target's Statement; and

(c) the information contained in this Target's Statement.

The Directors of Wolf have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors of Wolf do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors of Wolf have had regard to:

(a) the nature of the Wolf Shares;

(b) the matters that Shareholders may reasonably be expected to know;

(c) the fact that certain matters may reasonably be expected to be known to Shareholders' professional advisers; and

(d) the time available to Wolf to prepare this Target's Statement.

10. GLOSSARY AND INTERPRETATION

10.1 Glossary

Where the following terms are used in this Target Statement they have the following meanings:

Allion Legal means Allion Legal Pty Ltd (ABN 43 109 326 463).

Announcement Date means the announcement of the Offer, being 16 July 2012.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the official listing rules of ASX.

BDO means BDO Corporate Finance (WA) Pty Limited.

Bidder means Strzelecki.

Bidder's Statement means the bidder's statement of Strzelecki under Part 6.5 of Division 2 of the Corporations Act issued in relation to the Offer, dated14 September 2012.

Bid Period has the meaning given to it in the Corporations Act.

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

Conditions means the conditions of Strzelecki's Offer as detailed in Annexure A of the Bidder's Statement.

Consolidation means the consolidation of the capital of Strzelecki as detailed in section 3 of the Bidder's Statement.

Competing Proposal means a proposal pursuant to which a person (other than Strzelecki or another entity in the Strzelecki Group) would, if the proposal were implemented substantially in accordance with its terms:

(a) directly or indirectly, acquire an interest in all or a substantial part of the assets of Wolf;

(b) directly or indirectly, acquire an interest, a relevant interest in or become the holder of 20% of more of the Wolf Shares;

(c) acquire control of Wolf, within the meaning of section 50AA of the Corporations Act; or

(d) otherwise acquire or merge with Wolf (including by way of a scheme of arrangement, reverse takeover bid or dual listed companies structure).

Corporations Act means the Corporations Act 2001 (Cth).

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.

Heads of Agreement means the Heads of Agreement dated 16 July 2012 between Wolf and Strzelecki.

Independent Directors means the Wolf Directors, excluding Matthew Wood.

Independent Board Committee means the Board of Wolf, excluding Matthew Wood.

Independent Expert means BDO.

Independent Expert's Report means the report of the Independent Expert dated 19 September 2012 and as set out in Appendix 1 of this Target's Statement.

Ineligible Foreign Wolf 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 Strzelecki otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly practicable to make Strzelecki's Offer to such a Wolf Shareholder in the relevant jurisdiction and to issue Strzelecki Shares to such a Wolf Shareholder on acceptance of Strzelecki's Offer, and that it is not unlawful for such a Wolf Shareholder to accept Strzelecki's Offer in such circumstances in the relevant jurisdiction.

Material Adverse Change means"

(a) any event, change or condition that occurs, is announced, becomes likely to occur or becomes known to Strzelecki which would result in or would be reasonably likely to result in:

  (i) the value of the consolidated net assets of the Wolf Group being reduced at least $1,000,000 against what they would reasonably have been expected to have been but for the change; or

  (i) a material adverse effect on the business, assets, liabilities, financial or trading position, 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 valued at or more than 1.15 United States dollars.

Notice of Status of Conditions means Strzelecki's notice disclosing the status of the conditions to the Offer which is required to be given by section 630(3) of the Corporations Act.

Offer Consideration means, on a pre Consolidation basis, twenty five (25) Strzelecki Shares for every one (1) Wolf Share held, and on a post Consolidation basis, two and a half (2.5) Strzelecki Shares for every one (1) Wolf Share held.

Offer Period means the period during which the Offer will remain open for acceptance in accordance with section 9.1 of the Bidder's Statement.

Prescribed Occurrence means the following occurrences (being the occurrences listed in section 652C of the Corporations Act):

(a) Wolf converting all or any of its Shares into a larger or smaller number of Shares under section 254H of the Corporations Act;

(b) Wolf or a subsidiary of Wolf resolving to reduce its share capital in any way;

(c) Wolf or a subsidiary of Wolf entering into a buyback agreement or resolving to approve the terms of a buyback agreement under subsections 257C(1) or 257D(1) of the Corporations Act;

(d) Wolf or a subsidiary of Wolf making an issue of shares (other than shares issued as a result of the exercise of Options that are on issue as at the date the Offer was announced) or granting an option over its shares or agreeing to make such an issue or grant such an option;

(e) Wolf or a subsidiary of Wolf issuing, or agreeing to issue, convertible notes;

(f) Wolf or a subsidiary of Wolf disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;

(g) Wolf or a subsidiary of Wolf charging, or agreeing to charge, the whole, or a substantial part, of its business or property;

(h) Wolf or a subsidiary of Wolf resolving that it be wound up;

(i) the appointment of a liquidator or provisional liquidator of Wolf or of a subsidiary of Wolf;

(j) the making of an order by a court for the winding up of Wolf or of a subsidiary of Wolf;

(k) an administrator of Wolf or of a subsidiary of Wolf being appointed under sections 436A, 436B or 436C of the Corporations Act;

(l) Wolf or a subsidiary of Wolf executing an agreement of company arrangement; or

(m) the appointment of a receiver, or a receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Wolf or of a subsidiary of Wolf.

Relevant Interest has the same meaning as given to it in sections 608 and 609 of the Corporations Act.

Related Body Corporate has the meaning given by the Corporations Act.

Sale Nominee means has the meaning given to it in section 11 of the Bidder's Statement.

Strzelecki means Strzelecki Metals Limited (ABN 35 116 249 060).

Strzelecki Group means Strzelecki and its Related Bodies Corporate.

Strzelecki Offer or **Offer** means the offer by Strzelecki for the Wolf Shares, which offer is contained in section 9.1 of the Bidder's Statement.

Strzelecki Shares means a fully paid ordinary share issued in the capital of Strzelecki.

Superior Proposal means a bona fide Competing Proposal which the Wolf Directors have determined, in good faith, is:

(a) reasonably capable of being valued, taking into account all aspects of the Competing Proposal and the person making it;

(b) reasonably capable of being completed on a timely basis; and

(c) is more favourable to Wolf Shareholders than the Strzelecki Offer, taking into account all the terms and conditions of the Competing Proposal.

Target means Wolf.

Target's Statement means this document (including the attachments), being the statement of Wolf under Part 6.5 Division 3 of the Corporations Act.

Unmarketable Parcel means a number of Strzelecki 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 Strzelecki Shares published during the Bid Period (or, in relation to Strzelecki Shares issued in respect of accepting Wolf Shareholders during the Bid Period, based on the highest closing price for Strzelecki Shares published between the start of the Bid Period until the last trading day before Strzelecki issues those Strzelecki Shares).

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

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

Wolf Board or **Board** means the board of Directors as constituted from time to time.

Wolf Director or Director means a director of Wolf at the date of this Prospectus.

Wolf Group means Wolf and its Related Bodies Corporate.

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

Wolf Shareholder or **Shareholder** means a holder of Shares.

WST means Western Standard Time as observed in Perth, Western Australia.

10.2 Interpretation

In this Target's Statement:

(a) other words and phrases have the same meaning (if any) given to them in the Corporations Act.

(b) words of any gender include all genders.

(c) words indicating the singular include the plural and vice versa.

(d) an expression indicating a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.

(e) a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.

(f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.

(g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.

(h) a reference to time is a reference to WST.

(i) a reference to dollars, $, A$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

11. AUTHORISATION

This Target's Statement has been approved by a resolution passed by the Directors of Wolf. All Wolf Directors (excluding Mr Matthew Wood) voted in favour of that resolution.

Signed for and on behalf of Wolf:

____

Tim Flavel
Director
For and on behalf of
Wolf Petroleum Limited

ASX Release

16 July 2012

STRZELECKI METALS LIMITED
ACN 116 249 060

Level 1
33 Richardson Street
West Perth WA
Australia

Tel: +61 8 9200 4428
Fax: +61 8 9200 4469

Contact
Mr Brian McMaster
Chairman

Email
info@strzeleckimetals.com.au

Officeholders
Brian McMaster
Matthew Wood
John Santich
Peter Hunt

Issued Capital
414.0 million shares

ASX Symbol
STZ

PROPOSED 100% ACQUISITION OF WOLF PETROLEUM LIMITED

The Board of Strzelecki Metals Limited ("Strzelecki" or "the Company") is extremely pleased to announce that it has entered into a Heads of Agreement with Wolf Petroleum Limited ("Wolf Petroleum"), pursuant to which Strzelecki will acquire all of the issued capital in Wolf Petroleum through an offer to Wolf Petroleum shareholders ("Acquisition").

HIGHLIGHTS

- **This is a Company changing transaction.**
- **Strzelecki has entered into a Heads of Agreement to acquire 100% of Wolf Petroleum. This is a 100% scrip transaction.**
- **Wolf shareholders to be offered twenty five (25) Strzelecki Shares for every one (1) Wolf Petroleum Share.**
- **Proposal to rename Strzelecki to Wolf Petroleum Limited.**
- **Wolf Petroleum is an unlisted highly successful Mongolian focussed oil and gas explorer.**
- **Wolf Petroleum is one of the largest and most active petroleum explorers in Mongolia and is currently conducting successful work programmes across three blocks.**
- **Mongolia is an emerging petroleum province with early exploration success and production being delivered proximal to Wolf Petroleum's Blocks.**
- **Mongolia is "open for business" and actively encourages foreign investment in its resources sector. The Wolf Petroleum Board including; Matthew Wood, George Tumur and Tim Flavel have had considerable success operating in Mongolia.**

Completion of the Acquisition will be subject to conditions including ASX and shareholder approval, completion of due diligence and Strzelecki becoming entitled to acquire 100% of Wolf Petroleum as a result of Wolf Petroleum shareholders accepting the offers to be made to them by Strzelecki.

Strzelecki will continue to undertake due diligence on the Acquisition. In the event that this work is completed to Strzelecki's satisfaction, Strzelecki in consultation with the ASX will provide shareholders with a Notice of Meeting and an Explanatory Statement for their consideration. Due diligence is expected to be completed within 30 days.

ABOUT WOLF PETROLEUM LIMITED

Wolf Petroleum Limited is an unlisted public company which focuses on oil and gas exploration, development and production in Mongolia. Wolf Petroleum currently holds joint survey exploration block contracts at Jinst and Baruun Urt and has been recently been awarded a third block at Sukhbaatar with a product sharing contract (PSC) to be awarded. Highlights of the Wolf Petroleum acquisition include:

- Aggressive onshore, low cost exploration with elephant upside.
- Giant exploration package assembled across three blocks, with additional blocks being assessed.
- Shallow targets depths at between 500 metres and 3,000 metres.
- Strong and growing market domestically in Mongolia and in China.
- Blocks are proximal to multi-billion barrel oil fields located within Mongolia and within China to the south.
- Near term development potential subject to successful exploration.
- Experienced Board of Directors. The Board of Directors and senior management team have an enviable track record operating in Mongolia.
- Mongolia is open for business and is actively encouraging investment in its resources sector.

HEADS OF AGREEMENT

Strzelecki and Wolf Petroleum have entered into a Heads of Agreement pursuant to which the parties have given certain undertakings to each other in order to facilitate the implementation of the Share Offer. The Heads of Agreement contains certain terms usual for a transaction of this nature including customary deal protection mechanisms such as “no shop” and “no talk” restrictions as well as a right for Strzelecki to match a competing proposal.

CHANGE OF ACTIVITIES

The proposed Acquisition when concluded will constitute a significant change in the nature and scale of the Company’s activities contemplated by Chapter 11 of the ASX Listing Rules.

The Board believes this is a unique opportunity to participate in an oil and gas project which has potential to generate significant organic growth and widespread market support for the Company. To proceed with the acquisition of Wolf Petroleum various aspects of the transaction will need to be approved by Shareholders and the requirements of Chapters 1 and 2 of the Listing Rules will need to be complied with. Following the completion of the transaction, the Board of the Company will reconsider the Company’s funding needs and determine if additional funds are required at that time.

NAME CHANGE

Subject to Shareholder approval Strzelecki is proposing that the name of the Company be changed to “Wolf Petroleum Limited”.

GENERAL MEETING OF STRZELECKI SHAREHOLDERS

The Company will convene a general meeting of shareholders to approve, inter alia:

1. A change in activities via the acquisition of Wolf Petroleum.
2. Consolidation of capital to comply with ASX Listing Rules.
3. A change of name.
4. Any other necessary resolutions to give effect to the Wolf Petroleum acquisition.

COMMON DIRECTORSHIP

Mr Matthew Wood, a Strzelecki Executive Director, is also the Executive Chairman of Wolf Petroleum. The independent directors of Strzelecki have resolved to make this Offer to Wolf Petroleum shareholders. As a result of Mr Wood’s common directorship, he has been excluded from voting in matters relating to the Acquisition.

CAPITAL STRUCTURE

On the basis that Strzelecki completes the Acquisition and consolidation on the terms set out above, Strzelecki's capital structure will be as follows (post consolidation):

Capital Structure	Shares
Strzelecki Shares currently on issue	414,000,000
Strzelecki Shares after Consolidation (10:1)	41,400,000
Consideration Shares	
Strzelecki Shares to be issued to the Wolf Petroleum Shareholders	2,069,375,075
Strzelecki Shares issued to the Wolf Petroleum Shareholders after Consolidation (10:1)	206,937,508
TOTAL STRZELECKI SHARES BEFORE CONSOLIDATION	2,483,375,075
TOTAL STRZELECKI SHARES AFTER CONSOLIDATION	**248,337,508**

INDICATIVE TIMETABLE*

The indicative timetable for completion of the Acquisition is set out below:

Event	Date
Execution of Heads of Agreement and Announcement of Acquisition	15 July 2012
Completion of due diligence and ASX Announcement	25 July 2012
Dispatch Notice of Meeting seeking approval for Acquisition	31 July 2012
Lodgement of Bidder's Statement	31 August 2012
General Meeting to approve Acquisition and Change in Nature and Scale of Activities.	3 September 2012
Suspension of Strzelecki's securities from trading on ASX at the opening of trading	3 September 2012
Bidders Statement mailed to Wolf Petroleum shareholders	17 September 2012
Bid closing	18 October 2012
Anticipated date the suspension of trading is lifted and securities commence trading again on ASX	1 November 2012

*This time table is indicative only and subject to change. The directors of Strzelecki reserve the right to amend the timetable.

The proposed acquisition of Wolf Petroleum is a company changing transaction for Strzelecki Metals and will position the company for significant growth in the future.

Brian McMaster
Chairman

WOLF PETROLEUM LIMITED
Independent Expert's Report

19 September 2012

BDO

Financial Services Guide

19 September 2012

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ("we" or "us" or "ours" as appropriate) has been engaged by Wolf Petroleum Limited ("Wolf Petroleum") to provide an independent expert's report on the off-market takeover bid by Strzelecki Metals Limited ("STZ") to acquire all of the shares in Wolf Petroleum (the "Proposal"). You will be provided with a copy of our report as a retail client because you are a shareholder of Wolf Petroleum.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately $30,000.

Other Assignments

BDO Audit and Assurance (WA) Pty Ltd is the appointed Auditor of Wolf Petroleum. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Wolf Petroleum for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of our Report.

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

19 September 2012

The Directors
Wolf Petroleum Limited
Level 1, 33 Richardson St
West Perth WA 6005
Australia

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 16 July 2012, Strzelecki Metals Limited ("STZ") announced an off market take-over offer for all of the shares in Wolf Petroleum Limited ("Wolf Petroleum" or "the Company"). STZ is offering the shareholders of Wolf Petroleum 2.5 STZ shares (after a proposed 1 for 10 consolidation of STZ shares) for each share held in Wolf Petroleum (the "Offer").

2. Summary and Opinion

2.1 Purpose of the report

The directors of Wolf Petroleum have requested that BDO Corporate Finance (WA) Pty Ltd ("BDO") prepare an independent expert's report ("our Report") to express an opinion as to whether or not the Offer is fair and reasonable to the non associated shareholders of Wolf Petroleum ("Shareholders").

This Independent Expert Report has been prepared for inclusion in a Target Statement to be released by Wolf Petroleum in response to a Bidder's Statement from STZ.

The Independent Expert Report is required under the Corporations Act section 640 (1)(c) since STZ and Wolf Petroleum have a director in common.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 'Content of Expert's Reports' ("RG 111"), and Regulatory Guide 112 'Independence of Experts' ("RG 112").

In arriving at our opinion, we have assessed the terms of the Offer as outlined in the body of this report. We have considered:

- How the value of a Wolf Petroleum share compares to the value of the consideration offered by STZ for each Wolf Petroleum share;

- The likelihood of a superior alternative offer being available to Wolf Petroleum shareholders;
- Other factors which we consider to be relevant to Shareholders in their assessment of the Offer; and
- The position of Shareholders should the Offer not be successful.

2.3 Opinion

We have considered the terms of the Offer as outlined in the body of this report and have concluded that, the Offer is not fair but reasonable to Shareholders.

We consider that the Offer is reasonable because the advantages outweigh the disadvantages and in the absence of a superior alternative transaction

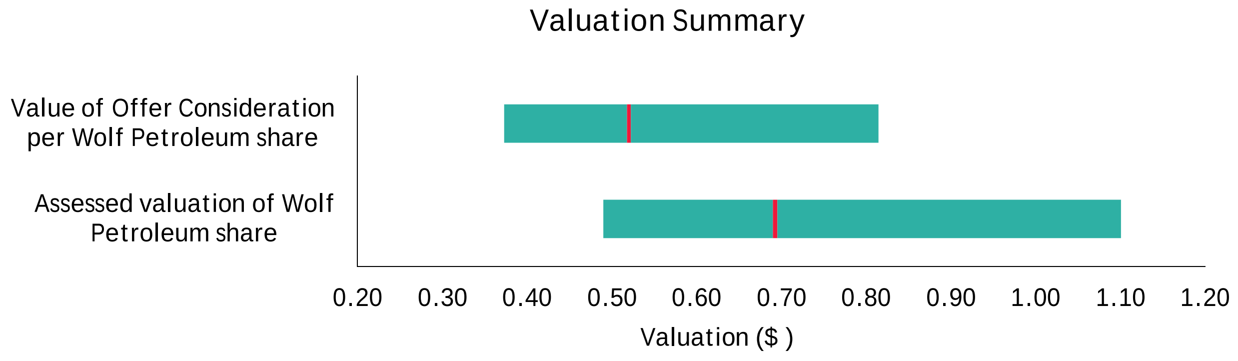
2.4 Fairness

In section 12 we determined how the value of a Wolf Petroleum share compares to the value of the consideration offered by STZ for each Wolf Petroleum share, as detailed hereunder.

	Ref	Low	Preferred	High
Value of a Wolf Petroleum share	10.2	$0.49	$0.69	$1.10
Value of the consideration - 2.5 shares in STZ	11.5	$0.373	$0.518	$0.815

We note from the table above that our assessed value of the Consideration (being 2.5 STZ shares per Wolf Petroleum share) is less than our assessed value of Wolf Petroleum. Therefore, we consider that the Offer is not fair.

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Offer is not fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in Section 13 of this report, in terms of both the:

- advantages and disadvantages of the Offer; and
- alternatives, including the position of Shareholders if the Offer does not proceed.

In our opinion, the position of Shareholders if the Offer is approved is more advantageous than the position if the Offer is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Offer is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.2	Increased liquidity of shareholding	13.3	Investment portfolio will include Polish assets
13.2	Improved future fundraising capability	13.3	Dilution of effective interest in Mongolian assets
13.2	Availability of cash to progress projects		
13.2	Minority ownership consequences of not accepting		

Other key matters we have considered include:

Section	Description
13.1	Lack of alternative transaction

3. Scope of the Report

3.1 Purpose of the Report

STZ has prepared a Bidder's Statement in accordance with section 636 of the Corporations Act ("the Act"). Under section 633 Item 10 of the Act, Wolf Petroleum is required to prepare a Target Statement in response to the Bidder's Statement.

Section 640 of the Act requires the Target Statement to include an independent expert's report to shareholders if:

- The bidder's voting power in the target is 30% or more; or
- The bidder and the target have a common director or directors.

Matthew Wood is a common director of both Wolf Petroleum and STZ. Therefore, an independent expert's report is required for inclusion in the Target Statement. The directors of Wolf Petroleum have engaged BDO to satisfy this requirement.

3.2 Regulatory guidance

The Act does not define the meaning of "fair and reasonable". In determining whether the Offer is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. In our opinion, the Offer is a control transaction as defined by RG 111 and we have therefore assessed the Offer to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a Wolf Petroleum share and the value of the consideration being offered by STZ for each Wolf Petroleum share (fairness – see section 12 "Is the Offer fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to accepting the Offer, after reference to the value derived above (reasonableness – see section 13 "Is the Offer reasonable?").

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances.

4. Outline of the Offer

On 16 July 2012, STZ announced that it had entered into a Heads of Agreement ("HoA") with Wolf Petroleum for STZ to acquire all of the issued capital in Wolf Petroleum.

On 13 September 2012, STZ released its Bidder's Statement 'in relation to a Takeover Offer by Strzelecki Metals Limited to acquire all of your ordinary shares in Wolf Petroleum Limited' ("Bidder's Statement") setting out the details of the Offer.

STZ is offering 25 STZ shares for each Wolf Petroleum share held (the "Offer"). The Offer is prior to a 1 for 10 consolidation of STZ's shares which will make the Offer equivalent to 2.5 STZ shares for each Wolf Petroleum share. The Offer is 100% scrip.

Completion of the Offer is subject to certain conditions including:

- STZ acquiring a relevant interest in at least 90% of the Wolf Petroleum shares on issue (and therefore becoming entitled to compulsorily acquire all of the outstanding Wolf Petroleum shares under Section 6A.1 of the Act) as a result of sufficient Wolf Petroleum shareholders accepting the Offer from STZ
- STZ shareholders providing all the necessary approvals

that no 'prescribed occurrences' occurNo material adverse change occurs in relation to Wolf

5. Profile of Wolf Petroleum Limited

5.1 History

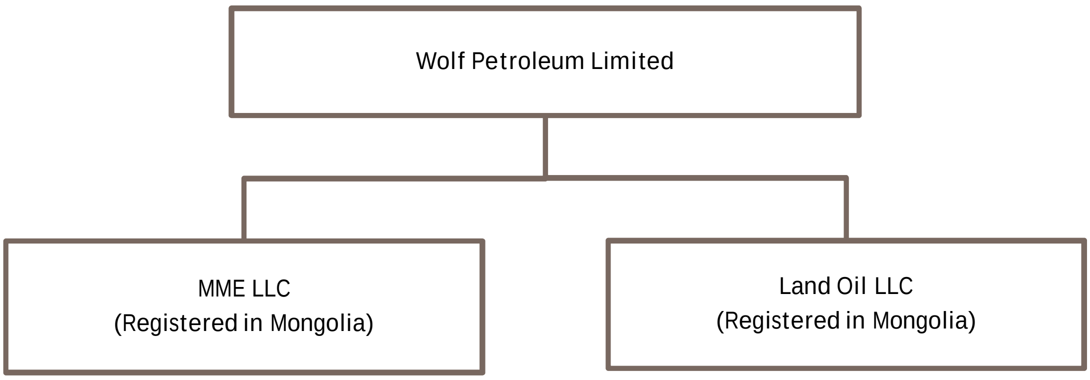
Wolf Petroleum is an unlisted public company which focuses on oil and gas exploration, development and production in Mongolia.

Wolf Petroleum was registered as a public company on 12 October 2010 as an oil and gas exploration, development and production company in Mongolia.

Wolf Petroleum currently holds joint survey exploration block contracts at Jinst and Baruun Urt and has recently been awarded a third block at Sukhbaatar with a product sharing contract to be awarded.

5.2 Corporate Structure

Wolf Petroleum's corporate structure is summarised below with two wholly owned Mongolian subsidiaries of the Australian holding company.



The directors of Wolf Petroleum are:

- Mr Matthew Wood – Executive Chairman
- Mr George Lkhagvadori Tumur – Managing Director
- Mr Timothy Flavel – Director and Company Secretary
- Mr James Peterson – Director
- Mr Baata Tumur-Ochir – Executive Director and Chief Operating Officer
- Mr Jargalsaikhan Dambadarjaa – Non-Executive Director

5.3 Projects and activities

Wolf Petroleum focuses on oil and gas exploration, development and production in Mongolia. Wolf Petroleum is an active petroleum explorer in Mongolia and is currently conducting successful work programmes across three Mongolian blocks covering 74,401 km^2.

Baruun Urt Block

The Baruun Urt Block is Wolf Petroleum's main project and the block covers 10,287 km^2. It is located between Petro Matad's recent oil discovery and Petro China's exploration and development blocks. This region already has successfully operating oil fields.

Wolf Petroleum is currently gathering geophysical data with the intention of commencing initial ground work in the coming months. The Baruun Urt sub basin is a promising 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 the Company are approximately 100km x 20km.

In October 2010 Wolf Petroleum's wholly owned subsidiary, MME LLC entered into a Petroleum Survey Contract (formerly called a 'Joint Survey Contract') with the Petroleum Authority of Mongolia ("PAM") in relation to the Baruun Urt Block. This contract was renewed on 17 August 2012.

The Petroleum Survey Contract effectively means geological and geophysical surveys to be jointly conducted by the parties to the contract for the purpose of determining potential petroleum resources within the contracted area.

Jinst Block

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

On 10 February 2011 Wolf Petroleum's wholly owned subsidiary Land Oil LLC entered into a Petroleum Survey Contract with PAM. This contract was renewed on 17 August 2012.

Sukhbaatar Block – Mongolia

Sukhbaatar Block is approximately 23,047 km^2 in size, with approximately 12,000 km^2 (60%) of the area covered in cretaceous outcrops with high potential source reservoir rocks at depth.

On 12 June 2012, Wolf Petroleum signed a draft Production Sharing Contract with PAM covering exploration works initially for a period of five years.

Currently the draft Production Sharing Contract is being reviewed by the relevant Ministries and National Security Committee of Mongolia.

5.4 Historical Balance Sheet

Statement of Financial Position	Unaudited as at 30-Jun-12 $	Audited as at 31-Dec-11 $
CURRENT ASSETS		
Cash and cash equivalents	440,993	4,469,032
Trade and other receivables	176,684	221,726
Other financial assets	2,339,424	541,651
TOTAL CURRENT ASSETS	2,957,101	5,232,409
NON-CURRENT ASSETS		

Statement of Financial Position	Unaudited as at 30-Jun-12 $	Audited as at 31-Dec-11 $
Plant and equipment	177,236	177,783
Deferred exploration, evaluation & development expenditure	4,436,853	3,710,404
TOTAL NON-CURRENT ASSETS	4,614,089	3,888,187
TOTAL ASSETS	7,571,190	9,120,596
CURRENT LIABILITIES		
Trade and other payables	145,568	193,312
TOTAL CURRENT LIABILITIES	145,568	193,312
TOTAL LIABILITES	145,568	193,312
NET ASSETS	7,425,622	8,927,284
EQUITY		
Contributed equity	9,745,516	9,745,516
Reserves	(55,608)	(138,242)
Accumulated losses	(2,264,286)	(679,990)
TOTAL EQUITY	7,425,622	8,927,284

Source: draft management accounts at 30 June 2012, audited financial statements at 31 December 2011

We have not undertaken a review of Wolf Petroleum's draft management accounts in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

The main item in other financial assets is a prepayment of $2,205,000 to Asia Business Consultants in relation to the provision of various acquisition, exploration and public relations consulting services in Mongolia pursuant to an agreement running through to December 2013.

Deferred exploration, evaluation & development expenditure represents expenditure to 30 June 2012 on the three exploration blocks as summarised below:

Project	Expenditure to 30 June 2012
Baruun Urt Project	$2,480,135
Jinst Project	$1,872,836
Sukhbaatar	$83,882
Total	$4,436,853

5.5 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Draft management accounts 6 m to 30-Jun-12 $	Audited period to 31-Dec-11 $
Revenue		
Interest received	21,583	89,080
Other income	-	7,139
	21,583	96,219
Expenses		
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 & 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)
Total Expenses	(1,605,879)	(776,209)
Loss from continuing operations before income tax	(1,584,296)	(679,990)
Income tax expense	-	-
Net Loss After Tax	(1,584,296)	(679,990)
Other Comprehensive Income		
Foreign currency translation	82,634	(138,242)
Total Comprehensive Loss	(1,501,662)	(818,232)

Source: draft management accounts at 30 June 2012, audited financial statements at 31 December 2011

We have not undertaken a review Wolf Petroleum's draft management accounts in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

5.6 Capital Structure

The share structure of Wolf Petroleum as at the date of this report is outlined below:

	Number
Total Ordinary Shares on Issue	82,775,003
Top 20 Shareholders	58,087,500
Top 20 Shareholders - % of shares on issue	70.18%

Source: Share Registry

Substantial Shareholders

As at the date of this report, the 20 largest shareholders in Wolf Petroleum were:

Wolf Petroleum Shareholder	Number of Wolf Petroleum shares	% of Wolf Petroleum issued share capital
Next Level LLC	17,500,000	21.14%
Nefco Nominees Pty Ltd	6,000,000	7.25%
Brave Warrior Holdings Ltd	5,000,000	6.04%
Taycol Nominees Pty Ltd	4,100,000	4.95%
J&L Peterson S/F A/C (Mr Jason & Mrs Lisa Peterson)	3,500,000	4.23%
The Flavel Investment A/C (Mr Timothy James Flavel)	3,500,000	4.23%
Wood Family A/C (Mitchell Grass Holdings)	3,000,000	3.62%
Mr Bataa Tumur-Ochir	2,500,000	3.02%
Borjigon Taij Llc	2,000,000	2.42%
Altan Tsuurai Llc	2,000,000	2.42%
JP Morgan Nominees Australia Ltd	1,850,000	2.23%
Mr Khurelbaatar Urtnasan	1,400,000	1.69%
Verve Resources Llc	1,000,000	1.21%
Nelsonio A/C (Brijohn Nominees Pty Ltd)	850,000	1.03%
Ziziphus Pty Ltd	825,000	1.00%
Mr Joseph Patrick Burke	675,000	0.82%
Interstate Investments Pty Ltd	650,000	0.79%
ARW Super Fund No 1 A/C (Surfboard Pty Ltd)	645,000	0.78%
Mr Christopher Simon Lunn	552,500	0.67%
Albatross Pass Pty Ltd	540,000	0.65%
Others	24,687,503	29.82%
Total shares	82,775,003	100.00%

Source: Share Registry

Wolf Petroleum does not have any options on issue.

Wolf Petroleum's most recent capital raisings are as follows:

Date	Price per Wolf Petroleum share	Number of shares issued
March 2011	$0.25	12,000,000
October 2011	$0.40	15,775,000

6. Profile of Strzelecki Metals Limited

6.1 History

STZ listed on the Australian Securities Exchange ("ASX") in March 2006, initially named 'Primary Resources Limited'. Its focus was various highly prospective exploration targets in Australia.

In June 2008 Primary Resources Limited acquired Slasko Krakowska Kompania Gornictwa Metali Sp. z.o.o. ("SKKGM") which holds the 234 km^2 Myszkow deposit in Poland. The interest in the Myszkow deposit became the company's flagship project and as a result, in November 2008, Primary Resources Limited changed its name to Strezelecki Metals Limited.

Since acquiring the Myszkow project, Strzelecki has added to its Adelaide office by forming a base in Poland with an office and core workshop located 12 km from Krakow.

6.2 Projects

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

Poland - Myszkow and Kupferschiefer

SKKGM, now 40% owned by STZ, holds a mineral concession over the Myszkow project in southern Poland and two mineral concessions 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% of SKKGM and can earn up to 75% of SKKGM subject to fulfilling its earn-in commitments.

Myszkow Deposit

The Myszkow project is located approximately 30 km north east of Katowice in Poland. The Myszkow concession, which includes the Myszkow molybdenum-copper deposit, covers an area of 211km^2. The Myszkow Deposit contains a JORC compliant inferred mineral resource of 726Mt at 0.0617% Mo, 0.040% W, 0.12% Cu and 2.2g/t Ag, with a cut off 0.085% Mo equivalent.

The drilling program in Myszkow has been suspended pending receipt and analysis of all outstanding assays.

Kupferschiefer Project

SKKGM also holds two concessions 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 417 km^2, all of which is prospective for copper exploration.

Western Australia - West Musgrave Joint Venture

The West Musgrave Joint Venture is between STZ and Tortuga Advisors Ltd and covers over 600 km^2 of the West Musgrave Province on Ngaanyatjarra traditional land in Western Australia, with another 300 km^2 under application. Pursuant to the Joint Venture Agreement, Tortuga Advisors Ltd can earn up to an 80% interest in the central Australian tenements through expenditure on exploration within five years commencing 29 January 2010. Currently Tortuga Advisors Ltd has earned approximately 15%.

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 but 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.

6.3 Historical Balance Sheet

	Audited 30-Jun-12 $	Audited 30-Jun-11 $
Current Assets		
Cash and cash equivalents	4,790,716	4,556,316
Other receivables	18,057	16,181
Other current assets	-	62,412
Total Current Assets	4,808,773	4,634,909
Non-Current Assets		
Investment in associate	669,027	1,070,118
Property, plant and equipment	-	8,014
Exploration & evaluation expenditure	613,612	2,179,545
Total Non-Current Assets	1,282,639	3,257,677
Total Assets	6,091,412	7,892,586
Current Liabilities		
Trade and other payables	90,339	84,270
Total Current Liabilities	90,339	84,270
Total Liabilities	90,339	84,270
Net Assets	6,001,073	7,808,316
Equity		
Issued capital	37,461,067	36,699,679
Reserves	2,666,413	2,527,413
Accumulated losses	(34,126,407)	(31,418,776)
Total Equity	6,001,073	7,808,316

Source: STZ Annual Reports for 2012 and 2011

The main items in the balance sheet of STZ are as follows:

- cash of $4.8 million
- investment in associate of $0.7 million which relates to STZ's 40% interest in SKKGM, accounted for under the equity method
- exploration and evaluation expenditure of $0.6 million.

6.4 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited Year ended 30-Jun-12 $	Audited Year ended 30-Jun-11 $	Audited Year ended 30-Jun-10 $
Revenue	249,582	109,692	33,031
Impairment of non-current assets	(1,565,933)	(1,396,889)	(744,326)
Employee benefits expense	(391,948)	(408,075)	(422,197)
Depreciation expense	(8,014)	(26,864)	(89,772)
Borrowing costs	-	(10,839)	(63,133)
Share of losses of associates	(401,091)	(101,816)	-
Share based payments expense	(139,000)	-	-
Other expenses	(451,227)	(759,598)	(1,724,548)
Loss from continuing operations before income tax	(2,707,631)	(2,594,389)	(3,010,945)
Income tax expense	-	(48,482)	350,043
Loss for the year from discontinued operations	-	(2,659,123)	(18,065,030)
Exchange differences on translation of foreign operations	-	(176,485)	145,590
Total comprehensive loss for the year	(2,707,631)	(5,478,479)	(20,580,342)

Source: STZ Annual Reports for 2012 and 2011

During the year to 30 June 2012, STZ wrote off $1.6 million of capitalised tenement costs in relation to its projects.

Income is derived predominately from bank interest received.

The loss for the year from discontinued operations for the years to 30 June 2010 and 30 June 2011 relates to the disposal of 55% of SKKGM to Electrum Strategic Metals Eastern Europe SA in March 2011.

6.5 Capital Structure

The share structure of STZ as at 16 August 2012 is outlined below:

	Number
Total Ordinary Shares on Issue (on a post consolidation 1:10 basis)	41,400,000
Top 20 Shareholders	16,572,893
Top 20 Shareholders - % of shares on issue	40.03%

Source: STZ Annual Report 2012

Substantial Shareholders

As at 16 August 2012, the 20 largest shareholders in STZ were:

STZ Shareholder	Number of STZ Shares (on a post-consolidation 1:10 basis)	% of STZ issued share capital
J R Santich Super Fund A/C (Sheoak Runner Pty Ltd)	1,800,000	4.35%
Foresight Pty Ltd	1,217,104	2.94%
Mr Matthew Gaden Western Wood	1,097,090	2.65%
Super Fund A/C (Archon Resource Superannuation Pty Ltd)	1,080,000	2.61%
Symington Pty Ltd	1,010,000	2.44%
The Flavel Investments A/C (Mr Timothy James Flavel)	1,000,000	2.42%
The Vega Account (Reeve Ventures Pty Ltd)	1,000,000	2.42%
Dorsch Family (Dorsch Consultants Pty Ltd)	817,736	1.98%
J & L Peterson S/F A/C (Mr Jason & Mrs Lisa Peterson)	784,000	1.89%
Archon Santich Discret A/C (Sheoak Runner Pty Ltd)	781,194	1.89%
Mrs Carmel Elizabeth Whiting	728,450	1.76%
Whiting Family S/F A/C (Mr Michael & Mrs Tracey Whiting)	720,000	1.74%
Bogacz A/C (Archon Resource Technologies Pty Ltd)	715,000	1.73%
Petefish P/L Super Fund A/C (Mr Peter & Mrs Jane Whiting)	700,000	1.69%
Steven Peter Marinoff	635,978	1.54%
Mambat Super Fund A/C (Calama Holdings Pty Ltd)	571,431	1.38%
Kathie Eddington No2 S/F A/C (Mrs Kathleen Eddington)	570,000	1.38%
Ibraham Adam Geha + Anna Geha	500,000	1.21%
Taycol Nominees Pty Ltd	430,000	1.04%
K W Share A/C (Corporate Property Services Pty Ltd)	420,000	1.01%
Others	24,822,017	59.96%
Total shares	41,400,000	100.00%

Source: STZ Annual Report 2012

The distribution of STZ shareholders as at 16 August 2012 is set out in the table below.

Shares held	Number of holders	Total shares held
1 - 1,000	9	1,910
1,001 - 5,000	31	112,669
5,001 - 10,000	99	922,421
10,001 - 100,000	337	15,441,969
100,001 and over	326	397,521,031
Total	802	414,000,000

Source: STZ Annual Report 2012

STZ has 1,225,000 options on issue (on a post-consolidation 1:10 basis). These options are not listed on the ASX and are exercisable as set out below.

Name	Number of Options (after 1 for 10 consolidation)	Exercise Price	Expiry Date
Unlisted options	225,000	$1.00	17 February 2013
Unlisted options	1,000,000	$0.33	28 November 2015
Total Number of Options	1,225,000		
Cash Raised if Options Exercised		$555,000	

Source: STZ Annual Report 2012

7. Economic analysis

Having picked up in the early months of 2012, growth in the world economy has since softened. Current assessments are that global GDP will grow at no more than average pace in 2012, with risks to the outlook still on the downside. Economic activity in Europe is contracting, while growth in the United States is only modest. Growth in China remained reasonably robust in the first half of this year, albeit well below the exceptional pace seen in recent years. Some recent indicators have been weaker, which has added to uncertainty about near-term growth. Around Asia generally, growth is being dampened by the more moderate Chinese expansion and the weakness in Europe.

Markets for key natural resources are adjusting accordingly. Some commodity prices of importance to Australia have fallen sharply in recent weeks. The terms of trade peaked a year ago and have declined significantly since then, though they remain historically high.

Financial markets have responded positively over the past couple of months to signs of progress in addressing Europe's financial problems, but expectations for further progress are high. Low appetite for risk has seen long-term interest rates faced by highly rated sovereigns, including Australia, remain at exceptionally low levels. Nonetheless, capital markets remain open to corporations and well-rated banks, and Australian banks have had no difficulty accessing funding, including on an unsecured basis. Share markets have generally risen over the past couple of months, on very light volumes.

In Australia, most indicators available for this meeting suggest growth has been running close to trend, led by very large increases in capital spending in the resources sector. Consumption growth was also quite firm in the first half of the year, though some of that strength was temporary. Labour market data have shown moderate employment growth, even with job shedding in some industries, and the rate of unemployment has thus far remained low.

Inflation remains low, with underlying measures near 2 per cent over the year to June, and headline CPI inflation lower than that. The introduction of the carbon price is starting to affect consumer prices in the current quarter, and this will continue over the next couple of quarters. The Reserve Bank's assessment is that inflation will be consistent with the target over the next one to two years. Maintaining low inflation will, however, require growth in domestic costs to remain contained as the effects of the earlier exchange rate appreciation wane.

As a result of the sequence of earlier decisions, interest rates for borrowers are a little below their medium-term averages. The impact of those changes is still working its way through the economy, but dwelling prices have firmed a little and business credit has picked up this year. The exchange rate has declined over the past month or two, though it has remained higher than might have been expected, given the observed decline in export prices and the weaker global outlook.

At the meeting on 4 September 2012, the Board judged that, with inflation expected to be consistent with the target and growth close to trend, but with a more subdued international outlook than was the case a few months ago, the stance of monetary policy remained appropriate.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 4 September 2012

8. Industry analysis

8.1 Background

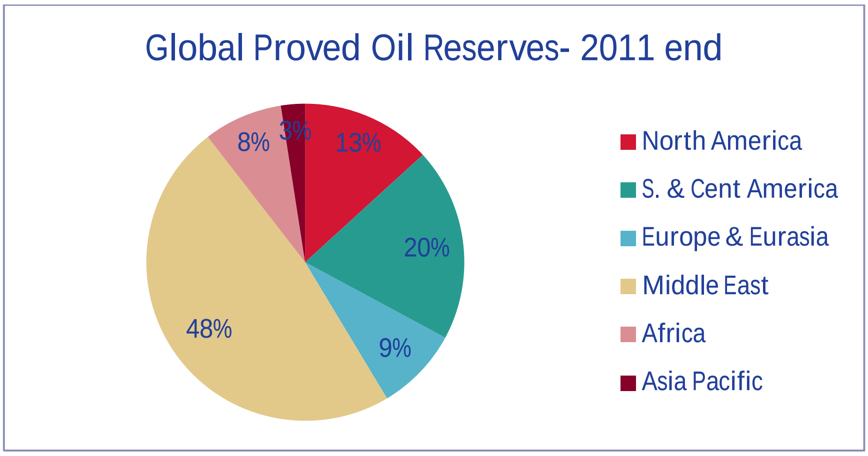
The global oil and gas industry is one of the largest in the world and, as is inherent to large markets, it is dominated by large highly integrated companies. The scale of operations by such companies, spanning exploration to marketing, and the requirement for considerable initial investment represent very high barriers to entry. Some major players in the oil and gas industry include ExxonMobil Corp, British Petroleum and Chevron Texaco.

The global oil and gas industry is expected to generate revenue of US$4.37 trillion in 2012, up from US$3.07 trillion in 2007.

8.2 Reserves

Oil

At the end of 2011, proved global oil reserves stood at 1,653 billion barrels, or 234 billion tonnes. This compares to a reserve of 1,267 billion barrels at the end of 2001, representing a 30.5% increase over the decade. The geographic distribution of these reserves is set out in the graph below.

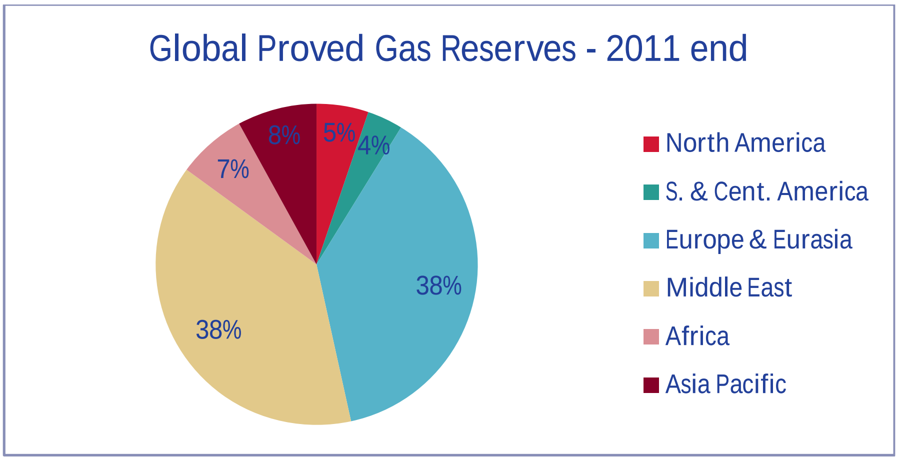


Source: BP Statistical Review of World Energy June 2012

The majority of oil reserves are centred in the Middle East, with South & Central America also accounting for a significant proportion. Proven oil reserves have increased considerably in North America, from 123.2 thousand million barrels at the end of 1991 to 217.8 thousand million barrels at the end of 2011. North America had a 16.8% share of the total production of oil in 2011 and the US has recorded the largest increase in production for a non-OPEC country for the last three years consecutively.

Gas

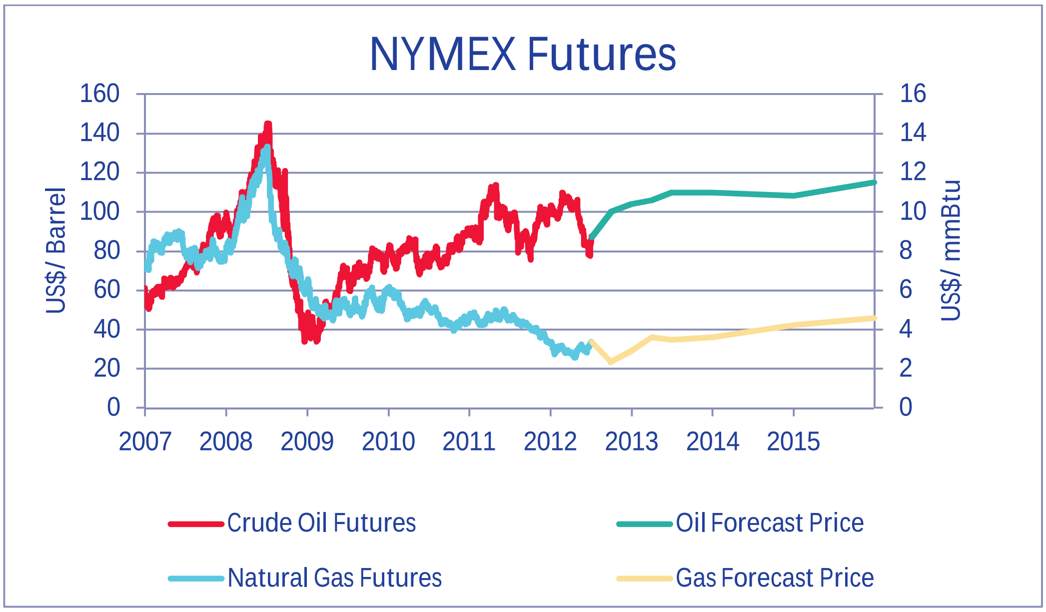
The proved global reserve of natural gas at the end of 2011 was measured at 208.4 trillion cubic metres, which is a 23.7% increase on the reserve at the end of 2001. The Middle East, Europe and Eurasia are the biggest players collectively representing 76% of total proved gas reserves. Russia is the largest producer with 21.4% of world output, followed by Iran with 15.9%.



Source: BP Statistical Review of World Energy June 2012

8.3 Price Trends

Supply and demand factors are most influential in driving fluctuations in oil and gas prices. For example meetings held by OPEC to determine short term oil supply are often followed by volatile price movements. The graph below highlights the dramatic change in oil and gas prices in and around the time of the global financial crisis. In the six months from June 2008 onwards, the price of oil peaked at approximately $US 140 a barrel and plummeted towards a low of $US 30 a barrel.

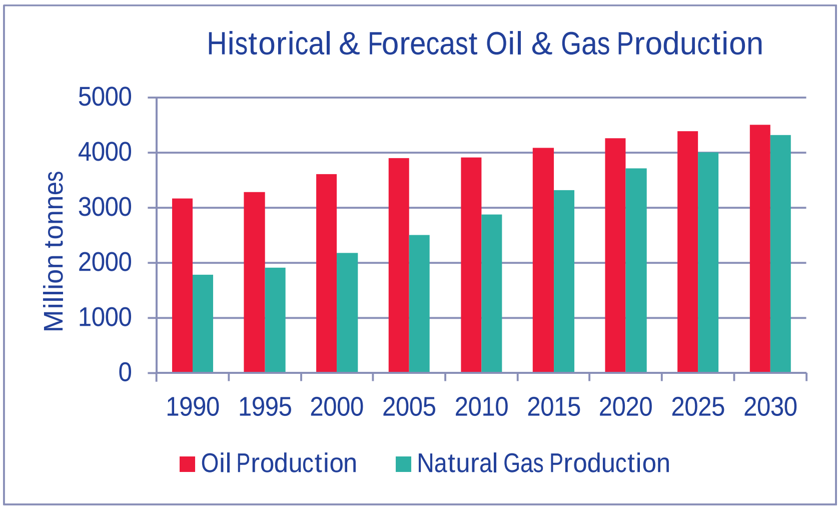


Source: Bloomberg

There has been much conjecture regarding the recovery of oil prices post the 2008 financial crisis, given that the economic environment has remained relatively weak and has experienced a slow recovery. The graph above illustrates how natural gas prices were highly correlated with oil prices between 2007 and 2010. However, in the year 2011 there was a divergence in natural gas and oil prices. This is believed to have been sparked by developments in shale gas production and has meant that natural gas prices have been at record discounts to oil prices.

8.4 Outlook

Oil and gas production has increased over the last 20 years and is forecast to continue doing the same in the short to long term future. Non-OPEC supply is forecast to grow largely as a result of strong growth in Latin America. The graph below illustrates a narrowing gap in production between oil and gas over the next 20 years.



Source: 2012_BP-Energy-Outlook-2030-summary-tables

Substitutes for oil and gas include coal, solar power, wind power, hydroelectricity and nuclear energy. While there is sustained pressure to find alternative forms of energy, the reality is that oil, gas and coal still account for the large majority of energy production around the world. As reserves are depleted and alternative fuels become more available with advances in technology, these traditional fuel sources will face a more apparent threat of substitution. However for the medium term future oil and gas will continue to play a major role in all economies.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ("FME")
- Discounted cash flow ("DCF")
- Quoted market price basis ("QMP")
- Net asset value ("NAV")
- Market based assessment
- Evidence of past capital raisings.

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

In our assessment of the value of Wolf Petroleum shares we have chosen to employ the following methodology as our primary methodology:

- Net asset value

We have chosen this as our primary methodology for the following reasons:

- The most significant assets of Wolf Petroleum are oil and gas related and as such this requires a specialist valuation that may not be accurately provided by other methodologies;
- Wolf Petroleum is not listed on the ASX so there is no observable market for shares in Wolf Petroleum;
- Wolf Petroleum's projects are currently in exploration and development stage and so do not generate any income. Therefore there are no related historic profits that could be used to represent future earnings which means that the FME basis is not appropriate;
- At this stage Wolf Petroleum has no foreseeable future net cash inflows for its projects and therefore the application of DCF is not possible.

We have addressed the evidence of past capital raisings by Wolf Petroleum as our secondary valuation methodology.

10. Valuation of Wolf Petroleum

10.1 Net Asset Valuation of Wolf Petroleum

The value of the net assets of Wolf Petroleum on a going concern basis is reflected in our valuation below:

Statement of Financial Position	Reference	Unaudited 30-Jun-12 $	Low valuation $	Preferred valuation $	High valuation $
CURRENT ASSETS					
Cash and cash equivalents		440,993	440,993	440,993	440,993
Trade and other receivables		176,684	176,684	176,684	176,684
Other financial assets	b	2,339,424	2,339,424	2,339,424	2,339,424
TOTAL CURRENT ASSETS		2,957,101	2,957,101	2,957,101	2,957,101
NON-CURRENT ASSETS					
Plant and equipment		177,236	177,236	177,236	177,236
Deferred exploration, evaluation & development expenditure	a	4,436,853	37,352,875	53,992,625	88,122,625
TOTAL NON-CURRENT ASSETS		4,614,089	37,530,111	54,169,861	88,299,861
TOTAL ASSETS		7,571,190	40,487,212	57,126,962	91,256,962
CURRENT LIABILITIES					
Trade and other payables		145,568	145,568	145,568	145,568
TOTAL CURRENT LIABILITIES		145,568	145,568	145,568	145,568
TOTAL LIABILITES		145,568	145,568	145,568	145,568
Value			40,341,644	56,981,394	91,111,394
Number of shares			82,775,003	82,775,003	82,775,003
Value per share			$0.49	$0.69	$1.10

We have been advised that there has not been a significant change in the net assets of Wolf Petroleum since 30 June 2012.

The table above indicates the net asset value of a Wolf Petroleum share is between $0.49 and $1.10 based on 82,775,003 Wolf Petroleum shares currently on issue.

The following adjustment was made to the net assets of Wolf Petroleum as at 30 June 2012 in arriving at our valuation.

a) Valuation of Wolf Petroleum's mineral assets

MHA Petroleum Consultants ("MHA") were instructed to provide an independent market valuation of the exploration assets held by Wolf Petroleum. MHA have consented to BDO relying on their report for the purposes of our report.

MHA prepared their report for the Independent Expert Report prepared by Ernst &Young Transaction Advisory Services Limited and which was included in the Notice of Meeting to be released by STZ shortly, but MHA consented to allow their report also to be included in and referred to by us in this Report.

MHA considered a number of different valuation methods when valuing the exploration assets of Wolf Petroleum.

MHA applied the appraised value method based on past exploration expenditures plus warranted future costs and then applied a market factor based on a detailed analysis of each of the three blocks.

We consider this method to be appropriate given the stage of development and nature of Wolf Petroleum's exploration assets.

The range of values for each of Wolf Petroleum's exploration assets as calculated by MHA Petroleum Consultants is set out below:

Petroleum Exploration Asset	Low Value $m	Most Likely Value $m	High Value $m
Baruun Urt	6,913,125	8,887,625	14,427,625
Jinst	12,194,750	20,282,500	30,508,750
Sukhbaatar	18,245,000	24,822,500	43,186,250
Total	37,352,875	53,992,625	88,122,625

b) Other financial assets

We have considered whether any adjustment is required to the value of 'other financial assets' which is mainly a prepayment in connection with various acquisition, exploration and public relations consulting services to be provided by Asia Business Consultants (refer section 5.4 above). We consider that the future value from the consulting services is not an integral part of the value of the mineral assets and that the value of the prepayment should not be adjusted.

10.2 Secondary valuation method

We have also considered a secondary valuation method based on the past capital raisings undertaken by Wolf Petroleum. We note that the most recent capital raising was in October 2011 at $0.40 per share (refer section 5.6 above).

We do not consider this a reliable indicator of current value because it is now 11 months in the past and there has been significant change to the underlying assets as a result of exploration expenditure since that time. We also note that this capital raising was on a minority interest basis.

10.3 Assessment of Wolf Petroleum Value

The results of the valuation are summarised in the table below:

	Low $	Preferred $	High $
Net asset value per share	0.49	0.69	1.10
Past capital raising per share	0.40	0.40	0.40

We have based our valuation of a Wolf Petroleum share on the net asset value methodology and utilising the results above we consider the value of a Wolf Petroleum share to be between $0.49 and $1.10, with a preferred value of $0.69.

The net asset value methodology has been deemed the appropriate methodology for this purpose due to the core value of Wolf Petroleum being in the exploration assets that it holds in its balance sheet and for which there is an independent valuation.

We consider that the most recent capital raising at $0.40 per share in October 2011 is not recent enough to reflect fully the current value of a Wolf Petroleum share.

Wolf Petroleum is unlisted so there is no quoted market price information available for the Company.

11. Valuation of consideration – shares in STZ

As consideration for all of the shares in Wolf Petroleum, STZ is offering the shareholders of Wolf Petroleum 2.5 STZ shares (on a post-consolidation 1:10 basis) for every one share held in Wolf Petroleum.

Assessing non-cash consideration in control transactions

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

(a) the acquirer is obtaining or increasing control of the target; and

(b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

RG 111.32 suggests that if we use the quoted market price of securities to value the offered consideration, then we must consider and comment on:

(a) the depth of the market for those securities;

(b) the volatility of the market price; and

(c) whether or not the market value is likely to represent the value if the takeover bid is successful.

Under RG 111.34 it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity.

We have assessed the value of the consideration on a combined entity net asset basis and we have also assessed the quoted market price for a STZ share on a minority interest basis.

11.1 Net asset valuation of STZ

The value of STZ's assets on a going concern basis is reflected in our valuation below.

	30-Jun-12 $
Current Assets	
Cash and cash equivalents	4,790,716
Other receivables	18,057
Total Current Assets	4,808,773
Non-Current Assets	
Investment in associate	669,027
Exploration & evaluation expenditure	613,612
Total Non-Current Assets	1,282,639
Total Assets	6,091,412

	30-Jun-12
	$
Current Liabilities	
Trade and other payables	90,339
Total Current Liabilities	90,339
Total Liabilities	90,339
Net Assets	6,001,073

Source: STZ Annual Report 2012

We have been limited to publicly available information in our assessment of STZ's value. The balance sheet as at 30 June 2012 is based on the recently released STZ Annual Report.

We expect that the actual market values of 'investment in associate', being STZ's investment in SKKGM, and of 'exploration and evaluation expenditure' are likely to differ from their book values but we have been unable to get these assets independently valued.

11.2 Net asset valuation of combined entity

Set out below is a net asset valuation of the combined entity.

	Low valuation	Preferred valuation	High valuation
	$	$	$
Assessed value of Wolf Petroleum	40,341,644	56,981,394	91,111,394
Net assets of STZ	6,001,073	6,001,073	6,001,073
Combined entity	46,342,717	62,982,467	97,112,467

We note that the Bidder's Statement contains an adjustment to cash resulting from a proposed issue by STZ of 25 million shares at 20 cents. The cash adjustment is an increase of $4.47 million after estimated costs of $0.53 million. We understand that the approval by STZ shareholders of a proposed issue is a condition of the Offer but that the actual issue is not. Therefore we have not made any adjustment in calculating the net asset value of the combined entity.

We note that the only other adjustment made to the net assets of the combined entity is in respect of the assessed value of Wolf Petroleum's exploration assets based on the independent technical expert report from MHA.

Value per share of combined entity

Based on the valuation range for the combined entity, we have calculated the value per share to be in the range from $0.187 to $0.391 to $0.254 as set out in the table below.

	Low valuation	Preferred valuation	High valuation
Value of Combined entity	$46,342,717	$62,982,467	$97,112,467
Total shares	248,337,508	248,337,508	248,337,508
Assessed value per share	$0.187	$0.254	$0.391

The assessed value per share is based on 248,337,508 shares as calculated below.

Shares on issue (after 1 for 10 consolidation)	Number
Existing STZ	41,400,000
Issued to Wolf Petroleum shareholders	206,937,508
Total	248,337,508

On a fully diluted basis assuming that all 1,225,000 options currently on issue are exercised (to raise $555,000 before costs), the assessed value of the combined entity is in the range from $0.188 to $0.391 with a preferred value of $0.255.

Minority interest discount

If Wolf Petroleum shareholders accept the Offer, they will be given STZ shares as consideration and each shareholder will be a minority shareholder of STZ. For this reason, we have applied a minority discount to assess the value on a minority interest basis.

We have calculated a minority discount of between 20% and 26% based on the inverse of the control premium which we have assessed as being in the range from 25% to 35% as set out in the following section.

Control Premium

We have reviewed the control premiums paid by acquirers of global oil & gas companies as well oil & gas companies listed on the ASX. We have summarised our findings below:

Criteria	Transaction Period	Number of Transactions	Average Deal Value (US$m)	Average Control Premium	Median Control Premium
Global oil & gas targets	2006-2012	300	767.2	28.8%	20.9%
ASX listed oil & gas targets	2006-2012	35	397.4	48.3%	43.2%

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

Our analysis revealed a large discrepancy between average and median control premiums paid by acquirers of global oil & gas targets compared to ASX listed targets. The large discrepancy can be attributed to a relatively small number of transactions (35) in the ASX listed oil & gas targets sample. Furthermore, when analysing ASX listed oil & gas targets, we noted outliers in the sample which are likely to have distorted the mean control premiums paid. This includes a 189% premium paid by Arrow Energy Holdings Pty Ltd for Pure Energy Resources Ltd in 2008. We note that the average control premium dropped by approximately 4% excluding this transaction.

We have therefore applied greater weighting to the control premiums paid by acquirers of global oil & gas targets, in particular more weighting to transactions occurring in 2011 and 2012. We believe this to be more reflective of what current control premiums may be paid given the economic and industry cycle. We note that the average control premium paid for global oil & gas targets in 2011 and 2012 for deals under $200 million was 25.1% with a median of 20.7%.

Based on the results above, we have concluded that an appropriate control premium to use in our valuation for STZ is between 20% and 25%, with a preferred control premium of 22.5%.

We consider that the combined entity if the Offer is approved will have cash and early stage exploration assets and that this is likely to command less of a premium than producing or near production assets. Therefore we believe a range below that suggested in the summary table above is appropriate for STZ.

Net asset value of combined entity including minority discount

Applying a minority discount to STZ's assessed net asset value results in the following value range including a minority discount:

	Low $	Midpoint $	High $
Net asset value of combined entity	$0.187	$0.254	$0.391
Minority discount	20%	18%	17%
Net asset value including minority discount	$0.149	$0.207	$0.326

Therefore, our valuation of a STZ share based on the net asset value method and including a minority discount is between $0.149 and $0.326, with a midpoint value of $0.207.

11.3 Quoted Market Price for STZ Shares

To calculate the value of the shares to be issued in the Offer we have also assessed the quoted market price for a STZ share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

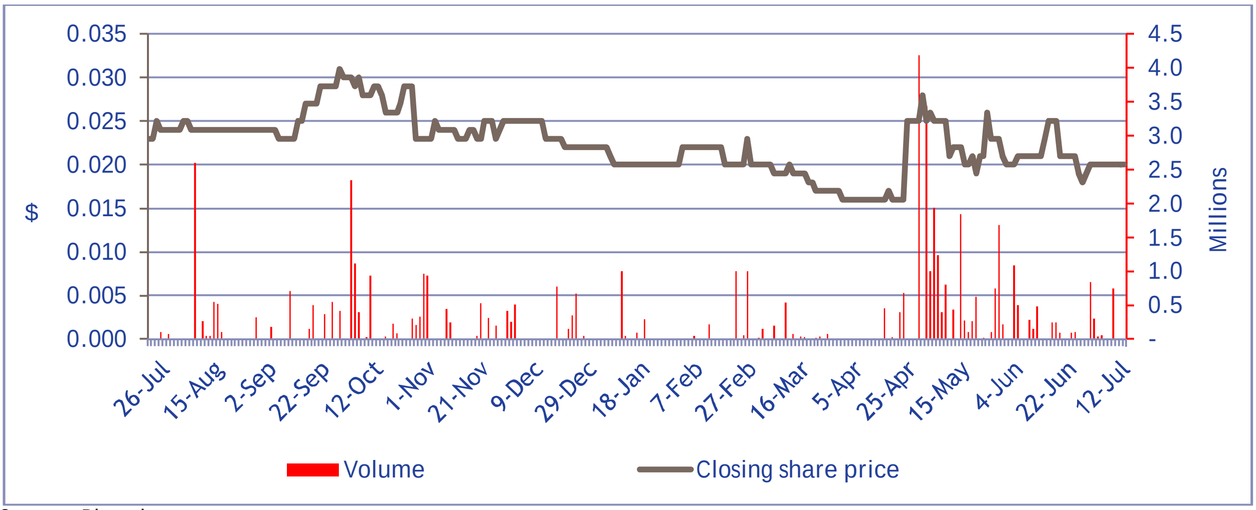
- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

As STZ is the Offeror our calculation of a quoted market price is on minority interest basis.

Minority interest value

Our analysis of the quoted market price of a STZ share is based on the pricing prior to the announcement of the Offer. This is because the value of a STZ share after the announcement may include the affects of any change in value as a result of the Offer. However, we have considered the value of a STZ share following the announcement when we have considered reasonableness in Section 13.

The Offer was announced to the market on 16 July 2012. Therefore, the following chart provides a summary of the share price movement over the 12 months to 15 July 2012 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of STZ shares from 15 July 2011 to 15 July 2012 has ranged from a low of $0.016 on 23 April 2012 to a high of $0.035 on 28 September 2011.

The most notable movement in STZ's share price occurred on 24 April 2012, following the announcement to the market that STZ's board was being restructured and that a placement of shares to Garrison Capital Pty Ltd would occur. Following this announcement, STZ's share price rose 56% to $0.025 on the day of the announcement and stayed at the same price during the three days following. On the day of this announcement 4.19 million shares were traded and during the week following the announcement a total of 11.8 million shares were traded, the highest volume traded during the period.

Following STZ signing a Heads of Agreement, on 28 September 2011, with Posit Coal Pty Ltd ("Posit") to acquire 100% of Posit (a proposed transaction which STZ later withdrew from), STZ's share price rose 7% and 4.83 million shares were traded on the day of the announcement.

On 25 October 2011, STZ announced that it had withdrawn from the Heads of Agreement it had signed with Posit. Following due diligence and other procedures the Board believed that it was in the best interests of STZ's shareholders not to proceed with the transaction. STZ's share price declined 21% during the three days after the announcement.

During the year to 15 July 2012, a number of announcements, including the ones specified above, were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement $ (movement)	Closing Share Price 3 Days After Announcement $ (movement)
30/04/2012	Quarterly Activities and Cashflow Report	0.028 (▲12%)	0.025 (▼11%)
24/04/2012	Placement and Board Restructure	0.025 (▲56%)	0.025 (▶ Nil)
30/01/2012	Quarterly Activities and Cashflow Report	0.020 (▶ Nil)	0.022 (▲10%)
25/11/2011	Drilling Commenced On Myszkow Mo-Cu-W Project	0.024 (▲4%)	0.025 (▲4%)
23/11/2011	West Musgrave Exploration Update	0.025 (▶ Nil)	0.025 (▶ Nil)
21/11/2011	Drilling Commences In Kupferschiefer Basin, Poland	0.025 (▲9%)	0.023 (▼8%)
28/10/2011	Quarterly Activities and Cashflow Report	0.023 (▶ Nil)	0.023 (▶ Nil)
25/10/2011	Strzelecki Withdraws from Heads of Agreement	0.029 (▶ Nil)	0.023 (▼21%)
28/09/2011	Strzelecki signs heads of agreement	0.031 (▲7%)	0.030 (▼3%)
27/07/2011	Quarterly Activities and Cashflow Report	0.024 (▶ Nil)	0.024 (▶ Nil)

Source: ASX company announcements

STZ's share price has generally reacted in line with its announcements to the market.

Following an exploration update regarding STZ's West Musgrave project and stating that drilling was commencing at two of STZ's projects, its share price rose from $0.023 to $0.025.

Several announcements appear to have had varying effects on STZ's share price. Following the Quarterly Activities and Cash Flow Report released in April 2012, STZ's share price rose 12% on the day of the announcement before declining 11% during the three days after. Following the Quarterly Activities and Cash Flow Report released in January 2012, STZ's share price rose 10% in the three days following the announcement.

The Quarterly Activities and Cash Flow Reports released in July 2011 and October 2011 appear to have had no effect on STZ's share price which is likely to be due to the reports identifying no significant progress with STZ's projects, aside from positive soil sampling at West Musgrave and good progress towards drilling at STZ's Polish projects.

To provide further analysis of the market prices for an STZ share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 15 July 2012.

	15 July 2012	10 Days	30 Days	60 Days	90 Days
Closing Price	$ 0.0200				
Weighted Average		$ 0.0200	$0.0203	$0.0229	$0.0225

Source: Bloomberg

The above weighted average prices are prior to the date of the announcement of the Offer, to avoid the influence of any increase in price of STZ shares that has occurred since the Offer was announced.

An analysis of the volume of trading in STZ shares for the twelve months to 15 July 2012 is set out below:

	Share price low		Share price high		Cumulative Volume traded	As a % of Issued capital
1 Trading Day	$	0.0200	$	0.0200	399,231	0.10%
10 Trading Days	$	0.0200	$	0.0200	1,149,231	0.28%
30 Trading Days	$	0.0180	$	0.0250	4,134,476	1.00%
60 Trading Days	$	0.0160	$	0.0280	25,062,010	6.05%
90 Trading Days	$	0.0160	$	0.0280	26,855,128	6.49%
180 Trading Days	$	0.0160	$	0.0280	35,929,509	8.68%
1 Year	$	0.0160	$	0.0350	52,127,583	12.59%

Source: Bloomberg

This table indicates that STZ's shares display a low level of liquidity, with 12.59% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of STZ, we do not consider that there is a deep market for STZ shares. This is reflected by only 12.59% of the Company's current issued capital being traded over the measurement period. Furthermore, only 8.68% of the Company's current issued capital has been traded in the 180 trading days prior to the announcement of the Offer.

Our assessment is that a range of values for STZ shares based on market pricing, after disregarding post announcement pricing, is between $0.0200 and $0.0229. We believe this is reasonable based on the 10, 30, 60 and 90 day weighted average price of STZ shares.

Quoted market price on a minority interest basis

The results of our calculated quoted market price are summarised below:

	Low $	Midpoint $	High $
Quoted market price value	$0.0200	$0.0215	$0.0229
Quoted market price adjusted for 1 for 10 consolidation	$0.200	$0.215	$0.229

Therefore, our valuation of a STZ share based on the quoted market price method is between $0.200 and $0.229, with a midpoint value of $0.215.

11.4 Assessment of the value of STZ

The results of the valuations performed are summarised in the table below:

	Low $	Preferred $	High $
Net asset value (Section 10.1)	$0.149	$0.207	$0.326
Quoted market prices (Section 10.2)	$0.200	$0.215	$0.229

We consider the net asset value to more accurately reflect the value of a STZ share due to the net asset value incorporating the potential value of the Wolf Petroleum projects.

We also consider that the quoted market price is based on the current STZ (prior to any effect of the Offer) and that Wolf Petroleum shareholders who accept the Offer will be receiving shares in the expanded entity of which the existing STZ forms only a minor part. Based on our assessment of the preferred value of the combined entity (refer section 11.2 above), the existing STZ only contributes 9.5% of the total value of the combined entity.

We further note that the quoted market price is not reflective of a deep market in STZ shares.

Based on the results above we consider the value of a STZ share, post the Offer, to be between $0.149 and $0.326, with a preferred value of $0.207.

11.5 Assessment of the value of the consideration

On the basis of the above we consider that the value of the Consideration, being 2.5 STZ shares for every Wolf Petroleum share is in the range from $0.373 to $0.815, with a preferred value of $0.518, as set out below.

	Low $	Preferred $	High $
Assessed valuation of STZ share	$0.149	$0.207	$0.326
Value of Offer per Wolf Petroleum share	$0.373	$0.518	$0.815

12. Is the Offer fair?

The value of consideration (being 2.5 shares in STZ) is compared with the value of a Wolf Petroleum share as shown below:

	Reference	Low	Preferred	High
Value of a Wolf Petroleum share	10.2	$0.49	$0.69	$1.10
Value of the consideration – 2.5 shares in STZ	11.5	$0.373	$0.518	$0.815

We note from the table above that our assessed value of the Consideration being 2.5 STZ shares per Wolf Petroleum share is less than our assessed value of Wolf Petroleum. Therefore, we consider that the Offer is not fair.

13. Is the Offer reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Wolf Petroleum a premium over the value resulting from the Offer.

Over the past few years the directors of Wolf Petroleum have pursued a number of avenues to enhance the value of shareholder interests and to provide shareholders with the opportunity to access the value in their investment. The key objectives of the directors in these endeavours were to:

- secure a listed platform on which capital can be raised to advance the Company's projects
- provide shareholders with a liquid market for their shares in Wolf Petroleum
- continue to grow the assets of the Company.

The avenues which were investigated have included:

- directly listing the Company on a recognised stock market
- undertaking a substantial capital raising
- securing significant funding from a financially strong cornerstone investor
- engineering a reverse takeover into an existing listed company with substantial cash reserves.

To date the directors have not been able to secure a realistic alternative proposal to the Offer.

We note that there have been a number of Initial Public Offerings ("IPOs") that have been either delayed or unsuccessful in the last twelve months. In undertaking an IPO, the minimum shareholder spread requirements must be met and as such can be more difficult than a subsequent raising for an already listed entity. An IPO would also result in incurring significant expenses whilst not providing certainty of successful listing and meeting the objectives of the Company.

In undertaking a substantial capital raising as a non-listed entity, either through a number of investors or a cornerstone investor, market evidence suggests that a discount is sought by the investor due to the lack of liquidity. As such it is unlikely that this would provide a superior proposal to shareholders had the directors been successful in negotiating these courses of action.

13.2 Advantages of Approving the Offer

We have considered the following advantages when assessing whether the Offer is reasonable.

Advantage	Description
Increased liquidity of shareholding	Shareholders who accept the Offer will have shares in a listed entity which will provide readier liquidity via the ASX. Although the current liquidity of STZ is low, with a greater size and a larger number of shares on issue, the liquidity may rise in the future.
Improved future fundraising capability	STZ will be in a better position to raise further capital via the ASX than Wolf Petroleum is able to currently without an ASX listing. This is likely to be less dilutive than if the Company were to remain unlisted.

Availability of cash to progress projects	Acceptance of the Offer will give access to STZ's cash which will be available to advance Wolf Petroleum's projects in Mongolia. This will allow the Company the opportunity potentially to improve the value of the projects. Currently the Company has limited funds and would be forced to raise funds in the near term if the proposal is not approved.
Minority ownership consequences of not accepting	Although there is a minimum acceptance condition of 90% it is possible that STZ may waive the condition having acquired more than 50% acceptances but less than 90% in which case non accepting Wolf Petroleum shareholders will become minority shareholders in Wolf Petroleum.

13.3 Disadvantages of Approving the Offer

If the Offer is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Investment portfolio will include Polish assets	Acceptance of the Offer will provide a Wolf Petroleum shareholder with shares in STZ whose assets currently include projects in Poland to which the investor may not seek to be exposed. However we note that the Bidder's Statement sent to Wolf Petroleum shareholders states that STZ will look to dispose of its existing assets and shift its focus from a minerals explorer in Poland and Australia to an oil and gas explorer in Mongolia.
Dilution of effective interest in Mongolian assets	By combining with STZ, the effective interest of individual Wolf Petroleum shareholders in the Mongolian assets will be diluted by the existing STZ shareholders.

We consider that the Offer is reasonable on the basis of the information set out in the paragraphs above. In particular we consider that the advantages outweigh the disadvantages and that there is no superior transaction available.

14. Conclusion

We have considered the terms of the Offer as outlined in the body of this report and have concluded that the Offer is not fair but reasonable to the Shareholders of Wolf Petroleum.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report
- Audited financial statements of Wolf Petroleum for the period ended 31 December 2011
- Unaudited management accounts of Wolf Petroleum for the period ended 30 June 2012
- Independent Valuation Report of Wolf Petroleum's mineral assets dated 31 August 2012 performed by MHA
- Share registry information
- Information in the public domain
- Discussions with Directors and Management of Wolf Petroleum.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of approximately $30,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Wolf Petroleum Limited in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Wolf Petroleum Limited, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Wolf Petroleum Limited and Strzelecki Metals Limited and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Wolf Petroleum Limited and Strzelecki Metals Limited and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 – Professional Independence. The services provided have no material impact on the financial report of Wolf Petroleum Limited.

A draft of this report was provided to Wolf Petroleum Limited and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 14 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 200 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

18. Disclaimers and consents

This report has been prepared at the request of Wolf Petroleum Limited for inclusion in the Target Statement which will be sent to all Wolf Petroleum Limited Shareholders. Wolf Petroleum Limited engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the Offer from Strzelecki Metals Limited to acquire all of the issued capital of Wolf Petroleum Limited.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Target Statement. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Target Statement other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Wolf Petroleum Limited and Strzelecki Metals Limited in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Strzelecki Metals Limited. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Offer, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Wolf Petroleum Limited, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by MHA Petroleum Consultants.

The valuer engaged for the mineral asset valuation, MHA Petroleum Consultants, possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Adam Myers	Sherif Andrawes
Director	Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Bidder's Statement	Bidder's Statement 'in relation to a Takeover Offer by Strzelecki Metals Limited to acquire all of your ordinary shares in Wolf Petroleum Limited' released 13 September 2012
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Wolf Petroleum Limited
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
HoA	Heads of Agreement between STZ and Wolf Petroleum for STZ to acquire all of the issued capital in Wolf Petroleum, announced 16 July 2012
MHA	MHA Petroleum Consultants
NAV	Net Asset Value
Our Report	This Independent Expert's Report prepared by BDO
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
The Offer	The Offer by STZ to acquire all the issued shares in Wolf Petroleum for consideration of 2.5 STZ shares for each Wolf Petroleum share
Posit	Posit Coal Pty Ltd
Shareholders	Shareholders of Wolf Petroleum not associated with STZ
SKKGM	Slasko Krakowska Kompania Gornictwa Metali Sp. z.o.o.
STZ	Strzelecki Metals Limited
VWAP	Volume Weighted Average Price
Wolf Petroleum	Wolf Petroleum Limited

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ("NAV")*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The 'net assets on a going concern' method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ("QMP")*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

3 *Capitalisation of future maintainable earnings ("FME")*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ("DCF")*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 – Independent Technical Report by MHA Petroleum Consultants

31 August, 2012

Mr. Ken Pendergast
Director and Representative
Ernst & Young Transaction Advisory Services Ltd
11 Mounts Bay Road
Perth WA 6000
Australia

Dear Mr. Pendergast:

The independent Directors of Strzelecki Metals Limited ("Strzelecki") have appointed Ernst & Young Transaction Advisory Services Limited ("Ernst & Young") as independent expert to prepare an Independent Expert's Report ("IER") in relation to the Company's proposed acquisition ("the Proposed Transaction") of Wolf Petroleum Ltd ("Wolf").

The preparation of the IER is required under Australian Securities Exchange ("ASX") Listing Rule 10.1, which prohibits a listed company from acquiring a substantial asset from an entity that is in a position of significant influence without the prior approval of its shareholders. Under ASX Listing Rule 10.10.2, a notice of meeting containing a resolution to be put to shareholders for the purposes of ASX Listing Rule 10.1, must be accompanied by an independent expert's report stating, in that person's opinion, whether or not the proposed transaction is fair and reasonable to the shareholders not associated with the transaction. Consistent with these requirements of the purpose of the IER is to provide an opinion as to whether or not the purchase of Matthew Wood's and Brian McMaster's shares in Wolf under the Proposed Transaction is fair and reasonable to the shareholders of Strzelecki. Mr. Wood and Mr. McMaster are executive directors of Strzelecki.

A major component of the IER will be a comparison of the fair value of what is being acquired with the fair value of the consideration being paid. In order to determine the fair value of what is being acquired in the Proposed Transaction, it will be necessary to consider the fair value of the Mongolian-based petroleum exploration assets of Wolf which are comprised of the following projects:

- the exploration acreage located in the Baruun Urt Block;
- the exploration acreage located in the Jinst Block;
- the exploration acreage located in the Sukhbaatar Block

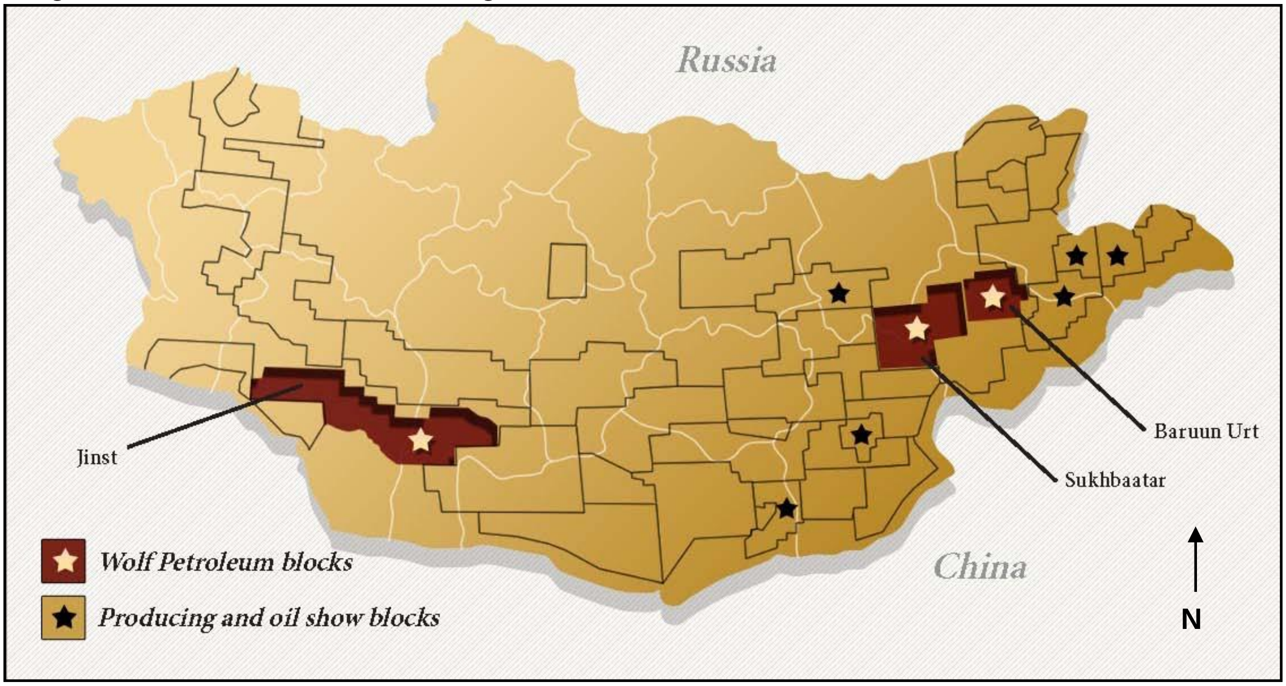
Ernst & Young has subsequently engaged MHA Petroleum Consultants LLC ("MHA") to conduct an independent valuation of the above referenced petroleum exploration assets of Wolf. This MHA report is to be included as an appendix to Ernst & Young's independent expert's report.

I. Geological Summary of Wolf's Mongolian Exploration Assets

General Information

Wolf Petroleum Limited is focused on oil and gas exploration, development and production in Mongolia. Wolf Petroleum (Wolf) currently holds joint survey exploration block contracts on Jinst and Baruun Urt. Wolf has been awarded a third block, Sukhbaatar, with a production sharing contract (PSC) and is the largest holder of oil exploration acreage in Mongolia. The blocks are presented in Figure 1.

Figure 1: Petroleum blocks of Mongolia



The individual block areas are:

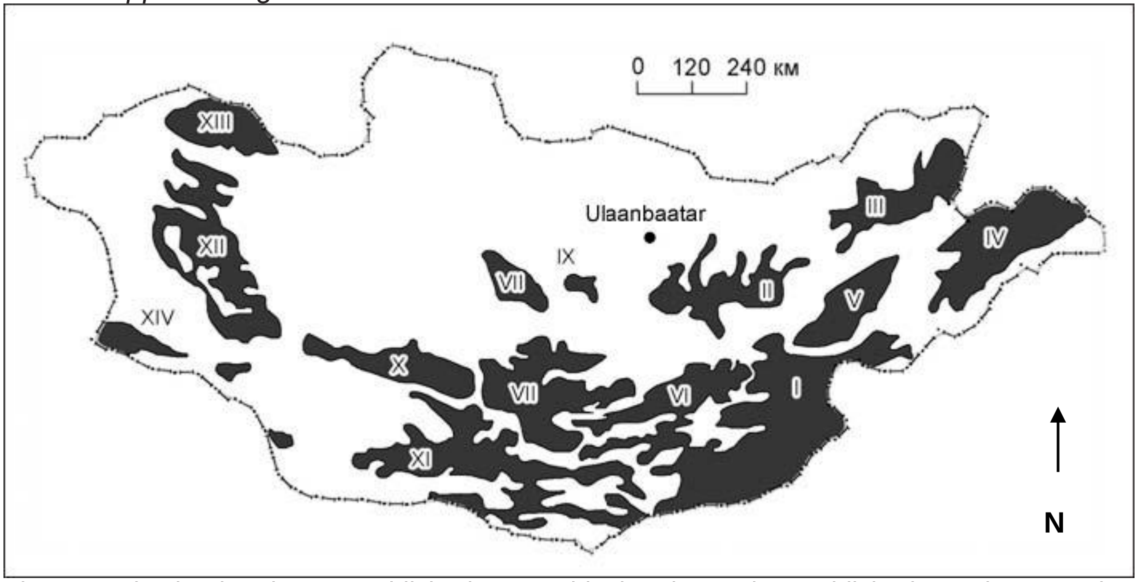
- Baruun Urt – 10,287 km^2
- Jinst – 41,790 km^2
- Sukhbaatar – 23,047 km^2

Petroleum Geology

Oil was discovered in Mongolia in 1940 by Russian and Mongolian geologists. Between 1947 and 1963 two additional oil fields were discovered by Russians in the central southeastern portion of the country. Following the collapse of the Soviet Union in 1989 a wave of democratic, reforms swept through the country. The Petroleum Law of Mongolia was adopted on January 18, 1991 to regulate the operations involved in exploration, protection, processing, transportation, storage and marketing of petroleum originating in Mongolia. The regulating authority is the Petroleum Authority of Mongolia (PAM).

Currently Mongolia petroleum potential is focused on numerous mapped and unmapped non-marine basins (Figure 2). The basins are assumed to be Cretaceous in age, approximately 65 to 145 million years ago. Many new basins are being recognized due to improved mapping and exploration activities.

Figure 2: Mapped Mongolian Petroliferous Basins



Petroleum production has been established on two blocks Figure 1). Established petroleum production is from the Tamtsag (Hailar Basin) and the East Gobi Basin. The Hailar basin and Tamtsag basin are the synonymous; the Hailar terminology is used in China. Testing of wells with oil shows are being conducted on 3 other blocks in the Nilga basin, Tamsag and South Govi basin. Oil shows have been reported throughout Mongolia from previous investigations conducted by the Russians. (IHS, 2011)

Current petroleum production in Mongolia is from two Cretaceous aged formations, the Tsagaantsav Formation and the overlying Zuunbayan Formation. A generalized stratigraphic section is presented in Figure 3. This section indicates rock type seals and depositional environments.

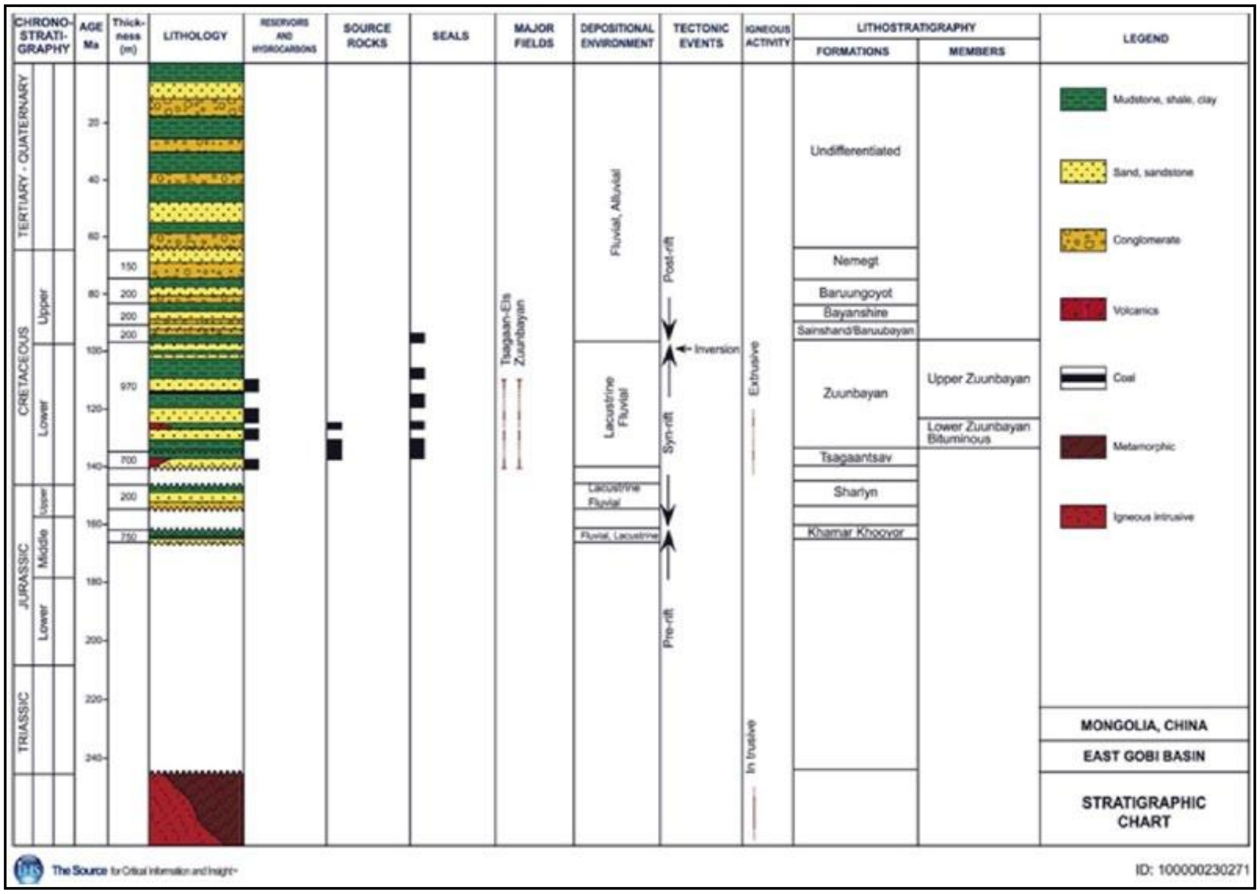
These two formations are present in sub-basins or fault grabens associated with larger basin area depressions that are poorly defined in the literature. Depositional environments include fluvial and lucustrian sediments mixed in with tuffaceous and other volcanic rock types.

Basins are formed by intracrationic rifting which developed on Pre-Jurassic tectonic fabrics. At least 5 tectonic episodes have been recorded which include:

- Pre-Jurassic crustal shortening by lateral faulting
- Middle Jurassic to Early Cretaceous rifting, which includes extension
- Late to Early Cretaceous shortening and inversion on preexisting faults, resulting in left lateral and reverse offsets.
- Renewed sedimentation and right lateral displacement after a Middle Cretaceous unconformity
- Post Cretaceous east west shortening.

Mongolia has very complex and varied structural geologic history. The different tectonic fabrics vary across Mongolia. Generally extentional structures are more common in eastern and central Mongolia. Compressional structures are more common in western Mongolia.

Figure 3: Generalized Stratigraphic section for Eastern/Central Mongolia (IHS, 2012).



Source Rock

Petroleum source rocks for the east Gobi basin have been identified as the shales of the Zuunbayan and Tsagaantsav Formations. Figure 4 and 5 graphically portray the burial history and depth vs thermal maturity (modified from Prost, 2004).

Zuunbayan Formation geochemistry indicates that the temperature gradient is 45°C/km. The oil has an average API of 28° and is waxy. Modeling indicates that generated oil for the Tsagaan Els Field (Figure 4) migrated updip from the source kitchens and accumulated into traps (Prost, 2004).

Recent source rock investigation conducted on Block XX and Block XIX indicate that the shales Upper Tsagaantsav Formation are the proven source rocks for the Tolson Uul Oil Field. Thermal gradients are high, exceeding 35 °C/km. Thermal burial modeling indicates that the Tsagaantsav Formation source rocks are in the oil window at depths between 2,200-2,600 meters. An uplift of up to 500 meters during the Cretaceous suggests that the source rocks are now at or close to the maximum burial. Modeling indicates that peak oil generation occurred between 98 and 85 million years ago.

The Zuunbayan and Tsagaantsav formations have been identified on the Baruun Urt and Sukhbaatar blocks operated by Wolf Petroleum.

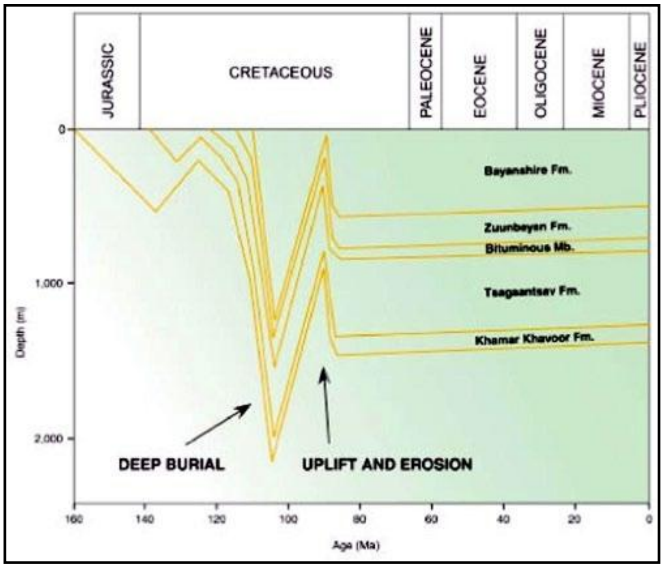


Figure 4: Burial History Chart from the East Gobi Basin (modified from Prost, 2004)

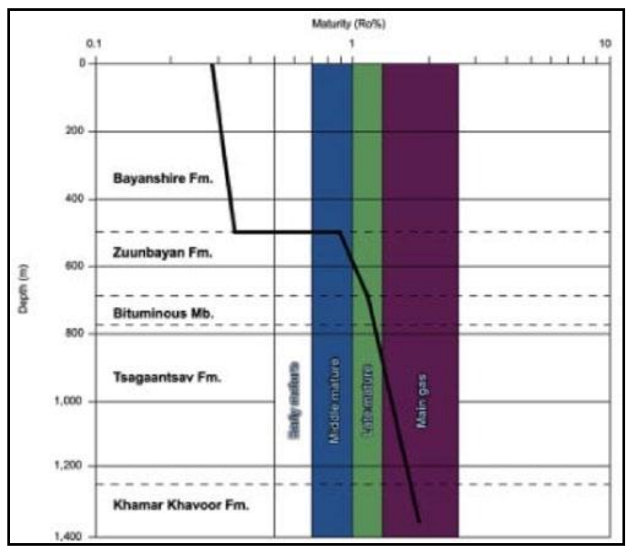
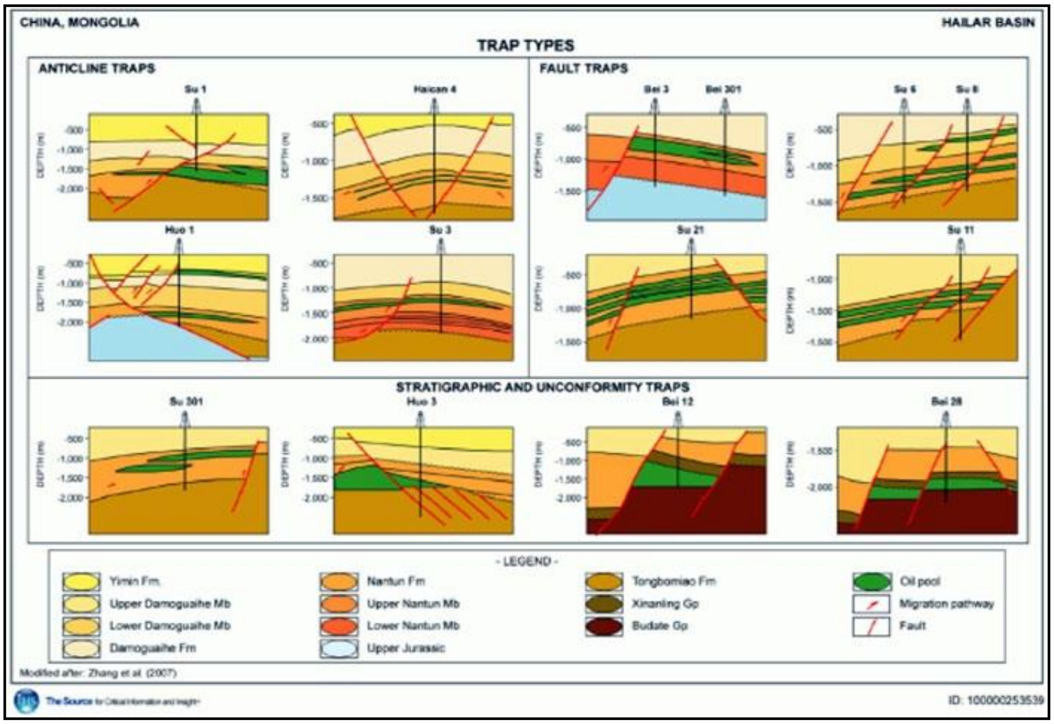


Figure 5: Depth vs Maturity Graph from the Govi basin (modified from Probst, 2004)

Petroleum Traps

Petroleum traps for Mongolia are anticipated to be both structural and stratigraphic. Sandstone reservoirs are fluvial sandstones. Typical structural traps that are present in the nearby Tamtsag/ Hailar are presented in Figure 6 Structural traps in the Tamtsag/Hailar basin.

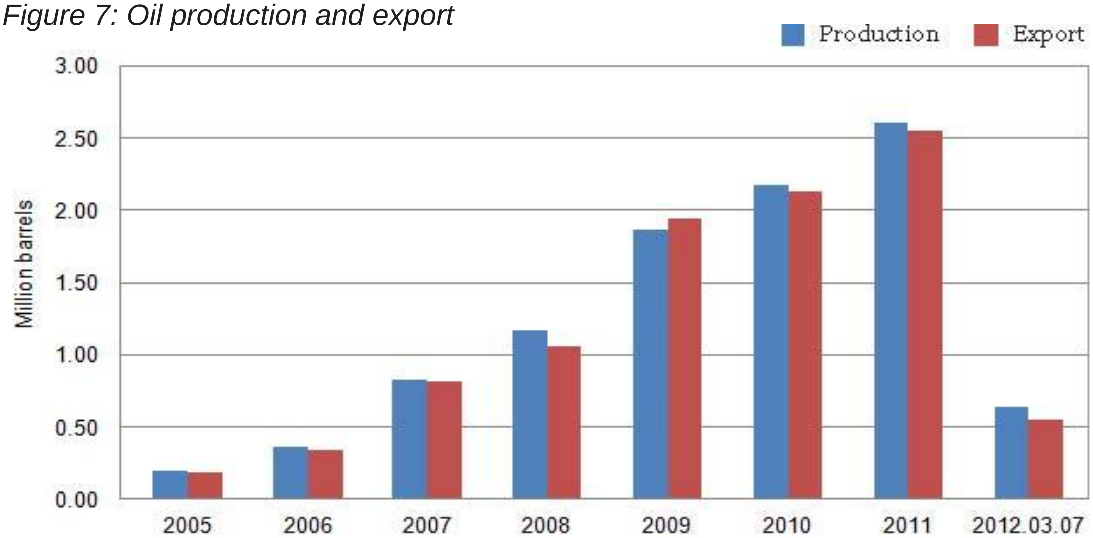
Figure 6: Petroleum traps



Other Operators

With the recent stability of the Mongolian government numerous international and local companies are beginning operations in Mongolia. Currently only two Chinese companies are producing and exporting oil from three oil fields in Mongolia.

Figure 7: Oil production and export



(Petro China) Daqing Tamsag Mongolia Ltd / China

The company operates on block Toson Uul XIX, Tamsag XXI, Buir XXII in Eastern Mongolia. As of 2012 the company has drilled 543 wells on Toson Uul XIX, drilled 170 wells on Tamsag XXI, and conducted 10.3 thousand line km of 2D seismic works and 4.9 thousand sq. km. of 3D seismic works.

Toson Uul XIX Block
In 1998, the company started to produce and test the wells at Toson Uul XIX. From 1998-2011, it produced 7.34 million barrels of oil and exported 7.15 million barrels to China. Today, Toson Uul XIX block has 140-150 producing wells, and average daily production is 8,500 barrels. In 2012, company is planning to produce and export 2,162,468 barrels of oil from Toson Uul XIX block, and by March 7, 2012 it had produced 524,968.62 barrels of oil.

Proven and measured reserve estimation of the Tolson Uul XIX property was performed by Petrochina Daqing Tamsag LLC in 2008, and an independent estimate was conducted by the U.S. based DeGolyer and MacNaughton (D&M) company.

In February 2010, the proven and measured reserve estimate for the property was approved and registered with the National Registry of Mineral Reserves by Order No. 41 of the Ministry of Mineral Resources and Energy. The property was estimated to contain 119.02 million tons of proven reserves.

In 2011, PAM performed an updated reserve estimate for the Toson Uul XIX property, and the proven petroleum reserves increased to 179.08 million tons (approximately 1.3 billion barrels).

T**amsag XXI Block**
In 2011, the company produced 92,283.06 barrels of oil at Tamsag XXI block and exported 83,256.08 barrels to China. In 2012, company is planning to produce and export 557,596.60 barrels of oil, by March 7, 2012 they had produced 16,996.50 barrels of oil.

The property is estimated to contain 127 million tons of crude oil reserves (approximately 949.96 million barrels).

`

Dongsheng

From 1994-2011, the company conducted 5,138.8 line km of 2D and 339.6 sq. km. of 3D seismic works. It also drilled 102 wells. Today, the company produces oil from 87 wells with an average of 1,500 barrels per day.

From 1998-2011, the company produced 2.58 million barrels of oil and exported 2.52 million barrels to China. In 2012, the company is planning to produce and export 402,727 barrels of oil from its block 97. By February 26, 2012, the company had produced 78,970.8 barrels and exported 68,371.73 barrels of oil to China.

The ministry of mineral Resources and energy has approved and registered the proven reserve for block 97 as 186.3 million barrels of oil.

Sunwing (Ivanhoe)

Sunwing (Ivanhoe Energy) operates Block XVI approximately 100 km southeast of Ulaanbaatar. Completed 924 km of 2D seismic completed through 2010. Block was partially explored by Russians with hydrocarbon presence confirmed. Drilled two wells in 2011, well #1 N-16-1E-A abandoned. Well #2 N-16-1E-B found fluorescents, oil shows and is to be tested and completed in Spring 2012 (Ivanhoe Energy February 2012 corporate presentation).

Manas Petroleum

Manas Petroleum operates blocks XIII and XIV. Manas Petroleum has listed 113.21 MMBO (15.85 tons)for Block XIV with probable reserves of 64.38 MMBO (8.95 tons) in a recent Diversified Exploration Package Summary.

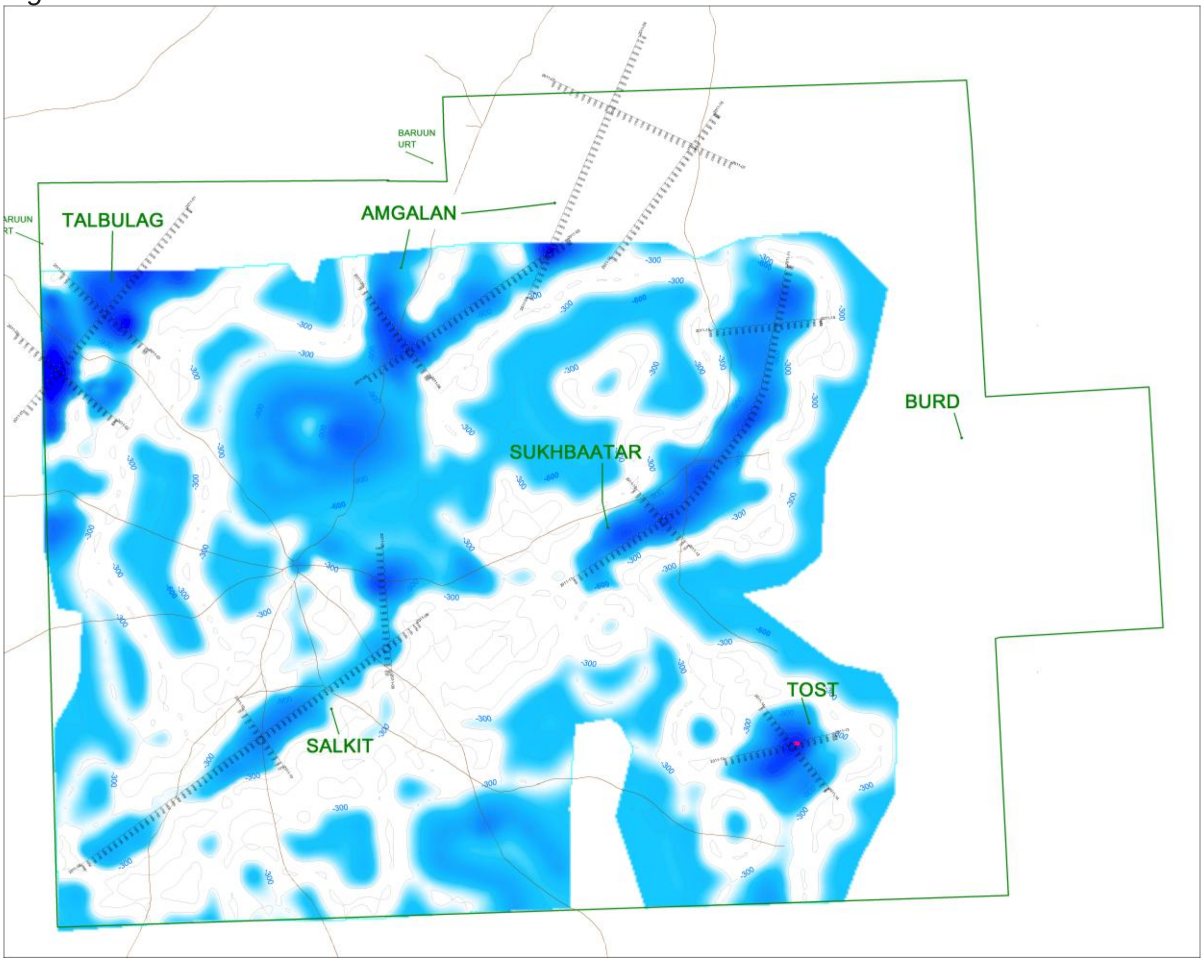
PetroMatad

PetroMatad operates three blocks in Mongolia, blocks XX, V and IV. Blocks V and IV are near the Jinst Wolf block are in the exploration phase with two stratigraphic holes drilled and being analyzed. Original mean unrisked prospective resources were calculated at 745 MMBO with a mean risked prospective resources of 85 MMBO (PetroMatad, 2008), for Block XX.

Project Baruun Urt

The Baruun Urt Block (BU) is located in eastern Mongolia. Gravity, magnetic and seismic surveys have been recently completed on this block (AMO,2011). After review of the gravity and magnetic report it appeared that the Talbulag and Amgalan sub-basins appear to be extending off the original block areas (Figure 8). Wolf Petroleum acquired additional land and the block outline was extended. During the field season 2013, gravity and magnetic data will be extended to complete the coverage for this block. Figure 8 identifies the Baruun Urt block graben areas. The BU block area has been interpreted by AMO (2011, personal communication) as a new basin called Sukhbaatar. The new total area of the Baruun block is 10,287 km^2.

Figure 8: Location of BU sub basins

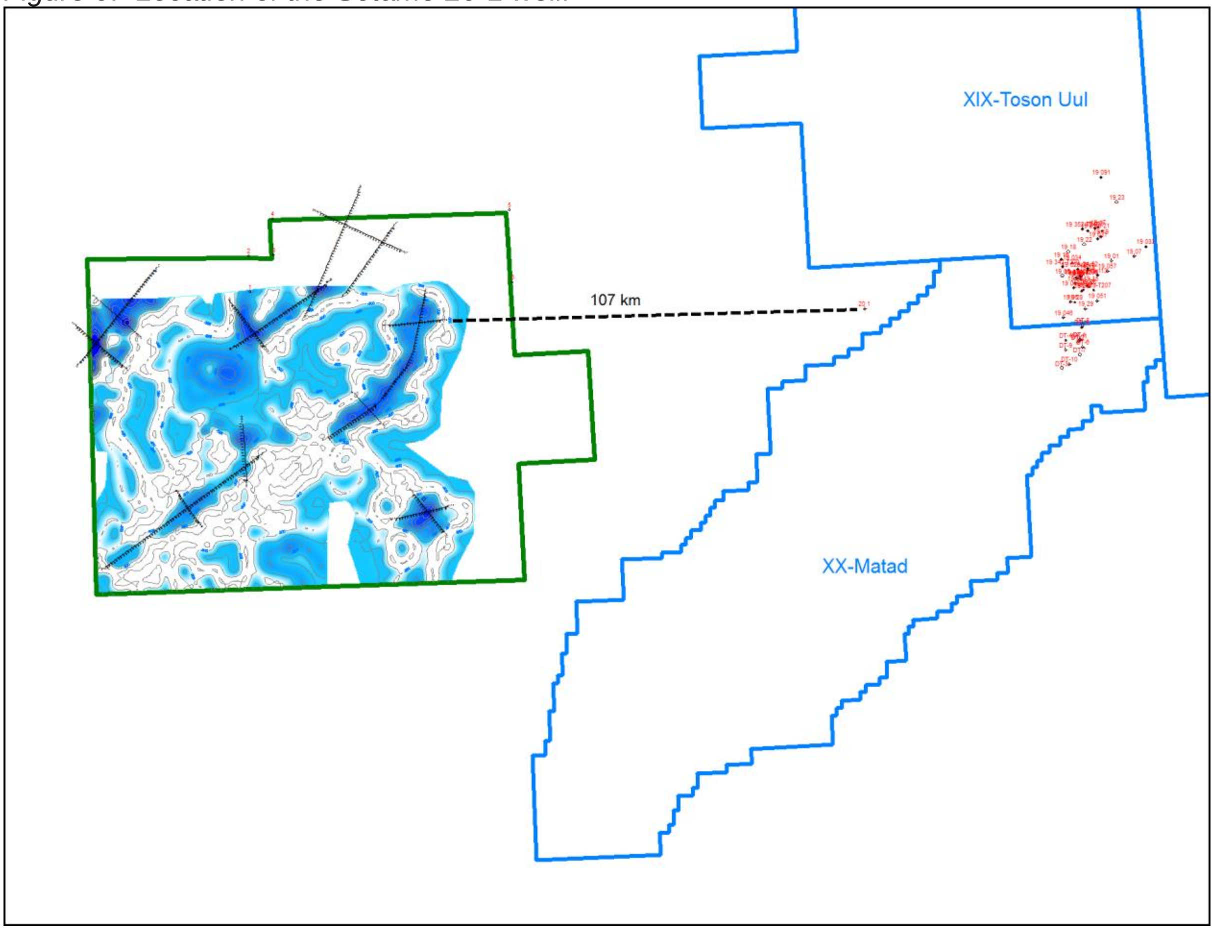


Six gravity lows have been identified on the BU block which represent sediment thicks or graben sub-basins. The grabens are listed below:

- Tost
- Talbulag
- Salkit
- Sukhbaatar graben
- Amgalan
- Burd

These grabens were defined by gravity and magnetic surveys which were conducted on BU in the 11 late spring and summer of 2011. In August and September 2011 sixteen lines of region 2D seismic was shot over the gravity thicks previously identified. Processing and interpretation of the newly acquired 2D data began at the end of 2011. There are no well penetrations on this block. The closest well is the Sotamo 20-1 well which is approximately 107 km east of the closest Wolf seismic line as shown on Figure 9. The Sotamo 20-1 well was a dry hole with no petroleum shows. It was drilled in 1998 by Soco Mongolia Ltd. Total depth was 2502 meters below the ground surface.

Figure 9: Location of the Sotamo 20-1 well.

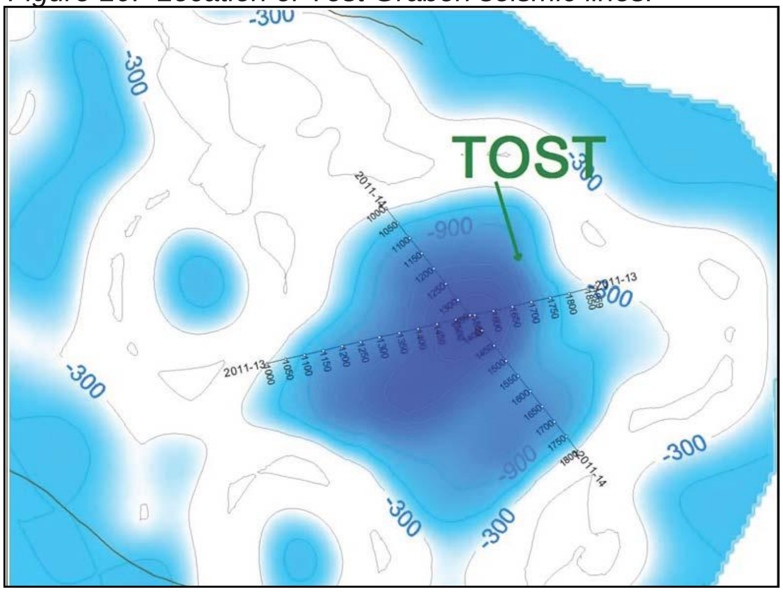


The sonic and density logs from the Sotamo 20-1 well were used to assist in identifying the various reflectors on the seismic sections. The formations and basement identified on the following seismic sections are estimates based on a well that is over 100km to the east. Therefore the selected reflectors are estimated and may not represent the actual time horizons identified. The following seismic lines are shown as time in seconds with the shot point location across the top of the lines. Shot points are 50 meters apart. No depth conversion has been done. The display on the seismic sections is in two way time in seconds.

Tost Graben

The Tost Graben is located in the southeast portion of BU as shown on Figure 10.

Figure 10: Location of Tost Graben seismic lines.



This is the deepest of the BU grabens that was confirmed by seismic with an estimated thickness greater than 2100 meters. Tost has two seismic lines 2011-13 and 2011-14 as shown in Figures 11 and 12 respectively. Additional processing is ongoing; some amplitude anomalies have possibly been identified on these lines indicating hydrocarbons. Structural potential traps include Horst blocks and high side of normal faults in both the Zuunbayan and Tsaganntsav formations.

Figure 11: Seismic Line 2011-13

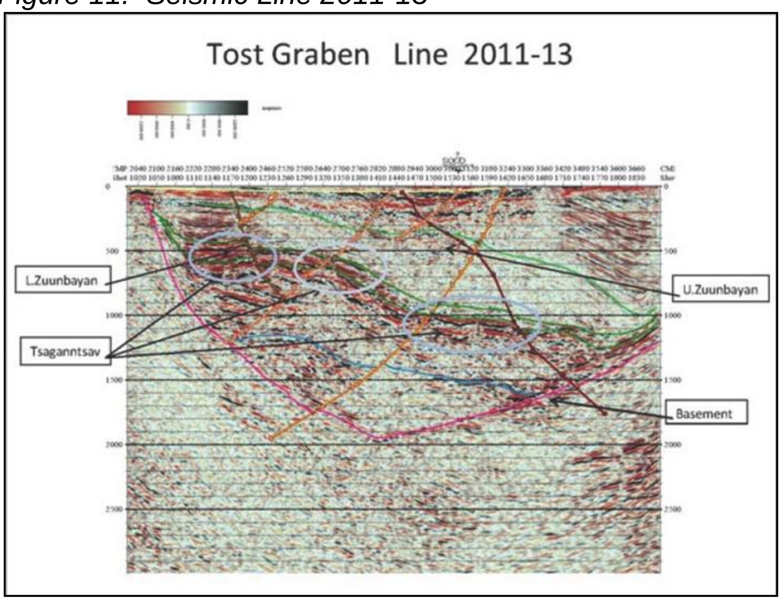
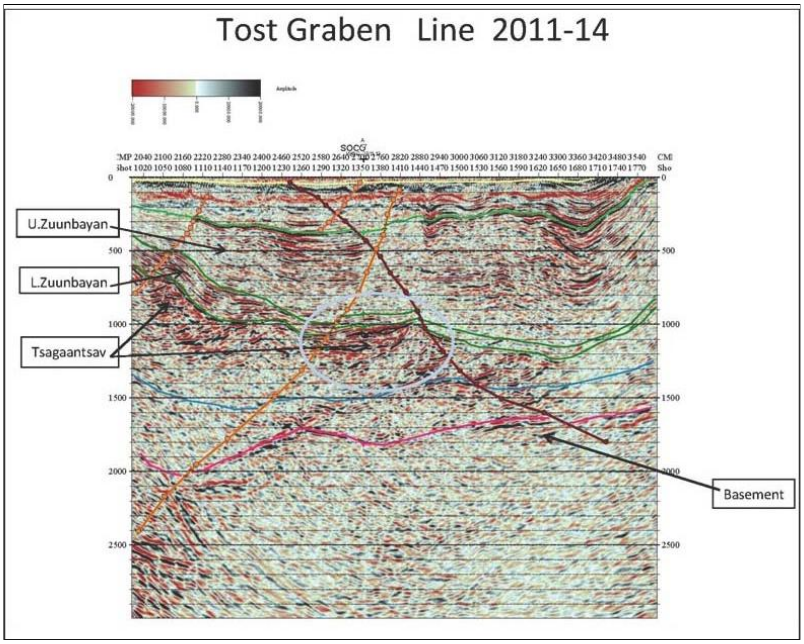


Figure 12: Seismic Line 2011-14



Talbulag Graben

Talbulag graben contains three 2D seismic lines 2011-1, 2011-2, 2011-3 and is located on the northwest edge of the BU block. The basin will be better defined to the north with the additional gravity and magnetic survey which will be conducted later, in addition to the investigations to be conducted on the adjacent Sukhbaatar block to the west. Seismic indicates the potential for both structural and stratigraphic traps.

Salkit Graben

The Salkit Graben contains lines 2011-08, 2011-09 and 2011-10. It is located in the southwest portion of BU and appears to be shallower than indicated by the gravity data. Seismic indicates mostly structural traps.

Sukhbaatar Graben

Sukhbaatar Graben is located in the east-central portion of BU (Figure 8). Lines 2011-11, 2011-12 and 2011-15 were shot in this graben. There is a large data gap on Line 2011-11 due to surface access issues. Seismic indicates mostly structural traps.

Amgalan Graben

This graben is located on the north edge of the original BU block boundary (Figure 8). Because of the lack of data on the north end the seismic lines are indicating we may be on the edge of the graben. The additional gravity and magnetic investigation previously mentioned will assist us further in this area.

The Amgalan Graben contains seismic lines 2011-04, 2011-05, 2011-06, 2011-7, and 2011-16.

Baruun Urt Conclusions

- Geophysical magnetic and gravity surveys were carried out at a scale of 1:200.000 and total magnetic anomaly map and Bouguer gravity anomaly map were created for the survey area.
- A total of 532 rock samples were collected to determine magnetic susceptibility, density and assist with geology-geophysical data processing.
- Six graben sub basin features were identified, computed depths of the grabens ranged from 1000 to 2400 meters.
- A new geologic map was created based on gravity, magnetic and satellite imagery.
- Sixteen 2D seismic lines were shot on the BU block, approximately 330 km on 5 of the identified graben sub basin structures.
- Gravity thicknesses generally agreed with seismic results, however some basins were slightly thicker or thinner than predicted.
- Seismic interpretation on BU indicated numerous structural and stratigraphic traps in graben sub basins similar to structures producing in basins to the east.
- Cretaceous reservoirs and source rocks have been identified on BU. The Tsagaantsav and Zuunbaynan are known oil source and reservoir rocks on nearby producing blocks.

Project Jinst

Jinst is the largest petroleum exploration block in Mongolia with total area of 41,790 km^2. Gravity and magnetic surveys and geologic mapping have been completed on the Jinst Block at a scale of 1:500,000. Field activities were conducted by AMO Discover LLC (AMO) in the fall of 2011.

General Information

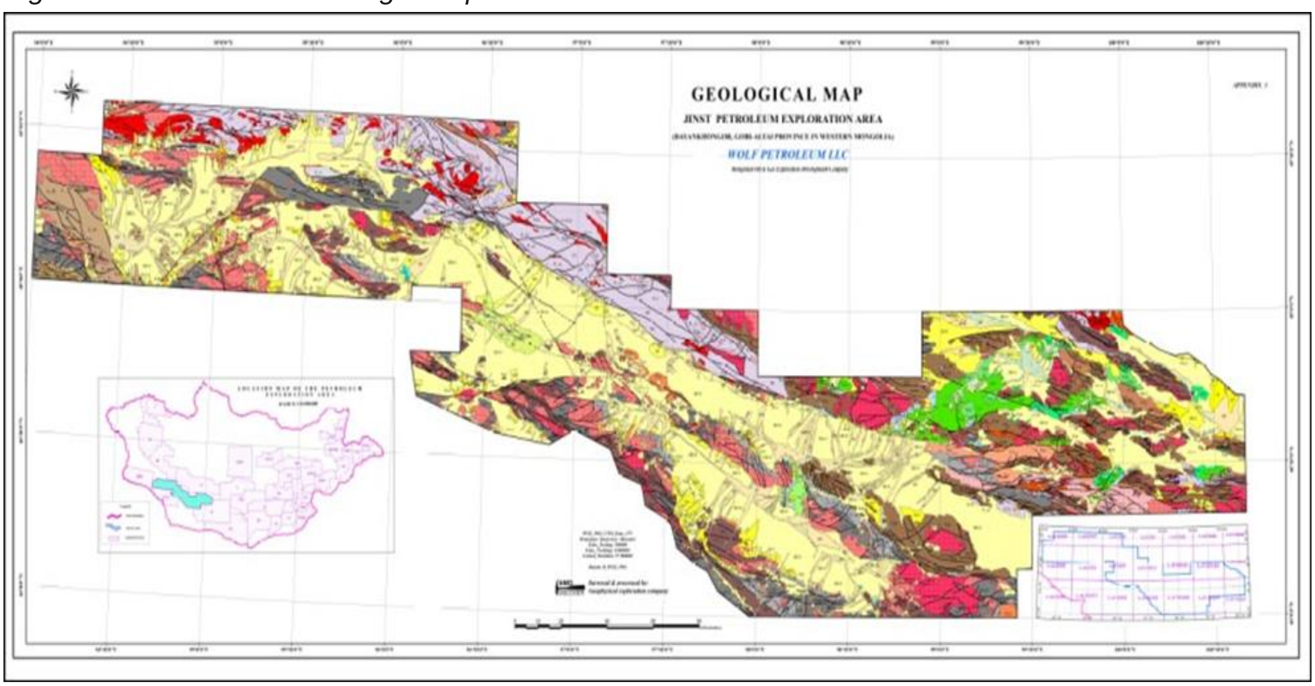
Jinst petroleum exploration area (from central point of the area) is situated approximately 1100 km west of Ulaanbaatar, 400 km west of Bayankhongor and 200 km southwest of Altai, center of Gobi-Altai province. The Jinst area, comprises in the territories of Bayan-Undur, Bayantsagaan, Shinejinst, Bayangobi and Bayanlig subprovinces of Bayankhongor province, and Erdene, Tsogt, Altai, Tseel, Tugrug and Bugat subprovinces of Gobi-Altai province.

Geographically, the area lies in northern slopes of Mongol-Altai Mountains and deserts of Trans Altai and covers Gichgene and Gobi-Altai Mountains to the north, Khuvch and Tayan Mountains to the west, Erdren and Aj Bogd Mountains to the south, Jinst Mountain and Zahiu-Zarman deserts to the east. The Jinst area falls in gobi-desert area and covered mainly by Gobi brown and carbonaceous dark gray soil. Due to low precipitation, strong wind and elevated temperature, vegetation cover is relatively poor. Topography of the Jinst includes areas of high mountains with an elevation, ranging from 1500 m to 3800 m above sea level and deserts

Geology

Geology of the Jinst block consists of Proterozoic basement, Paleozoic (metamorphic and volcanic rocks of Cambrian, Cambrian-Ordovician, Ordovician-Silurian, Devonian, Carboniferous, and Permian age), Mesozoic (terrestrial sedimentary and volcanic rocks of Late Jurassic, Late Jurassic-Early Cretaceous, and Cretaceous age) and Cenozoic (Paleogene, Neogene and Quaternary) rocks. Based on the characteristics of distribution, special feature and hosted fossil remnants of the rocks, more than sixty formations have been classified within the area. The geologic map of the entire Jinst block is presented in Figure 13 at a scale of 1:500,000. Structural complexity is apparent on the surface geology. Cretaceous outcrops are shown in green on the map.

Figure 13: Jinst Block Geologic Map

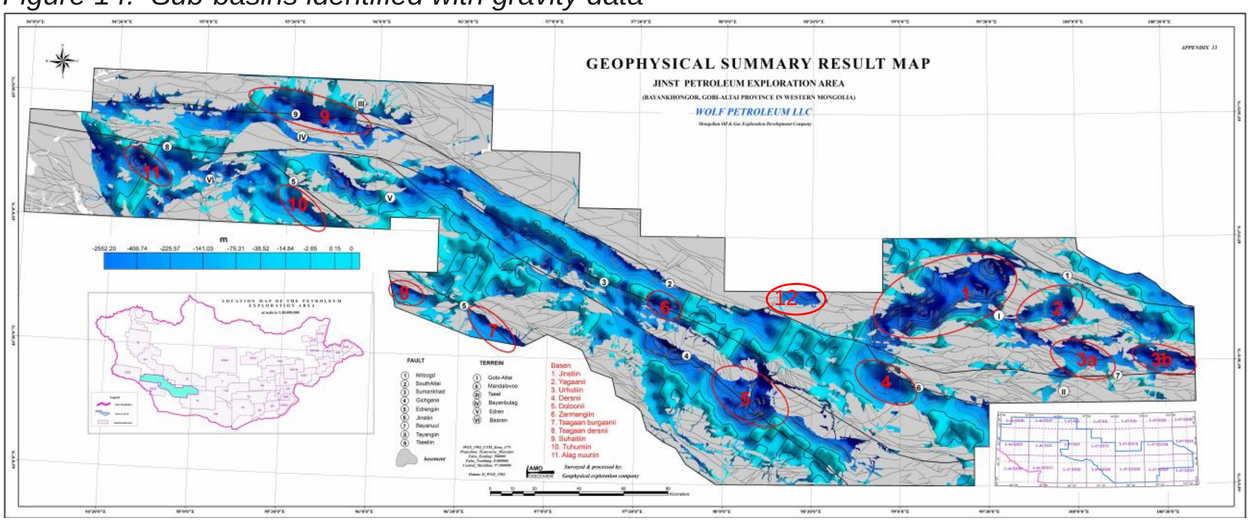


Gravity and Magnetic Surveys

Gravity and Magnetic surveys were completed in the fall of 2011 for the Jinst Block. Magnetic surveys were completed at a scale of 1:500,000. Six terranes were identified in the magnetic survey Gobi-Altai (I), Mandalgobi (II), Tseel (III), Bayanbulag (IV), Edren (V) and Baaran (VI). These terranes were separated by northwest to southeast trending deep faults and different complex structures for each terrane. The terranes were controlled by boundary between positive and negative anomalies, vertical and horizontal changes of the magnetic anomalies, and they were under metamorphic zone related to the deep faults and tectonic activities.

The gravity survey was completed using 2,050 physical points. A total of 2071 rock sampling were collected for petrophysical measurements. Rock densities were measured by densitometer. All rock samples were divided into 4 groups of rocks. Density of sedimentary rocks was relatively high with an average of $2.70*10^3 kg/m^3$ and density of the rocks depends on their rate of metamorphism. Density of lower Cretaceous sedimentary rocks is relatively low and it determination thickness of the sedimentary fill by their gravity anomalies. Moreover, density change of the intrusive and effusive rocks was relatively small.

Figure 14: Sub-basins identified with gravity data



During this investigation 12 sub basins were identified on the Jinst block as shown on Figure 14. The sub-basins are listed below:

1. Jinstiin
2. Yagaanii
3. Urhutin
4. Dersnii
5. Doloonii
6. Zarmangiin
7. Tsagaan burgasnii

8. Tsagaan dersnii
9. Suhaitiin
10. Tuhumiin
11. Alagnuuriin
12. Undragga

Planned Investigations

The Cretaceous sub basins that were identified in the gravity and magnetic investigations were targeted for the first round of seismic at Jinst. The Cretaceous is a know source rock and petroleum reservoir in Central/Eastern Mongolia.

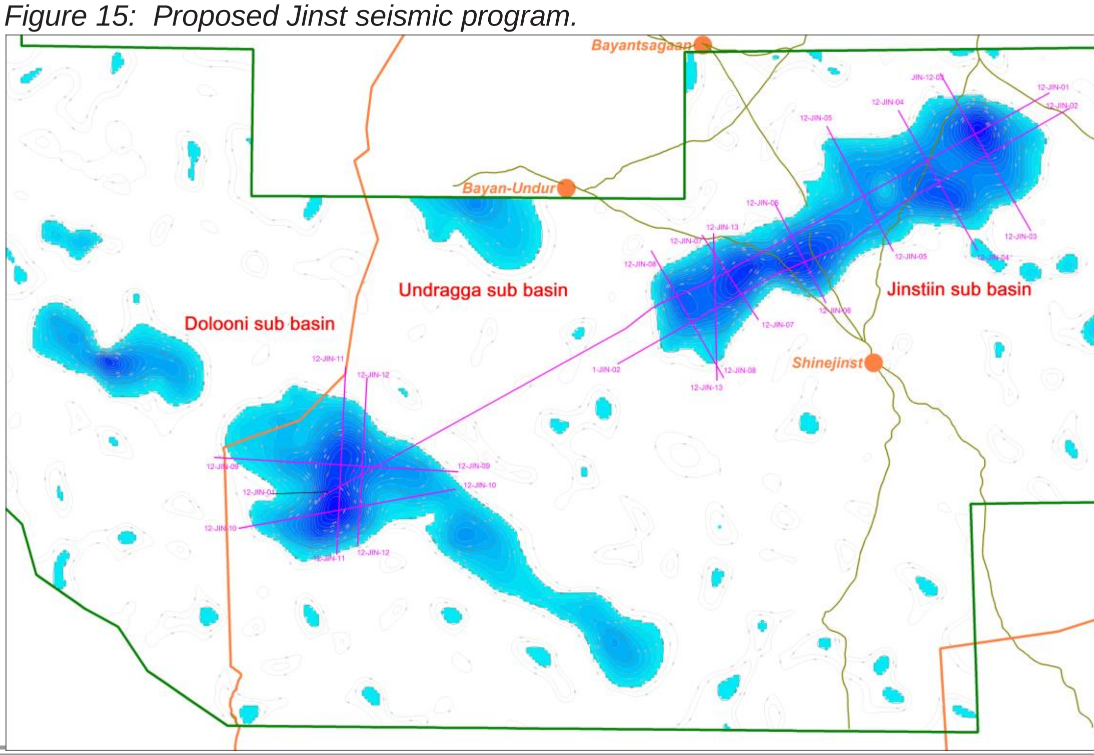
Seismic

Two of the larger sub-basins described previously were identified as Cretaceous in age, because of the geologic outcrops on the surface. A seismic program of 665 km has been planned for the two sub-basins called Jinstiin and Doloonii.

Jinstiin is a depression that is elongated from the northwest to southeast approximately 75 km long and 15-20 km wide. Sediment thicknesses are estimated to be 2000 to 2500 meters. The Doloonii depression is 25 km long and 20 km wide with depths ranging from 1200 to 2100 meters (Figure 15).

The seismic will be shot using dynamite with shot holes every 60 meters to a depth of 12 meters. These shot hole sediment samples (cuttings) will be sampled and sent to a laboratory for geochemical analysis.

Figure 15: Proposed Jinst seismic program.



Geochemical Analysis

Cuttings from the seismic shot holes sediment samples (cuttings) will be sampled for geochemical analysis. The analysis will include a C6-C36 aromatic hydrocarbons by Synchronous Scanned Fluorescence (SSF). The SSF method can detect crude oil seeps down to 1 part per million. If any crude oil macroseeps (> 5% oil in samples) are detected, the oil will be extracted and analyzed by whole oil chromatographic methods to identify biomarkers that provide information of the source rock lithology, age and thermal maturity.

One-gram splits of the sieved sediment will also be analyzed for acid-extractable C1 to C7 alkane hydrocarbons by hydrochloric acid extraction and analysis of released headspace gas by Flame Ionization-Gas Chromatography to look for wet hydrocarbon gases trapped in secondary carbonates within the samples. The sieved soil samples may be analyzed for 63 major and trace elements by nitric acid extraction to look for indirect indicators of hydrocarbon (e.g. uranium) and reservoir fluid leakage (e.g. bromide)

Fluorescence spectra from high, medium and low gravity oil standards will be compared with any crude oil seeps found in the Jinst shot-hole sediments, and the similarity index to those standards and oil seep concentrations (ppm) will compiled and plotted as proportional symbols on topographical, geological and geophysical backgrounds for interpretation.

The fluorescence data will also be plotted as profiles along the seismic sections to classify the potential of structural anomalies. Acid extractable C1 to C7 concentrations and ratios will also be plotted in both plan and section views. The major and trace element indicators will be scanned for indicators of hydrocarbon seepage (e.g. uranium, nickel, and vanadium), oil brine leakage (e.g. bromide) and lithologic indicators (e.g. calcium-magnesium-barium association for hydrothermal dolomite).

Remote Sensing

Remote sensing uses satellite imagery to provide structural, lithologic and alteration mineral interpretation. Modeling alteration minerals may reflect hydrocarbon micro or macro seeps including high magnesium carbonates, calcite or caliche crusts, hydrothermal dolomites, iron sulfates, potential re-dox zones in iron rich sandstones, uranium mineral and other “unusual” minerals that may reflect a reducing environment, reflecting hydrocarbon presence. In addition, evaluate thermal infrared (TIR) satellite imagery that may reflect higher geothermal gradient associated with hydrocarbon accumulations at depth. Geochemical sampling will also help support and confirm alteration minerals identification.

Figure 16: Geologic map and area of Jinstiin sub basin shown in Figures 16-17 (in red).

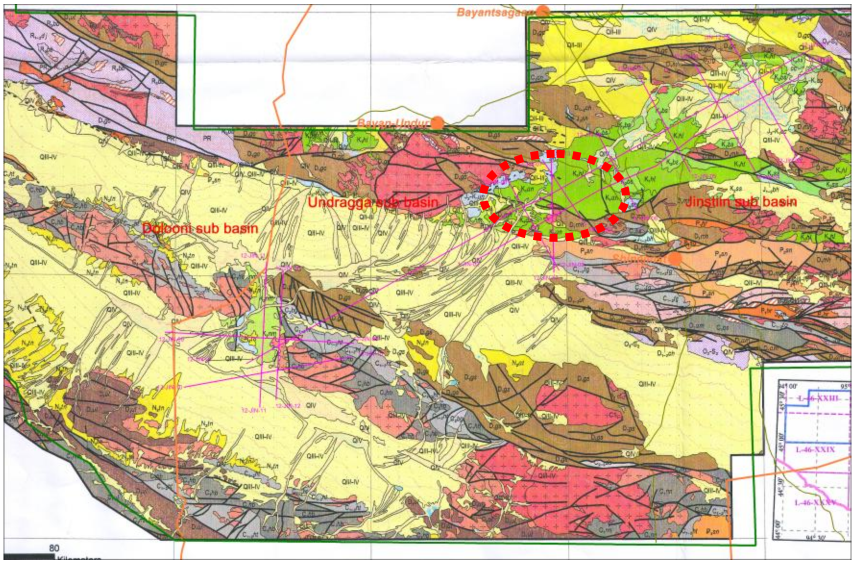
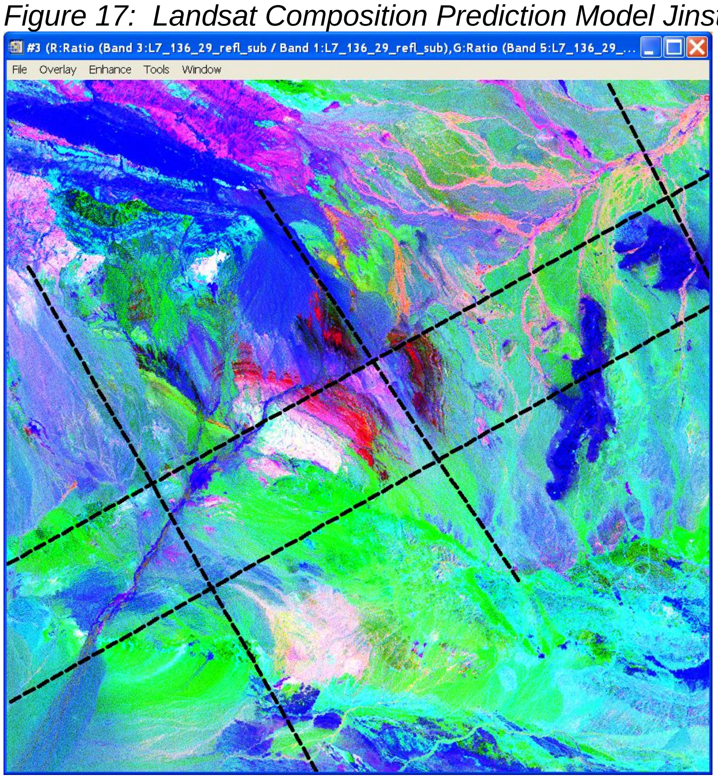
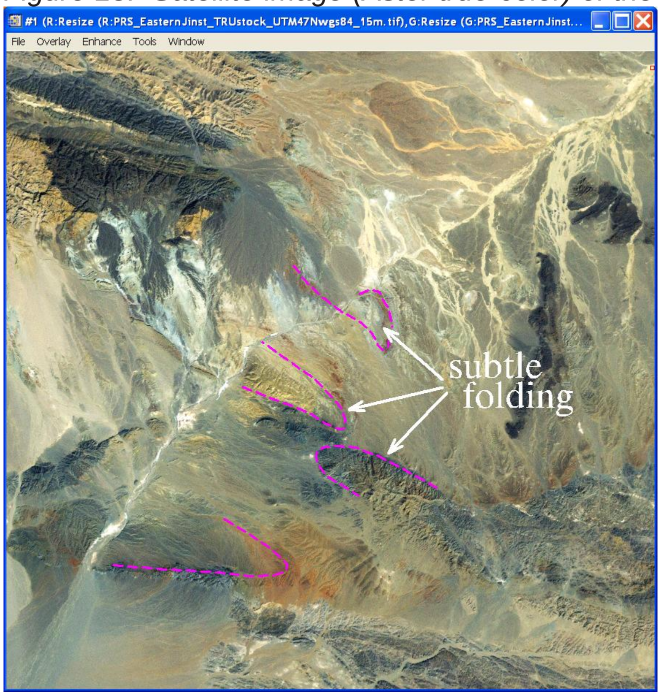


Figure 17: Landsat Composition Prediction Model Jinstiin sub basin area.



red: FeOx minerals
yellow: FeOx & silica
green: high silica
dark blue: clays
magenta: FeOx & clays
pastel to white: altered

Figure 18: Satellite image (Aster true-color) of the Jinstiin sub basin area.



Preliminary results from review of the satellite imagery indicates some folding and alteration in the Cretaceous aged rocks as indicated in Figures 16, 17 and 18. This alteration may be an indication of the presence of hydrocarbons.

Depending on the success of the remote sensing and geochemical analysis, these methods may be applied to the other areas of Jinst identified by the gravity and magnetic surveys.

Jinst Conclusions

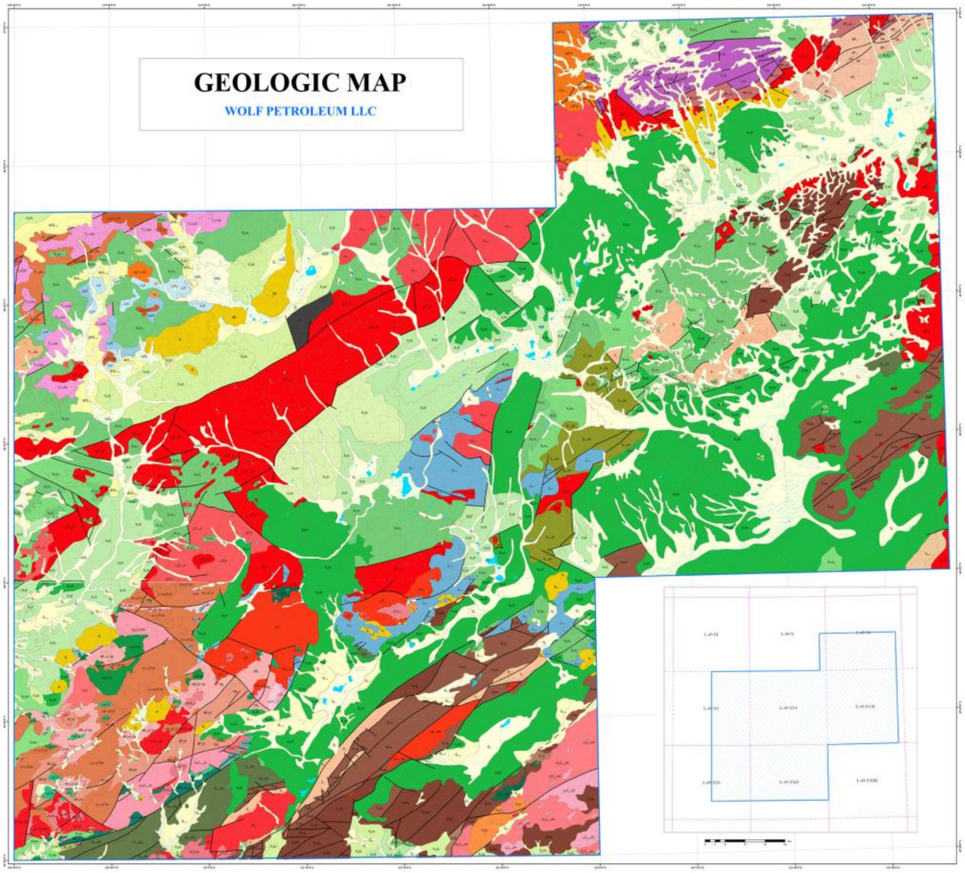
- Magnetic, gravity, and rock sampling data for a petrophysical (rocks' magnetic susceptibility and density measurements) survey of the Jinst area were analyzed, previous geological mapping at a scale of 1:1,000,000 and 1:50,000, and a magnetic airborne survey at a scale of 1: 1 000 000.
- A total of 2,071 rock samples were collected for petrophysical measurements. Rock densities were measured by densitometer, magnetic susceptibilities were measured by kappa meter, and statistics software was used to do data processing of the measurements. All rock samples were divided into 4 groups of rocks. The density of sedimentary rocks was relatively high, with an average of 2.70*103kg/m3, and the density of the rocks depends on their rate of metamorphism. The density of Lower Cretaceous sedimentary rocks is relatively low, which allows us to determine the thickness of the sedimentary fill by means of the gravity anomalies. Moreover, the density change of the intrusive and effusive rocks was relatively small.

- Six terranes, including the Gobi-Altai (I), Mandalgobi (II), Tseel (III), Bayanbulag (IV), Edren (V) and Baaran (VI), were identified in the summarized result of the geophysical survey. These terranes were separated by northwest- to southeast-trending deep faults and characterized by different complex structures. The terranes were controlled by boundaries between positive and negative anomalies and vertical and horizontal changes of the magnetic anomalies, and they were under a metamorphic zone related to the deep faults and tectonic activities.
- For the quantitative interpretation of the gravity, twelve synclinal structures were evaluated with different sizes, shapes, and depths by their amplitude of the residual anomalies.
- Most of those negative anomalies were grabens between mountains, and their depth ranged from 400-2,400 m. The deepest was the Jinstiin depression near the end of the Gabi-Altai terrane.
- Within the Jinst area there are widely spread Mesozoic (P-J-K) and Cenozoic (N-Q) sediments which are likely to be hydrocarbon generating sources. Meanwhile, these are the main source sequences for black and brown coals throughout Mongolia. They also, include coaly shale and other types of rocks containing organic macerals, oil shale and bituminous shale as well.
- Preliminary evaluation of the Jinst block indicates Cretaceous aged rocks and structural folding and faulting and a high potential for petroleum source rocks and reservoirs. Petroleum shows have been reported to the north and south of the Jinst block.
- Only the two largest basin areas were targeted for the initial investigation.

Project Sukhbaatar

The newest block acquired by Wolf Petroleum is currently being evaluated and a production sharing contract has been executed. The Sukhbaatar block is adjacent to Baruun Urt on the east. The total area of Sukhbaatar block is 23,047 km^2. An initial geologic map for Sukhbaatar based on historical data is presented in Figure 19. This block has more than 60% of the surface geology as Cretaceous which is both the source and reservoir rock for current oil production in Mongolia.

Figure 19: Geologic Map of the Sukhbaatar Block



Preliminary review of the historic reports has indicated this block has a large sub basin that is 80 km by 40 km (3,200 sq km) with a depth of 3,000 meters.

Wolf has recently signed a production sharing agreement (PSC) with the Petroleum Authority of Mongolia (PAM). The PSC for Sukhbaatar has three exploration phases divided into five years:

- Exploration phase I – year 1 (Table 1)
- Exploration phase II – year 2-3 (Table 2)
- Exploration phase III – year 4-5 (Table 3)

Table 1: PSC obligations for Phase I

Work obligations for phase I- 1st year	Status
Collect historic data, re-process and plan next stages of exploration.	Complete Studied 27 reports and maps
Generate initial geologic map based on historic data Perform geological mapping at a detailed scale. Produce new 1:200,000 geological map	Complete Initial 1:200,000 scale map (Figure 19)
Perform geological mapping at a detailed scale. Produce new 1:200,000 geological map	PLANNED To start in October 2012
Gravity and magnetic surveys, sampling and interpretation	PLANNED To start in October 2012
Environmental assessment and recovery program	PLANNED To start in October 2012
Compile and submit report	PLANNED To complete in December 2012
Remote sensing – Hi res satellite image survey 1:100,000 scale	PLANNED To start in October 2012
Geochemical survey	PLANNED To start in September 2012
Introductory meeting with local authorities and environmental officers	PLANNED To start in October 2012

Table 2: PSC obligations for Phase II

Work obligations for phase II- year 2 and 3
Select best target area and develop a plan for detailed exploration
Gravity and magnetic survey (at a scale of 1:50,000 over partial area)
2D seismic survey and data processing (minimum 750 line km)
2D seismic survey data processing and interpretation
3D seismic survey and data processing (300km^2)
3D seismic interpretation report
Complete drill hole

Table 3: PSC obligations for Phase III

Work obligations for phase III- year 4 and 5
Select best target area and develop a plan for detailed exploration
Potential 3D seismic survey and data processing (200km^2)
3D seismic interpretation
Design an extended drilling program
Exploration drilling (approximately 10 wells)
Design additional geologic work program
Exploration and evaluation drilling (approximately 20 wells)
Evaluation of drilled wells
Evaluation of the petroleum potential of the property

Under the PSC the exploration period can be extended twice for 2 years each and 5 years more by Government approval.

Sukhbaatar Conclusions

- Approximately 60% or approximate 12,000 sq km of the surface outcrops are Cretaceous in age with potential source and reservoir rocks at depth.
- Historical reports indicates at least one sub basin with a thickness of 3,000 meters.
- Potential petroleum source "kitchen" identified in deep basin.

II. Valuation

Methodology

MHA was directed to prepare this evaluation in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports issued by the Australian Institute of Mining and Metallurgy ("the VALMIN Code"). The VALMIN Code states that most mineral or petroleum assets can be classified as either:

Exploration Areas – properties where a petroleum resource has not yet been identified.

Advanced Exploration Areas – properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing. A resource estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of accumulation present and encouragement that further work will elevate one or more of the prospects to the resource category.

Pre-Development Projects – properties where petroleum resources have been identified and their extent estimated, but where a decision to proceed with development has not been made.

Development Projects – properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.

Operating Projects – properties that have been commissioned and are in production.

It is the opinion of MHA that the Mongolian-based petroleum exploration assets of Wolf fall within the classification of Exploration Areas as defined above. As stated, exploration properties are those on which an economically viable petroleum accumulation has not been demonstrated to exist. The real value of such an exploration property lies in its potential for the existence and discovery of an economically viable petroleum accumulation. Generally, only a small number of exploration properties will ultimately become producing petroleum assets, however, until the exploration potential of these properties is reasonably well tested, they have value.

There are three main approaches to the valuation of mineral or petroleum properties; these are income, cost and market approaches. The income approach relies on a valuation based upon discounted cash flow from production operations. Such an approach is not considered appropriate for properties at the exploration stage. The market approach, which is based upon values of comparable transactions, would be appropriate for an exploration project. However, the data for such transactions are sparse and typically confidential. As a result, MHA chose to utilize an appraised value cost approach to the valuation of Wolf's Mongolian-based petroleum exploration assets. The appraised value method is applicable to projects in the exploration stage.

The appraised value method is based on the premise that the real value of an exploration property lies in its potential for the existence and discovery of an economic mineral deposit. The appraised value method assumes that the amount of exploration expenditure justified on a property is related to its value. This cost approach is given some validity by the fact that option agreements on mineral properties are often based on expenditures required to earn an interest.

The basic tenet of the appraised value method is that an exploration property is worth the meaningful past exploration expenditures plus warranted future costs. The warranted future costs comprise a reasonable exploration budget to test the identified potential, which can be geophysical or geochemical anomalies. If exploration work downgrades the potential of a prospect, then the cost of that work should not be retained as value, or it should be reduced. Obviously, if the property is considered to have negligible exploration potential, it has little or no value.

The main advantage of the appraised value method is that exploration cost information and technical data are generally available for most exploration properties. It provides a good way of comparing the relative values of exploration properties. Proper application of the appraised value method requires that the valuator become familiar with the geological setting, the exploration targets, and the exploration history and results. MHA has significant experience evaluating the Mongolian petroleum exploration assets of Wolf and, as such, is qualified to conduct such a valuation.

Once an appraised value has been determined, it must then be adjusted to Fair Market Value. There are many definitions of market value in the literature. In general, for a fair market value to exist, the following tests must be met:

1. Both seller and buyer must be willing and not under compulsion,
2. The transaction must be at arm's length, and
3. Both seller and buyer must be informed or have reasonable knowledge of the associated facts.

The market value of an exploration asset is time and circumstance specific. The market value will reflect a premium or a discount to the technical value (appraised value) as overall market conditions, commodity prices, exchange rates, geologic factors, discoveries or the initiation of oil and gas production on nearby blocks, political risks, and other factors change. Any of these factors will influence the market's perception of an exploration asset relative to its technical value. These conditions can be recognized by applying a subjective market factor, usually increments of 25%, as either a discount or premium to the appraised value.

Much of the information in the above discussion on the appraised value method is drawn from information presented in the paper, “Valuation of Mineral Exploration Properties Using the Cost Approach” authored by William E. Roscoe, Roscoe Postle Associates Inc.

The method utilized by MHA to determine the fair market value for the Mongolian-based assets of Wolf was as follows:

- An appraised value for each of the three blocks was determined by estimating the sum of meaningful past exploration expenditures plus warranted future costs for each block. MHA determined a range (low, most likely, high) of appraised values for each of the three blocks.
- A detailed analysis was conducted on each of the three blocks to evaluate the positives or advantages of each block, as well as the negatives or disadvantages of each block. These positives or negatives were generally technical or commercial aspects associated with the blocks. Following this detailed analysis, MHA then estimated a subjective market factor which would be a multiplier on the previously determined appraised value. A value less than 1.0 would reflect a discount to the appraised value, while a value greater than 1.0 would apply a premium to the appraised value.
- The fair market value was calculated by the following equation:

  Market Value = (Appraised Value)*(Market Factor) – Future Costs

  MHA determined a range (low, most likely, high) of market values for each of the three blocks.

The results of the MHA estimates for appraised values, subjective market factors, and resulting fair market values for each of the three Wolf blocks is presented in the following paragraphs.

Appraised Value of Wolf’s Mongolian-Based Petroleum Exploration Assets

The original exploration in Mongolia was done by the Russians. In the 1990s, Soco drilled several wells in eastern Mongolia and subsequently farmed their interest out to several Chinese owned companies. The initial discovery in the Tamsag basin was made by Soco. The current production in Mongolia is from Chinese companies operating blocks previously operated by other companies.

Table 4 presents a summary of expenditures and investment amounts for Mongolian petroleum blocks that are currently under exploration or production by other operators. All monetary values in this report are in US dollars. The source for this data is MHA’s subscription to IHS EDIN database for Mongolia and the various investor presentations for the current operators of these exploration and production petroleum blocks.

Table 4. Summary of other operator exploration costs or commitments

Contract Block-Name	Type Of Period	Date (year)	Block size km^2	Current Operator	Total Investment to date
PSC 1997	Exploration	1997-2000	5286	Dongsheng	
PSCA XIII-Tsagaan Els	Exploration	2009-14	7060	DWM Petroleum AG	$14,450,000.00
PSCA XIV-Zuunbayan	Exploration	2012-14	4527		
				DWM Petroleum AG	$13,825,000.00
PSCA XVI-Nyalga	Exploration	2007-12	12679	Sunwing	$6,500,000.00
PSCA XX-Matad	Exploration	2006-11	10340	PetroMatad	$40,050,000.00
XXI-Tamtsag	Expl/Production	1996-2001	9576	Daqing Tamsag Mongolia	$15,539,884.00
XXII-Buir	Expl/Production	1993-98	8927	Daqing Tamsag Mongolia	$20,114,000.00
XXIII-Sulinkheer	Exploration	2009-14	18091		
				Caneol International Ltd	$46,000,000.00
XIX-Toson Uul	Expl/Production	1993-98	9500		
				Daqing Tamsag Mongolia	$18,518,340.00

from IHS Energy EDIN
June 28, 2012 producing block XIX-Toson Uul

Most PSCs are initially a 5 year exploration plan with commitments similar to what was described in the geology section for Sukhbaatar. All blocks listed in Table 5 have PSC agreements with PAM. Blocks highlighted in yellow have established oil production. The average total investment for eight blocks where cost information is available is $21,874,653. This average total represents the minimum amount/obligation that PAM requires be spent on the exploration block.

Wolf Petroleum Blocks

Presented below is a summary of the cost estimates to explore the three separate petroleum blocks under a contract arrangement with PAM. All monetary values in this report are in US dollars. Costs were derived from various sources including PAM, vendor estimates and invoices, historical costs for Wolf Petroleum and investor presentations from other operators in Mongolia. Costs are based on a 5 year program of exploration, no development costs are included. Three scenarios are provided for each block a high, low and most likely cost. The total to date cost has already been incurred by Wolf Petroleum, the future costs are estimated and the grand total cost includes both total to date and total future costs.

Baruun Urt Block

The Baruun Urt block is currently operating under a joint survey exploration block contract with a Memorandum of Understanding (MOU) recently signed on July 16, 2012. Activities completed on Baruun Urt to date include historic studies, geologic mapping, gravity and magnetic study, 330 line kilometers of 2D seismic, interpretation and a final report. Additional exploration activities are assumed to include gravity and magnetics, geochemical sampling, remote sensing, additional 2D seismic lines, 3D seismic survey and drilling wells. Table 5 presents a high low and a most likely cost scenario.

Table 5. Baruun Urt Cost Scenario

Baruun Urt - LOW COST	Item	Unit	Completed to date	Estimated Cost
6 sub basins identified	10,287 sq km			
Initial investment	initial application		$10,000	
Gravity & Magnetics & Historical review		3200 km	$260,000	
grav mag data gaps	$50/km	1600 km		$80,000
geochem	2-3 sub basins			$100,000
remote sensing				$45,000
2D Seismic (dynamite)	$3500/km	335 sq km	$1,507,500	
2D Seismic (dynamite)	$3500/km	400 sq km		$5,600,000
3D seismic				
est 1 at 80 sq km	$8,000/ sq km	80 sq km		$640,000
est 1 at 50 sq km	$8,000/ sq km	50 sq km		$400,000
G& G	$625,000/year	est 5 additional years	$825,000	$3,125,000
Well prep, drilling & logging (TD 2500)	$2,250,000/well	est 2 wells		$4,500,000
well test	$150,000/well	est 1 well		$150,000
		Total to date	$2,602,500	
		Total to future		$14,640,000
		Grand total LOW		**$17,242,500**
Baruun Urt - HIGH COST				
6 sub basins identified	10,287 sq km			
Initial investment	initial application		$10,000	
Gravity & Magnetics & Historical review		3200 km	$260,000	
grav mag data gaps	$80/km	1600 km		$128,000
geochem	2-3 sub basins			$100,000
remote sensing				$45,000
2D Seismic (dynamite)	$4500/km	335 km	$1,507,500	
2D Seismic (dynamite)	$4500/km	1200 km		$5,400,000
3D seismic				
est 3 at 80 sq km	$10000/ sq km	240 sq km		$2,400,000
est 3 at 50 sq km	$10000/ sq km	150 sq km		$1,500,000
G& G	$825,000/year	est 5 additional years	$825,000	$4,125,000
Well prep, drilling & logging (TD 2500)	$3,800,000/well	est 8 wells		$30,400,000
well test	$150,000/well	est 4 wells		$600,000
		Total to date	$2,602,500	
		Total to future		$44,698,000
		Grand total -HIGH		**$47,300,500**
Baruun Urt - MOST LIKELY				
6 sub basins identified	10,287 sq km			
Initial investment	initial application		$10,000	
Gravity & Magnetics & Historical review	$ 70/km	3200 km	$260,000	
grav mag data gaps	$70/km	1600 km		$128,000
geochem	2-3 sub basins			$100,000
remote sensing				$45,000
2D Seismic (dynamite)	$4000/km	335 km	$1,507,500	
2D Seismic (dynamite)	$4000/km	800 km		$3,200,000
3D seismic				
est 2 at 80 sq km	$9,000/ sq km	160 sq km		$1,440,000
est 2 at 50 sq km	$9,000/ sq km	100 sq km		$900,000
G& G	$725,000/year	est 5 additional years	$825,000	$3,625,000
Well prep, drilling & logging (TD 2500)	$3,200,000/well	est 4 wells		$12,800,000
well test	$150,000/well	est 2 wells		$300,000
		Total to date	$2,602,500	
		Total to future		$22,538,000
		Grand total- MOST LIKELY		**$25,140,500**

Future PAM activities will include applying for a PSC and negotiating additional exploration activities for the Baruun Urt Block.

Jinst Block

The Jinst block is currently operating under a joint survey exploration block contract with a MOU recently signed on July 16, 2012. Activities completed on Jinst to date include historic studies, geologic mapping, gravity and magnetic study, and remote sensing on the east half of the block. Future activities will include applying for a PSC and negotiating additional exploration activities. Additional activities are assumed to include, geochemical sampling, remote sensing, 2D seismic lines, 3D seismic survey and drilling wells. Table 6 presents a high low and a most likely cost scenario for the Jinst Block.

Table 6. Jinst Cost Scenario

Jinst- LOW COST	Item	Unit	Completed to date	Estimated Cost
12 sub basins idenified	41,790 sq km	6 sub basins identified as K		
Initial investment	initial application		$10,000	
Gravity & Magnetics & Historical review		7500 sq km	$700,000	
geochem				$230,000
remote sensing			$40,000	
hi res areal photo's			$75,000	
2D Seismic (dynamite)	$3500/km	currently proposed 665 km		$2,327,500
2D Seismic (dynamite)	$3500/km	1200 km		$427,000
3D seismic				
est 2 at 80 sq km	$8000/ sq km	160 sq km		$1,280,000
est 2 at 50 sq km	$8000/ sq km	100 sq km		$800,000
G& G	$625,000/year	est 5 additional years	$825,000	$3,125,000
Well prep, drilling & logging (TD 3000)	$3,200,000/well	est 3 wells		$9,600,000
well test	$150,000/well	est 1 well		$150,000
Evaluation of west half of Jinst block	lum sum est			$1,500,000
		Total to date	$1,650,000	
		Total future		$19,439,500
		Grand total		**$21,089,500**
Jinst- HIGH COST				
12 sub basins idenified	41,790 sq km	6 sub basins identified as K		
Initial investment	initial application		$10,000	
Gravity & Magnetics & Historical review		7500 sq km	$700,000	
geochem				$430,000
remote sensing			$40,000	
hi res areal photo's			$75,000	
2D Seismic (dynamite)	$4500/km	currently proposed 665 sq km		$2,992,500
2D Seismic (dynamite)	$4500/km	2400 km		$5,400,000
3D seismic	$10000/ sq km			
est 8 at 80 sq km	$10000/ sq km	640 sq km		$4,320,000
est 8 at 50 sq km		400 sq km		$3,200,000
G& G	$825,000/year	est 5 additional years	$825,000	$4,125,000
Well prep, drilling & logging (TD 3000)	$4,000,000/well	est 8 wells		$32,000,000
well test	$150,000/well	est 4 well		$600,000
Evaluation of west half of Jinst block	lum sum est			$3,000,000
		Total to date	$1,650,000	
		Total future		$56,067,500
		Grand total- HIGH		**$57,717,500**
Jinst- MOST LIKELY				
12 sub basins idenified	41,790 sq km	6 sub basins identified as K		
Initial investment	initial application		$10,000	
Gravity & Magnetics & Historical review		7500 sq km	$700,000	
geochem				$350,000
remote sensing			$40,000	
hi res areal photo's			$75,000	
2D Seismic (dynamite)	$4000/km	currently proposed 665 sq km		$2,660,000
2D Seismic (dynamite)	$4000/km	2000 km		$8,000,000
3D seismic				
est 4 at 80 sq km	$9000/ sq km	320 sq km		$2,880,000
est 4 at 50 sq km	$9000/ sq km	200 sq km		$1,800,000
G& G	$725,000/year	est 5 additional years	$825,000	$3,625,000
Well prep, drilling & logging (TD 3000)	$3,500,000/well	est 4 wells		$14,000,000
well test	$150,000/well	est 2 well		$300,000
Evaluation of west half of Jinst block	lum sum est			$2,000,000
		Total to date	$1,650,000	
		Total future		$35,615,000
		Grand total - MOST LIKELY		**$37,265,000**

Future activities will include applying for a PSC and negotiating the additional exploration activities for the Jinst block.

Sukhbaatar Block

A PSC has recently been signed with PAM on Sukhbaatar. Activities completed on Sukhbaatar block to date include historic studies and a geologic map. This block has a PSC which requires certain obligations for each phase of the contract which were presented in Tables 1-3. Table 7 presents a high low and a most likely cost scenario for the Sukhbaatar Block.

Table 7. Sukhbaatar Cost Scenario

Sukhbataar- LOW COST	Item	Unit	Completed to date	Estimated Cost
no sub basins identified	23047 sq km			
Initial investment	initial application		$10,000	
Historical review			$100,000	
Gravity & Magnetics	$50/km	18,000 km		$900,000
geochem				$350,000
remote sensing				$45,000
hi res areal photo's				$45,000
2D Seismic (dynamite)	$3500/km	750 km		$2,625,000
2D Seismic (dynamite)	$3500/km	750 km		$2,625,000
3D seismic				
est 1 at 80 sq km	$8000/ sq km	160 sq km		$1,280,000
est 1 at 50 sq km	$8000/ sq km	100 sq km		$800,000
G& G	$625,000/year	est 5 additional years	$825,000	$3,125,000
Well prep, drilling & logging (TD 3000)	$3,400,000/well	est 3 wells		$10,200,000
well test	$150,000/well	est 1 wells		$150,000
		Total to date	$935,000	
		Total future		$22,145,000
		Grand total		**$23,080,000**
Sukhbataar- HIGH COST				
no sub basins identified	23047 sq km			
Initial investment	initial application		$10,000	
Historical review			$100,000	
Gravity & Magnetics	$80/km	18,000 km		$1,440,000
geochem				$550,000
remote sensing				$75,000
hi res areal photo's				$75,000
2D Seismic (dynamite)	$4500/km	750 km		$3,375,000
2D Seismic (dynamite)	$4500/km	2000 km		$9,000,000
3D seismic	$10000/ sq km			
est 4 at 80 sq km	$9000/ sq km	320 sq km		$2,560,000
est 4 at 50 sq km	$9000/ sq km	200 sq km		$1,600,000
G& G	$825,000/year	est 5 additional years	$825,000	$4,125,000
Well prep, drilling & logging (TD 3000)	$4,000,000/well	est 8 wells		$32,000,000
well test	$150,000/well	est 4 well		$600,000
		Total to date	$935,000	
		Total future		$55,400,000
		Grand total- HIGH		**$56,335,000**
Sukbataar MOST LIKELY				
no sub basins identified	23047 sq km			
Initial investment	initial application		$10,000	
Historical review			$100,000	
Gravity & Magnetics	$60/km	18,000 km		$1,080,000
geochem				$450,000
remote sensing				$60,000
hi res areal photo's				$60,000
2D Seismic (dynamite)	$4000/km	750 km		$3,000,000
2D Seismic (dynamite)	$4000/km	1500 km		$6,000,000
3D seismic				
est 2 at 80 sq km	$9000/ sq km	160 sq km		$1,440,000
est 2 at 50 sq km	$9000/ sq km	100 sq km		$900,000
G& G	$725,000/year	est 5 additional years	$825,000	$3,625,000
Well prep, drilling & logging (TD 3000)	$3,500,000/well	est 4 wells		$14,000,000
well test	$150,000/well	est 2 wells		$300,000
		Total to date	$935,000	
		Total future		$30,915,000
		Grand total - MOST LIKELY		**$31,850,000**

Determination of a Subjective Market Factor for Each Block

MHA conducted a detailed analysis on each of the three blocks to evaluate the positives or advantages of each block, as well as the negatives or disadvantages of each block. These positives or negatives were generally technical or commercial aspects associated with the blocks. Any of these factors will influence the market's perception of an exploration asset relative to its technical value. These conditions can be recognized by applying a subjective market factor, usually increments of 25%, as either a discount or premium to the appraised value. Values greater than 1.0 reflect a premium to the appraised value, while values less than 1.0 reflect a discount to the estimated appraised value. The results of this analysis are presented in the tables below:

Table 8: Baruun Urt Market Conditions

Advantages	***Disadvantages***
5 gravity sub basins identified	All but 2 sub basins appear to be fairly shallow - oil may be biodegraded, heavier as seen in Block 97 production to the southwest.
Tost - Sub basin with alluvium on surface & depths similar to Tolson Uul field to east	Salkit sub basin has alluvium on the surface, but very shallow
Closest to Tolson Uul field (Chinese Operated)	Tolson Uul field production approx 175 km to the east
Seismic indicates structures similar to Tolson Uul field	No oil shale, seeps, or bitumen have been identified so far to confirm a petroleum system
Cretaceous on surface verifies that reservoir and source rocks are present	No wells or penetrations to verify a petroleum system
Very little alluvium present on the surface - may represent deeper burial or later uplift, exisiting production at Tolson Uul has reservoir rocks buried beneath alluvial cover	Surface R_o 0.33 - 0.41% from 27 samples may indicate thermally immature
Talbulag sub basin appears to be plunging in depth and thickness > 2400 meters to the west onto the adjacent Sukhbataar block	Newly defined basin - Tamsag basin with Tolson Uul field has a confirmed petroleum system
Surrounding blocks have demonstrated that oil migration has occurred from deeper source kitchens	Oil generation predicted to occur at >1800 meters of burial -only 2 basins greater than 1800 meters thick, most much shallower
Historic report on adjacent Sukhbaatar block identified a gravity sub basin that is >3,000 meters thick, potential source kitchen	Exploration block only, PSC will need to be negotiated. This will take time and additional investment
Summary: Baruun Urt block has the most exploration activities, however most of the structures are shallow. The best seismic structures are in the Tost sub basin. There is not as much Cretaceous on the surface as Sukhbaatar and more Paleozoic intrusives are faulted to surface, which elimates the lower Paleozoic as deeper higher risk targets.	Subjective Market Factor = 1.25
	<1 = discount on appraised value
	1= neutral
	>1 = premium on appraised value

Table 9: Jinst Market Conditions

Advantages	***Disadvantages***
12 gravity sub basins identified	No oil shale, seeps, or bitumen have been identified so far to confirm a petroleum system
5 sub basins haveCretaceous on surface - similar age rocks and depositional environment to what produces in Eastern Mongolia.	No wells or penetrations to verify a petroleum system
Largest Petroleum block in Mongolia - lots of potential for new plays/reservoirs	No near by production in Mongolia
Surface folding present indicating structures similar to production in Block 97	Higher cost to evaluate the west half of the block because of size
Cretaceous on surface verifies that reservoir and source rocks are present	Assume Cretaceous rocks are equivalent to eastern Mongolia production, but currently no age dating
Remote sensing (satellite imagery) has identified alteration minerals in Cretaceous on the surface that may indicate petroleum seeps	Remote part of Mongolia - additional cost associated with location and weather extremes
Other 7 sub basins are under alluvium so the age of the rocks is unknown, but these sub basins are smaller than the two large East Jinst basins	Paleozoic rocks may be metamorphosed - unconventional/fractured reservoirs.
Large Permian coal mine present near surface, which may be a petroleum source for deeper older rocks, probably gas. This type of production has been established in the Erlian basin on the south edge of Mongolia, mostly in China.	Exploration block only, PSC will need to be negotiated. This will take time and additional investment
Summary: Jinst is very large, the surface folding and Cretaceous sub basins are very encouraging. There is a high risk potential for the lower Paleozoic rocks to be productive as has been documented in China. There is also a large amount of alluvium on the block which might indicate a situation similar to the production at Tolson Uul.	Subjective Market Factor = 1.5
	<1 = discount on appraised value
	1= neutral
	>1 = premium on appraised value

Table 10: Sukhbaatar Market Conditions

Advantages	*Disadvantages*
Cretaceous on surface verifies that reservoir and source rocks are present	No wells or penetrations to verify a petroleum system
Talbulag sub basin from Baruun Urt block appears to be plunging in depth and thickness > 2400 meters onto this block	No detailed gravity or magnetic survey
Very little alluvium present on the surface - may represent deeper burial or later uplift, exisiting production at Tolson Uul has reservoir rocks buried beneath alluvial cover	Newly defined basin - Tamsag basin with Tolson Uul field has a confirmed petroleum system
Surrounding blocks have demonstrated that oil migration has occurred from deeper source kitchens	
Historic report identified a gravity sub basin that is >3,000 meters thick	
PSC signed, therefore there are minor obstacles to exploration activities	
Production approximately 250 km to the east and 120 km to the southwest	
Summary: Sukhbaatar block has the least exploration information, however this block has the highest potential because of the Cretaceous on the surface and it may have a deep basin which could be a source kitchen. Surface geology indicates less basement uplift from Baruun Urt with less intrusives.	Subjective Market Factor = 1.75
	<1 = discount on appraised value
	1= neutral
	>1 = premium on appraised value

Estimated Fair Market Value of Wolf's Mongolian-Based Petroleum Exploration Assets

The fair market value was calculated by the following equation:

Market Value = (Appraised Value)*(Market Factor) – Future Costs

Based on our analyses, MHA estimates the fair market value of Wolf Petroleum's Mongolian-based petroleum exploration assets as:

Table 11: Estimated Fair Market Value

	Low	Most Likely	High
Baruun Urt	$6,913,125	$8,887,625	$14,427,625
Jinst	$12,194,750	$20,282,500	$30,508,750
Sukhbaatar	$18,245,000	$24,822,500	$43,186,250
Totals	**$37,352,875**	**$53,992,625**	**$88,122,625**

(Above values are in US dollars.)

As shown in the above table, MHA estimates that the Sukhbaatar Block has the highest market value followed closely by the Jinst Block. It is not a coincidence that both of these blocks also have higher estimated future exploration costs, in comparison to the Baruun Urt Block. The reason for this connection between estimated market value and projected future exploration costs is that these blocks are exploration assets. Exploration properties are those on which an economically viable petroleum accumulation has not yet been demonstrated to exist. The real market value of such an exploration property lies in its potential for the existence and discovery of economically viable petroleum accumulations. Blocks with greater potential typically require more substantial capital resources to identify and prove up these petroleum accumulations.

As stated previously in our report, the Jinst Block is the largest petroleum exploration block in Mongolia with total area of 41,790 km^2. Twelve sub-basins have been identified on the Jinst Block indicating the substantial potential of this exploration area. The higher future exploration costs estimated for the Jinst Block are the result of the sheer size and significant potential associated with the block.

In the Sukhbaatar Block, Wolf has recently signed a production sharing agreement with the Petroleum Authority of Mongolia. The PSC for Sukhbaatar has three exploration phases divided into five years (refer to Tables 1 through 3). These three exploration phases indicate that the Sukhbaatar Block has progressed to a more mature stage than the other two blocks. With that progression comes an increase in market value, as well as an increase in the committed future capital expenditures required to fulfill the PSC requirements and to demonstrate the potential of the block.

III. Statement of Risk

The accuracy of economic valuations is always subject to uncertainty. The magnitude of this uncertainty is generally proportional to the quantity and quality of data available for analysis. In addition, in the case of this report, the properties in question are in the exploration stage. As additional data is acquired and new information becomes available, revisions may be required which may either increase or decrease the current economic valuation. Sometimes these revisions may result not only in a significant change to the value assigned to a property, but also may impact the total company eeconomic status.

The assessments contained in this report were based upon a technical analysis of the available data by MHA using accepted engineering and geologic principles. However, they must be accepted with the understanding that further information subsequent to the date of the estimate may justify their revision. It is MHA's opinion that the estimated valuations, as specified in this report, are reasonable and have been prepared in accordance with generally accepted petroleum engineering and evaluation principles. Notwithstanding the aforementioned opinion, MHA makes no warranties concerning the data and interpretations of such data. In no event shall MHA be liable for any special or consequential damages arising from Ernst & Young's use of MHA's interpretation, reports, or services produced as a result of its work for Ernst & Young.

MHA is being paid a fee according to its normal per diem rates and out of pocket expenses for the provision of this technical advice to Ernst & Young and the preparation of this report. Neither MHA, nor any of our employees have any interest in the subject properties and neither the employment to do this work, nor the compensation, is contingent on our estimates of economic value for the properties in this report.

MHA has not verified the accuracy of the information provided to it during the course of this investigation. However, we have aimed to satisfy ourselves that all of the information provided has been prepared in accordance with proper industry standards and best practice, and is based on data that MHA considers to be of acceptable quality and reliability.

MHA has been previously engaged by Wolf Petroleum Ltd to offer independent technical advice and exploration support for their Mongolian assets.

It was a pleasure performing this work for Ernst & Young. If you have any questions regarding this review, or if additional information is needed, please do not hesitate to contact me.

Sincerely,

Timothy L. Hower, P.E.
Chairman

Certificate

Timothy L. Hower, M. Sc., P. E.

I, Timothy L. Hower, Chief Executive Officer of MHA Petroleum Consultants LLC, 730 17th Street, Suite 410, Denver, Colorado 80202, declare the following:

1. I hold the following degrees:
   a. B. Sc., Petroleum Engineering, 1981, Penn State University
   b. M. Sc., Petroleum Engineering, 1983, Penn State University

2. I am a registered professional engineer:
   a. Licensed Professional Engineer, Colorado PE-28053
   b. Licensed Professional Engineer, Wyoming PE-9597

3. I am a member of the following professional organization:
   a. Society of Petroleum Engineers

4. I am a qualified oil and gas reserves evaluator and auditor

5. My contribution to the technical specialist's report pertaining to the Mongolian-based petroleum exploration assets of Wolf Petroleum Ltd is based on my engineering knowledge and the data provided to me by Wolf Petroleum, from public sources, and from the non-confidential files of MHA Petroleum Consultants LLC. I did not undertake a field inspection of the properties.

6. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Wolf Petroleum or Strzelecki Metals Limited.

Timothy L. Hower, M.Sc., P. E.
Chairman

Certificate

Debra K. Gomez, M. Sc., P. G.

I, Debra K. Gomez, Senior Geologist of MHA Petroleum Consultants LLC, 730 17th Street, Suite 410, Denver, Colorado 80202, declare the following:

1. I hold the following degrees:
    a. B. Sc., Geology, 1976, University of Southern California
    b. M. Sc., Geology, 1979, Northern Arizona University

2. I am a registered professional geologist:
    a. Licensed Professional Geologist, Wyoming PG-448
    b. Certified Professional Geologist, AIPG8135
    c. Certified Petroleum Geologist, AAPG 4553

3. I am a member of the following professional organization:
    a. American Association of Professional Geologists

4. My contribution to the technical specialist's report pertaining to the Mongolian-based petroleum exploration assets of Wolf Petroleum Ltd is based on my geologic knowledge and the data provided to me by Wolf Petroleum, from public sources, and from the non-confidential files of MHA Petroleum Consultants LLC. I did not undertake a field inspection of the properties.

6. I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the above-named report or in the securities of Wolf Petroleum or Strzelecki Metals Limited.

Debra K. Gomez

Debra K. Gomez, M Sc., P. G.
Senior Geologist