



(formerly known as Strzelecki Metals Limited)

**ABN 17 146 794 176**

# **ANNUAL REPORT**

**30 JUNE 2013**

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## **CORPORATE DIRECTORY**

### **Directors**

Mr. Matthew Wood (Executive Chairman)  
 Mr. George Tumur (Joint Chairman)  
 Mr. Bataa Tumur-Ochir (Managing Director)  
 Mr. Timothy Flavel (Non-Executive Director)  
 Mr. Brian McMaster (Non-Executive Director)  
 Mr. Jason Peterson (Non-Executive Director)  
 Mr. Jargalsaikhan Dambadarjaa (Non-Executive Director)

### **Company Secretary**

Mr. Aaron Bertolatti

### **Registered Office**

Level 1  
 330 Churchill Avenue  
 SUBIACO, WA 6008  
 Telephone: +61 8 9200 4428  
 Facsimile: +61 8 9200 4469  
 Website: [www.wolfpetroleum.net](http://www.wolfpetroleum.net)

### **Share Registry**

Computershare Investor Services Pty Ltd  
 Level 5  
 115 Grenfell Street  
 ADELAIDE, SA 5000  
 Telephone: +61 8 8236 2300  
 Facsimile: +61 3 9473 2408

### **Auditors**

BDO Audit (WA) Pty Ltd  
 38 Station Street  
 SUBIACO, WA 6008

### **Stock Exchange**

Australian Securities Exchange Limited  
 (Home Exchange: Perth, WA)  
 ASX Code: WOF, WOFO

## Directors' Report

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The Directors present their report for Wolf Petroleum Limited ("Wolf Petroleum" or "the Group") and its subsidiaries for the year ended 30 June 2013.

### DIRECTORS

The names, qualifications and experience of the Group's Directors in office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

#### **Mr. Matthew Wood**

##### **Executive Chairman**

Mr. Wood has over 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 has an honours degree in geology from the University of New South Wales and a graduate certificate in mineral economics from the Western Australian School of Mines.

Mr. Wood was a Director of Laguna Resources NL (appointed 6 August 2009, resigned 8 December 2010), Castillo Copper Limited (appointed 19 November 2012, resigned 21 May 2013) and Signature Metals Limited (appointed 19 February 2007, resigned 13 February 2012). Mr. Wood is currently a Director of Caravel Energy Limited (appointed 29 May 2009), Voyager Resources Limited (appointed 12 June 2009), Haranga Resources Limited (appointed 2 February 2010), Avanco Resources Limited (appointed 4 July 2007), Lindian Resources Limited (appointed 5 May 2011) and Black Star Petroleum Limited (appointed 28 February 2013). He has not held any other listed directorships over the past three years. Mr. Wood is a founding Director in venture capital and advisory firm Garrison Capital Pty Limited.

#### **Mr. George Tumur**

##### **Joint Chairman (appointed 1 January 2013)**

Mr. Tumur is a Mongolian citizen and has a Masters of Science in Mining Engineering and a Bachelor of Science in Metallurgical Engineering from the Colorado School of Mines, as well as a Technical degree in Mineral Processing. Mr. Tumur has worked in senior management positions for various Mongolian mining companies, and most notably was the Managing Director of highly successful, formerly, ASX listed Hunnu Coal Limited. 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 is also a founding Director of Wolf Operations Limited (formerly Wolf Petroleum Limited).

Mr. Tumur is currently a Director of Voyager Resources Limited (appointed 17 September 2009). He has not held any other listed directorships over the past three years.

#### **Mr. Bataa Tumur-Ochir**

##### **Managing Director (appointed 1 January 2013)**

Mr. Bataa Tumur-Ochir is a Mongolian citizen and has served as Wolf Operations Limited's Chief Operating Officer since its incorporation in 2010 and was appointed as an Executive Director in August 2011. Mr. Tumur-Ochir is responsible for new business acquisitions, development and government and community relations. Mr. Tumur-Ochir is also responsible for daily operations in Mongolia. Under his guidance Wolf Petroleum was awarded with the "Operator of the Year Award" from the Petroleum Authority of Mongolia, and today, Wolf Petroleum is recognised as the fastest growing petroleum exploration company in Mongolia. Mr. Tumur-Ochir holds a bachelors degree in business administration and graduate certificates in international business and marketing from Australia and Singapore.

He has not held any other listed directorships over the past three years.

#### **Mr. Timothy Flavel**

##### **Non-Executive Director (appointed 7 November 2012)**

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 and overseas with corporate advice, financial accounting, stock exchange compliance and regulatory activities.

Mr. Flavel was a Director of Signature Metals Limited (appointed 20 February 2007, resigned 1 December 2011) and Caravel Energy Limited (appointed 28 May 2009, resigned 3 September 2013). Mr. Flavel is currently a Director of Haranga Resources Limited (appointed 15 December 2009), Black Star Petroleum Limited (9 August 2012) and Voyager Resources Limited (appointed 12 June 2009). He has not held any other listed directorships over the past three years.

#### **Mr. Brian McMaster**

##### **Non-Executive Director**

Mr. McMaster is a Chartered Accountant, a registered and official liquidator and has over 20 years experience in the area of corporate reconstruction and turnaround/performance improvement. Mr. McMaster's experience includes numerous reorganisations and turnarounds, including being instrumental in the recapitalisation and listing of 12 Australian companies on the ASX. Recently, Mr. McMaster was a partner of the restructuring firm Korda Mentha and prior to that was a partner at Ernst & Young. His experience includes significant working periods in the United States, South America, Asia and India.

Mr. McMaster is currently a Director of Caravel Energy Limited (appointed 2 December 2011), Black Star Petroleum Limited (appointed 9 August 2012), The Waterberg Coal Company Limited (appointed 17 April 2012), Paradigm Metals Limited

## Directors' Report

(appointed 14 September 2012), Lindian Resources Limited (appointed 20 June 2011) and Firestone Energy Limited (appointed 14 June 2013). He has not held any other listed directorships in the past three years.

### Mr. Jason Peterson

#### Non-Executive Director (appointed 1 January 2013)

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 is a Senior Client Advisor, Director and one third shareholder of stockbroking firm CPS Securities.

Mr. Peterson is currently a Director of Black Star Petroleum Limited (appointed 28 February 2013). He has not held any other listed directorships over the past three years.

### Mr. Jargalsaikhan Dambadarjaa

#### Non-Executive Director (appointed 1 January 2013)

Mr. Dambadarjaa is a Mongolian citizen, economist and management consultant, specialising in financial markets, banking, marketing, strategic planning and competitiveness. Mr. Dambadarjaa has extensive experience working in investment and commercial banking, financial, tourism and petroleum companies. His previous positions have included; CEO of XacLeasing Company, CEO of Capital Bank, Chairman of a government agency, Deputy Director of Juulchin Company and Economist at National Petroleum Authority. Mr. Dambadarjaa does not currently hold any other directorships and he has not held any other listed directorships in the past three years.

### Dr. John Santich

#### Executive Director (resigned 7 November 2012)

Dr. John Santich is an engineer and lawyer with over four decades experience in mining geoscience and industry. He has been founder and Director of a number of successful exploration companies including Marathon Resources Ltd. He has also established companies in other technological areas, including bottled water, machine vibration analysis and renewable energy.

### Mr. Peter Hunt

#### Non-Executive Director (resigned 7 November 2012)

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

Mr. Hunt is currently a Non-Executive Director of Metaliko Resources Limited (appointed 28 June 2012). Mr. Hunt was previously a Director of Adelaide Energy Ltd (appointed 16 February 2007, resigned 9 December 2011) and MUI Corporation Ltd (appointed 5 June 2011, resigned 5 December 2011). He has not held any other listed directorships in the past three years.

## COMPANY SECRETARY

### Mr. Aaron Bertolatti

Mr. Bertolatti is a qualified Chartered Accountant and Company Secretary with over 9 years experience in the mining industry and accounting profession. Mr. Bertolatti has both local and international experience. Mr. Bertolatti provides assistance to a number of resource companies operating in Australia and Mongolia with financial accounting and stock exchange compliance. Mr. Bertolatti has significant experience in the administration of ASX listed companies, corporate governance and corporate finance.

Mr. Bertolatti is currently company secretary of the ASX listed Voyager Resources Limited, Haranga Resources Limited, Caravel Energy Limited and Highfield Resources Limited.

## INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of Wolf Petroleum Limited are:

Director	Ordinary Shares	Options – exercisable at \$0.20 each on or before 31/12/2015	Options – exercisable at \$0.25 each on or before 31/12/2016
Matthew Wood	13,404,310	42,500	1,250,000
George Tumur	12,734,753	25,500	750,000
Bataa Tumur-Ochir	50,250,000	-	-
Timothy Flavel	11,042,500	42,500	1,250,000
Brian McMaster	3,180,750	42,500	1,250,000
Jason Peterson	11,985,000	-	-
Jargalsaikhan Dambadarjaa	-	-	-

## RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of Wolf Petroleum for the year ended 30 June 2013 was \$7,786,659 (2012: net loss of \$2,141,333).

## Directors' Report

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### DIVIDENDS

No dividend was paid or declared by the Company during the year ended 30 June 2013 and up to the date of this report.

### CORPORATE STRUCTURE

Wolf Petroleum Limited is a company limited by shares, which is incorporated and domiciled in Australia.

### NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of companies within the Group during the financial year ended were mineral exploration and examination of new resource opportunities. There have been no significant changes in the nature of these activities during the year.

### REVIEW OF OPERATIONS

#### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company are set out in the below review of operations on pages 3 to 4 of this annual report. Disclosure of any further information has not been included in this report as, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Group and is dependent upon the results of future exploration and evaluation.

#### SUKHBAATAR BLOCK

The Sukhbaatar (SB) Block is the Company's flagship project and one of the first identified petroleum blocks in Mongolia. Approximately 60% or 12,000km<sup>2</sup> of the land is Cretaceous in age with a high potential for source reservoir rocks at depth.

##### Production Sharing Contract (PSC)

Wolf Petroleum Limited signed a production sharing contract with the Government of Mongolia in January 2013. The PSC provides Wolf with a stable investment environment with the ability to explore oil for up to 14 years and produce oil for up to 30 years.

##### Geophysical (gravity and magnetic) programmes

The Company has completed gravity and magnetic programmes covering the entire SB block (23,047km<sup>2</sup>). Processing and interpretation of this geophysical data has been completed in Mongolia and the USA.

##### Identified the largest sub basins

Wolf has identified the largest sub basins with an extensive size of over 3,000km<sup>2</sup> and the potential to be the main petroleum generation source kitchen of Eastern Mongolia.

##### Remote sensing programmes

During the year the Company completed remote sensing programmes and identified areas of high heat flow and alteration minerals in four sub basins suggesting hydrocarbon seepage.

##### Commenced 450km of 2D seismic programmes

The Company commenced acquisition of 450km of 2D seismic data on four (4) highly prospective sub basins in July 2013. To date, 185km of data has been acquired and the Company anticipates that this programme will be completed in September 2013.

##### Collecting shot hole samples for geochemical analysis

Wolf is currently in the process of collecting over 7,000 shot hole samples for geochemical analysis. Indications of oil have been identified on the surface and in shot hole samples. The Company has shipped its first batch of samples to the USA and the results are expected to be announced in September 2013.

#### BARUUN URT BLOCK

The Baruun Urt (BU) block is located in a region with proven and producing petroleum systems, proximal to PetroChina's multi-billion barrel oil field. The geological structures and depth of basins are similar to those of current operating oil fields.

##### Contract commitments

The Company has completed all of its contract commitments during the year, including geological and geophysical (gravity and magnetic) programmes, acquisition of 330km of 2D seismic data and submission of results to the Petroleum Authority of Mongolia.

##### Estimating initial oil-in-place

The Company has identified sub basins similar to the neighbouring producing fields of PetroChina and Wolf is currently in the process of estimating its initial oil-in-place based on the seismic data acquired.

#### JINST BLOCK

The Jinst block is the largest exploration block in Mongolia and is proximal to one of the largest producing basins in China. Two significant sub basins have been identified with areas of 1,600 km<sup>2</sup> and 1,500 km<sup>2</sup>.

##### Contract commitments

During the year Wolf completed geological and geophysical (gravity and magnetic) programmes covering over 40,000 km<sup>2</sup>. 2D seismic programmes are planned for 2014.

## Directors' Report

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### Remote sensing programmes

The Company has commenced remote sensing programmes that will target the two major sub basins identified.

### **CORPORATE**

#### Wolf Petroleum takeover and re-listing

Wolf Petroleum Limited (formerly Strzelecki Metals Limited) made a takeover offer for all of the securities in Wolf Operations Limited (formerly Wolf Petroleum Limited). The takeover offer was affected through an off-market takeover bid for all of the ordinary shares in Wolf Operations on the basis of 2.5 Wolf Petroleum shares for every 1 Wolf Operations share held on a post consolidation basis.

On 29 October 2012 Wolf Petroleum announced that it had received 100% acceptances from Wolf Operations shareholders and on 21st of December 2012 was re-listed on the ASX.

#### Consolidation of share capital completed

As approved by shareholders at the Annual General Meeting held on 22 October 2012 the Company advised that listed and unlisted share capital of the Company had been consolidated in accordance with Section 254H of the Corporations Act on a one (1) for ten (10) basis.

#### Change of company name and ASX code

As approved at the Annual General Meeting of shareholders on 22 October 2012 the Company changed its name from Strzelecki Metals Limited to Wolf Petroleum Limited. Additionally the Company's ASX code changed from STZ to WOF. Refer to significant changes in the state of affairs below for further details on the takeover of Wolf Operations Limited (formerly Wolf Petroleum Limited).

#### Board changes

On 7 November 2012 the Company announced the appointment of Mr. Timothy Flavel as a Director of the Company and the resignation of Dr. John Santich and Mr. Peter Hunt. On the 3 January 2013 the Company announced the appointment of Mr. George Tumur, Mr. Bataa Tumur-Ochir, Mr. Jargalsaikhan Dambadarjaa, and Mr. Jason Peterson as Directors of the Company. In addition to these appointments, the Board was restructured with Mr. Matthew Wood appointed Executive Chairman and Mr. Brian McMaster reverting to the position of Non-Executive Director.

#### Fund raising

The Company completed a placement during the financial year of 13,500,000 shares at an issue price of \$0.20 per share to raise \$2,700,000 together with one (1) free attaching Option exercisable at \$0.20 for every one (1) Share applied for.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Wolf Petroleum Limited (formerly Strzelecki Metals Limited) made a takeover offer for all of the securities in Wolf Operations Limited (formerly Wolf Petroleum Limited). Under the Acquisition, Wolf Petroleum Limited acquired all the shares in Wolf Operations by issuing 206,937,508 shares in Wolf Petroleum, giving Wolf Operations a controlling interest in Wolf Petroleum and equating to a controlling interest in the combined entity. Wolf Operations was thus been deemed the acquirer for accounting purposes as it owned 83.33% of the consolidated entity. For further detail on the acquisition refer to note 16.

As approved at the Annual General Meeting of shareholders on 22 October 2012 the Company changed its name from Strzelecki Metals Limited to Wolf Petroleum Limited. Additionally the Company's ASX code changed from STZ to WOF.

### **SIGNIFICANT EVENTS AFTER THE REPORTING DATE**

On 12 August 2013 Wolf Petroleum announced that it had reached an agreement with CPS Capital Group to underwrite a non-renounceable entitlement issue of up to 174,558,384 options at an issue price of 1.5 cents each to raise approximately \$2.618 million before costs. The offer to shareholders will be on the basis of two (2) options for every three (3) shares held in the Company at the record date. The options will have an exercise price of \$0.05 expiring on 31 July 2018.

There have been no other significant events after the reporting date that would impact on the financial statements.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Group.

### **ENVIRONMENTAL REGULATIONS AND PERFORMANCE**

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. The Group is in compliance with the reporting requirements under the National Greenhouse and Energy Reporting Act 2007.

The Group is committed to minimising environmental impacts during all phases of exploration, development and production through a best practice environmental approach. The Group shares responsibility for protecting the environment for the present and the future. It believes that carefully managed exploration programs should have little or no long-lasting impact on the environment. The Group properly monitors and adheres to this approach and there were no environmental incidents to report for the year under review. Furthermore, the Group is in compliance with the state and/or commonwealth environmental laws for the jurisdictions in which it operates. The operations of the Group are presently subject to environmental regulation

## Directors' Report

under the laws of the Commonwealth of Australia, Mongolia and Poland. The Group is at all times in full environmental compliance with the conditions of its licences.

### RISK MANAGEMENT

The Group takes a proactive approach to risk management. The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the board.

### SHARE OPTIONS

As at the date of this report, there were 38,000,000 unissued ordinary shares under options (38,000,000 at the reporting date). The details of the options at the date of this report are as follows:

Number	Exercise Price \$	Expiry Date
27,000,000	\$0.20	31 December 2015
1,000,000	\$0.33	28 November 2015
10,000,000	\$0.25	31 December 2016
38,000,000		

10,000,000 options with an exercise price of \$0.25 and an expiry date of 31 December 2016 and 27,000,000 options with an exercise price of \$0.20 and an expiry of 31 December 2015 were issued during the year.

During the financial year 225,000 options lapsed due to not being exercised within the given exercise period.

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence.

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

### DIRECTORS' MEETINGS

The Board met regularly throughout the course of the financial year to discuss the Company's operational and financial activities, however no formal meetings were held.

### PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Wolf Petroleum Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Wolf Petroleum is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources company.

During the financial period ended, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

### AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Wolf Petroleum with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included at page 35 of this report.

#### *Non-Audit Services*

BDO Audit (WA) Pty Ltd, in its capacity as auditor for Wolf Petroleum Ltd, provided the Company with non-audit services. The services provided by the auditors during the year are detailed in note 17 of the financial report. The Directors are satisfied that the provision of the non-audit services during the year by the auditor did not compromise the general principles relating to auditor independence in accordance with APES110, Code of Ethics for professional accountants set by the Accounting Professional and Ethics Standards Board.

### REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and Executives of Wolf Petroleum Limited in accordance with the requirements of the Corporations Act 2001 and its Regulations.

## Directors' Report

For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group. As a result of the merger discussed above the key management personnel discussed below includes Mr. Matthew Wood, Mr. Brian McMaster, Dr. John Santich and Mr. Peter Hunt.

### Details of Key Management Personnel

Mr. Matthew Wood	Executive Chairman
Mr. Brian McMaster	Non-Executive Director
Mr. George Tumur	Joint Chairman (appointed 1 January 2013)
Mr. Bataa Tumur-Ochir	Managing Director (appointed 1 January 2013)
Mr. Timothy Flavel	Non-Executive Director (appointed 7 November 2012)
Mr. Jason Peterson	Non-Executive Director (appointed 1 January 2013)
Mr. Jargalsaikhan Dambadarjaa	Non-Executive Director (appointed 1 January 2013)
Dr. John Santich	Non-Executive Director (resigned 7 November 2012)
Mr. Peter Hunt	Non-Executive Director (resigned 7 November 2012)

### Remuneration Policy

The Board is responsible for determining remuneration policies applicable to Directors and senior Executives of the Group. The Board policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the Board to the Group's financial performance.

The Board currently determines the nature and amount of remuneration for Board members and senior Executives of the Group. The policy is to align Director and Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The Board policy is to remunerate Non-Executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The Board determines payments to Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No independent external advice was sought during the year ended 30 June 2013.

The Chairman and the Non-Executive Directors are entitled to draw Director's fees and receive reimbursement of reasonable expenses for attendance at meetings. The Group is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to Non-Executive Directors is \$500,000. This amount cannot be increased without the approval of the Group's shareholders. Please refer to the remuneration report within the Directors' Report for details regarding the remuneration structure of the Executive Director and senior management.

### Loans to Directors and Executives

There were no loans to Directors and Executives during the financial year ending 30 June 2013.

### Service and Corporate Advisory Agreements

The Company entered a service agreement for corporate advisory services and a fully serviced office including administration and information technology support for a term of two years with Garrison Capital Pty Ltd, a company of which Mr. Wood and Mr. McMaster are Director's. The Company is required to give three months written notice to terminate the agreement.

### Details of Remuneration

Details of the nature and amount of each element of the remuneration of each Director and Executive of the Company as required by the Corporations Act 2001, for the year ended 30 June 2013 are as follows:

2013	Short term			Options Share Based Payments	Post employment		Total	Option related %
	Base Salary \$	Director's Fees \$	Consulting Fees \$		Superannuation \$	Prescribed Benefits \$		
<b>Directors</b>								
Matthew Wood	-	-	200,000	-	-	-	200,000	-
George Tumur <sup>3</sup>	-	30,000	-	-	-	-	30,000	-
Bataa Tumur-Ochir <sup>3</sup>	-	-	88,273	-	-	-	88,273	-
Timothy Flavel <sup>2</sup>	-	-	65,000	-	-	-	65,000	-
Brian McMaster	-	-	90,000	-	-	-	90,000	-
Jason Peterson <sup>3</sup>	-	15,000	-	-	-	-	15,000	-
Jargalsaikhan Dambadarjaa <sup>3</sup>	-	-	19,502	-	-	-	19,502	-
John Santich <sup>1</sup>	-	56,427	-	-	-	-	56,427	-
Peter Hunt <sup>1</sup>	-	20,000	-	-	-	-	20,000	-
	-	<b>121,427</b>	<b>462,775</b>	-	-	-	<b>584,202</b>	-

<sup>1</sup> Mr. John Stanich and Mr. Peter Hunt resigned from their position as Directors of the Company on 7 November 2012.

<sup>2</sup> Mr. Timothy Flavel was appointed as a Director of the Company on 7 November 2012.



## Directors' Report

<sup>3</sup> Mr. George Tumur, Bataa Tumur-Ochir, Jason Peterson and Jargalsaikhan Dambadarjaa were appointed as Directors of the Company on 1 January 2013.

There were no other Directors of the Company during the financial year ended 30 June 2013.

Details of the nature and amount of each element of the remuneration of each Director of the Company as required by the Corporations Act 2001, for the year ended 30 June 2012 are as follows:

2012	Short term			Options	Post employment		Total \$	Option related %
	Base Salary \$	Director's Fees \$	Consulting Fees \$	Share Based Payments \$	Superannuation \$	Prescribed Benefits \$		
<b>Directors</b>								
Brian McMaster	20,000	-	-	-	-	-	20,000	-
Matthew Wood	20,000	-	-	-	-	-	20,000	-
John Santich	143,788	-	38,225	-	45,833	-	227,846	16.8
Peter Hunt	60,000	-	38,225	-	-	-	98,225	38.9
Simon O'Loughlin <sup>1</sup>	45,833	-	27,800	-	-	-	73,633	37.8
Stephen Evans <sup>1</sup>	45,833	-	27,800	-	-	-	73,633	37.8
	<b>335,454</b>	<b>-</b>	<b>132,050</b>	<b>-</b>	<b>45,833</b>	<b>-</b>	<b>513,337</b>	

<sup>1</sup> Simon O'Loughlin and Stephen Evans resigned from their position as Directors of the Company on 24 April 2012.

There were no other Executive Officers of the Company during the financial period ended 30 June 2012.

### Voting and comments made at the company's 2012 Annual General Meeting

Wolf Petroleum Limited received no votes against its remuneration report for the 2012 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### END OF AUDITED REMUNERATION REPORT

Signed on behalf of the board in accordance with a resolution of the Directors.



Mr. Matthew Wood  
Executive Chairman  
16 September 2013  
Perth, Western Australia

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the corporate governance of Wolf Petroleum Limited (the Company) and its controlled entities (the Group). The Group operates in accordance with the corporate governance principles as set out by the ASX Corporate Governance Council and required under ASX listing rules.

The Group has established a set of corporate governance policies and procedures. These were based on the Australian Securities Exchange Corporate Governance Council's (the Council's) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Group has followed the guidelines during the period.

Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. For further information on corporate governance policies adopted by the Group, refer to our website: <http://www.wolfpetroleum.net>.

### Structure of the Board

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors' Report. Directors of the Group are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:

"An Independent Director is a Director who is not a member of management, is a Non-Executive Director and who:

- is not a substantial shareholder (under the meaning of Corporations Law) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Company member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another Company member;
- is not a significant consultant, supplier or customer of the Company or another Company member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Company or another Company member other than as a Director of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company."

In accordance with the definition of independence above, Mr. Jargalsaikhan Dambadarjaa is considered independent. Accordingly, a majority of the board is not considered independent.

There are procedures in place, as agreed by the Board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Group's expense. The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Matthew Wood	1 year and 6 months
Brian McMaster	1 year and 6 months
George Tumur	9 months
Bataa Tumur-Ochir	9 months
Timothy Flavel	11 months
Jason Peterson	9 months
Jargalsaikhan Dambadarjaa	9 months

### Nomination Committee

The Board has formally adopted a Nomination Committee Charter but given the present size of the Group, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Nomination Committee Charter. At such time when the Group is of sufficient size a separate Nomination Committee will be formed.

### Audit and Risk Management Committee

The Board has formally adopted an Audit and Risk Management Committee Charter but given the present size of the Group, has not formed a separate Committee. Instead the function of the Committee will be undertaken by the full Board in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Group is of sufficient size a separate Audit and Risk Management Committee will be formed.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non- financial information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control of the Group.

## CORPORATE GOVERNANCE STATEMENT

### Performance

The Board of Wolf Petroleum conducts a performance review of itself on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between Directors and Executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group.

### Remuneration

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating Directors fairly and appropriately with reference to relevant employment market conditions. The Group does not link the nature and amount of Executive and Directors' emoluments to the Group's financial and operational performance. For details of remuneration of Directors and Executives please refer to the Directors' Report.

The Board is responsible for determining and reviewing compensation arrangements for Executive Directors. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Group, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Group is of sufficient size a separate Remuneration Committee will be formed.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

### Diversity Policy

The Group is committed to workplace diversity and to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Group performance. The Board has adopted a Diversity Policy which addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees.

In accordance with this policy, the Board provides the following information pertaining to the proportion of women across the organisation at the date of this report.

	Actual	
	Number	Percentage
Women in the whole organisation	1	14%
Women in senior executive positions	-	-
Women on the board	-	-

### Trading Policy

Under the Group's securities trading policy, an Executive or Director must not trade in any securities of the Group at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

Before commencing to trade, an executive must first obtain the approval of the Chairman. Only in exceptional circumstances will approval be forthcoming inside of the period commencing on the tenth day of the month in which the Group is required to release its Quarterly Activities Report and Quarterly Cashflow Report and ending two days following the date of that release.

### Assurance

The CEO and CFO (or equivalent) periodically provide formal statements to the Board that in all material aspects:

- the Group's financial statements present a true and fair view of the Group's financial condition and operational results; and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

This assurance forms part of the process by which the Board determines the effectiveness of its risk management and internal control systems in relation to financial reporting risks.

### Shareholder Communication Policy

Pursuant to Principle 6, the Group's objective is to promote effective communication with its shareholders at all times.

Wolf Petroleum Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information;
- Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia; and
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with the Group.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX;
- Through the distribution of the annual report and notices of annual general meeting;
- Through shareholder meetings and investor relations presentations; and
- By posting relevant information on the Group's website: [www.wolfpetroleum.net](http://www.wolfpetroleum.net).

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

## CORPORATE GOVERNANCE STATEMENT

### Corporate Governance Compliance

During the financial year Wolf Petroleum has complied with each of the 8 Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation	Notification of Departure	Explanation of Departure
2.1	The Company does not have a majority of independent Directors	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.
2.2	The Chairman is not an independent Director	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.
2.4	The Company does not have a Nomination Committee	The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.
3.3	The Company has not disclosed in its annual report its measurable objectives for achieving gender diversity and progress towards achieving them.	The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company as disclosed above. Due to the size of the Company and its small number of employees, the Board does not consider it appropriate at this time, to formally set measurable objectives for gender diversity.
4.1 & 4.2	The Company does not have an Audit and Risk Management Committee	The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board.
8.1 & 8.2	The Company does not have a Remuneration Committee	The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
*for the year ended 30 June 2013*

	Notes	2013 \$	2012 \$
<b>Continuing Operations</b>			
Interest received		83,709	72,468
Other income		-	7,139
Foreign exchange gain		62,587	-
Employee benefits expense		(331,543)	(182,039)
Professional and consulting fees	4	(2,418,651)	(1,223,339)
Depreciation expense		(58,580)	(11,764)
Service administration fee		(202,488)	(142,968)
Share based payments	16	(3,299,409)	-
Travel and accommodation expenses		(303,648)	(193,791)
Rental expenses		(439,261)	(278,063)
Share of net loss from associate	9	(601,067)	-
Foreign exchange loss		-	(10,624)
Other expenses		(278,308)	(178,352)
<b>Loss from continuing operations before income tax</b>		<b>(7,786,659)</b>	<b>(2,141,333)</b>
Income tax expense	5	-	-
<b>Loss from continuing operations after income tax</b>		<b>(7,786,659)</b>	<b>(2,141,333)</b>
<b>Other comprehensive loss</b>			
Exchange differences arising on translation of foreign operations		386,132	(40,912)
<b>Other comprehensive loss for the year, net of tax</b>		<b>386,132</b>	<b>(40,912)</b>
<b>Total comprehensive loss for the year</b>		<b>(7,400,527)</b>	<b>(2,182,245)</b>
<b>Loss per share for the year attributable to the members of Wolf Petroleum Ltd</b>			
		<b>Cents</b>	<b>Cents</b>
<i>Continuing and discontinued operations</i>			
Basic loss per share (cents)	20	(4.35)	(2.36)
Diluted loss per share (cents)	20	(4.35)	(2.36)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position as at 30 June 2013**

	Notes	2013 \$	2012 \$
<b>Current Assets</b>			
Cash and cash equivalents	6	2,938,150	440,993
Other receivables	7	330,573	176,684
Other current assets	8	811,949	2,339,424
<b>Total Current Assets</b>		<u>4,080,672</u>	<u>2,957,101</u>
<b>Non-Current Assets</b>			
Investment in associate	9	374,766	-
Property, plant and equipment	10	481,664	177,236
Exploration and evaluation expenditure	11	6,204,602	4,436,853
<b>Total Non-Current Assets</b>		<u>7,061,032</u>	<u>4,614,089</u>
<b>Total Assets</b>		<u>11,141,704</u>	<u>7,571,190</u>
<b>Current Liabilities</b>			
Trade and other payables	12	394,107	145,568
<b>Total Current Liabilities</b>		<u>394,107</u>	<u>145,568</u>
<b>Total Liabilities</b>		<u>394,107</u>	<u>145,568</u>
<b>Net Assets</b>		<u><b>10,747,597</b></u>	<u><b>7,425,622</b></u>
<b>Equity</b>			
Issued capital	13	20,454,518	9,745,516
Reserves	14	344,024	(55,608)
Accumulated losses	15	(10,050,945)	(2,264,286)
<b>Total Equity</b>		<u><b>10,747,597</b></u>	<u><b>7,425,622</b></u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Cash Flows** *for the year ended 30 June 2013*

	Notes	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(1,825,976)	(4,573,202)
Interest received		83,709	72,468
Payment of refundable security deposit		(1,941,159)	-
Receipt of refundable security deposit		2,188,133	-
Other receipts		-	7,139
<b>Net cash outflow from operating activities</b>	6	<b>(1,495,293)</b>	<b>(4,493,595)</b>
<b>Cash flows from investing activities</b>			
Proceeds from acquisition of subsidiary, net of cash acquired	16	3,608,370	-
Payments for exploration expenditure		(1,713,875)	(2,879,147)
Payments for acquisition of plant and equipment		(345,060)	(1,349)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>1,549,435</b>	<b>(2,880,496)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2,700,000	6,310,000
Proceeds from issue of options		13,500	-
Payments for share issue costs		(270,485)	(386,756)
<b>Net cash inflow from financing activities</b>		<b>2,443,015</b>	<b>5,923,244</b>
Net increase/(decrease) in cash held		2,497,157	(1,450,847)
Cash and cash equivalents at beginning of the year		440,993	1,891,840
<b>Cash and cash equivalents at end of the year</b>	6	<b>2,938,150</b>	<b>440,993</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity for the year ended 30 June 2013**

	Issued capital \$	Accumulated losses \$	Share option reserve \$	Currency translation reserve \$	Total \$
<b>Balance 1 July 2012</b>	<b>9,745,516</b>	<b>(2,264,286)</b>	-	<b>(55,608)</b>	<b>7,425,622</b>
Loss for the year	-	(7,786,659)	-	-	(7,786,659)
Other comprehensive loss	-	-	-	386,132	386,132
<b>Total comprehensive loss for the year</b>	-	<b>(7,786,659)</b>	-	<b>386,132</b>	<b>(7,400,527)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued via placement	10,979,487	-	-	-	10,979,487
Issue of options	-	-	13,500	-	13,500
Costs of issue	(270,485)	-	-	-	(270,485)
<b>Balance at 30 June 2013</b>	<b>20,454,518</b>	<b>(10,050,945)</b>	<b>13,500</b>	<b>330,524</b>	<b>10,747,597</b>
<b>Balance at 1 July 2011</b>	<b>3,822,271</b>	<b>(122,953)</b>	-	<b>(14,696)</b>	<b>3,684,622</b>
Loss for the year	-	(2,141,333)	-	-	(2,141,333)
Other comprehensive loss	-	-	-	(40,912)	(40,912)
<b>Total comprehensive loss for the year</b>	-	<b>(2,141,333)</b>	-	<b>(40,912)</b>	<b>(2,182,245)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued via placement	6,310,000	-	-	-	6,310,000
Costs of issue	(386,755)	-	-	-	(386,755)
<b>Balance at 30 June 2012</b>	<b>9,745,516</b>	<b>(2,264,286)</b>	-	<b>(55,608)</b>	<b>7,425,622</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



# **Wolf Petroleum Limited**

## ***Notes to the Consolidated Financial Statements for the year ended 30 June 2013***

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### **1. Corporate Information**

The financial statements of Wolf Petroleum Limited ("Wolf Petroleum" or "the Group" formerly known as Strzelecki Metals Limited) for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the Directors on 16 September 2013.

Wolf Petroleum Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Company are described in the Director's Report.

### **2. Summary of Significant Accounting Policies**

This financial report includes the consolidated financial statements and notes of Wolf Petroleum Ltd and its controlled entities ('Group').

#### **(a) Basis of Preparation**

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Wolf Petroleum Limited is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### **(b) Compliance Statement**

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### **(c) Capital Restructure**

During the year ended 30 June 2013 Wolf Petroleum acquired all the shares in Wolf Operations by issuing 206,937,508 shares in Wolf Petroleum to Wolf Operations Shareholders, giving Wolf Operations a controlling interest in Wolf Petroleum and equating to a controlling interest in the combined entity. Wolf Operations has thus been deemed the acquirer for accounting purposes. The acquisition of Wolf Petroleum by Wolf Operations is not deemed to be a business combination, as Wolf Petroleum is not considered to be a business under AASB 3 Business Combinations. As such the consolidation of these two companies was on the basis of the continuation of Wolf Operations with no fair value adjustments, whereby Wolf Operations was deemed to be the accounting parent and Wolf Petroleum is the subsidiary. The Comparative information of Wolf Petroleum is subsequently of Wolf Operations for the period.

The transaction has therefore been treated as a share based payment under AASB 2 Share Based Payments, whereby Wolf Operations is deemed to have issued shares in exchange for the net assets and listing status of Wolf Petroleum. As the deemed acquirer, Wolf Operations has acquisition accounted for Wolf Petroleum as at 30 June 2013. Refer Note 16 for further details on the acquisition accounting treatment.

This accounting treatment applies only to the business combination transactions at the acquisition date and does not apply to transactions after the reverse acquisition date. Reverse acquisition accounting applies only to the consolidated financial statements. Because the consolidated financial statements represent a continuation of the financial statements of Wolf Operations the principles and guidance on the preparation and the consolidated financial statements in a reverse acquisition set out in AASB 3 have been applied:

- fair value adjustments arising at acquisition were made to Wolf Petroleum assets and liabilities, not those of Wolf Operations.
- the cost of the acquisition is based on the notional amount of shares that Wolf Operations would need to issue to acquire the majority interest of Wolf Petroleum shares that the shareholders did not own after the acquisition, times the fair value of Wolf Operations shares at acquisition date;
- retained earnings and other equity balances in the consolidated financial statements at the date of acquisition are the retained earnings and other equity balances of Wolf Operations immediately before the acquisition;
- a share-based payment transaction arises whereby Wolf Operations is deemed to have issued shares in exchange for the net assets of Wolf Petroleum, together with the listing status of Wolf Petroleum. The listing status does not qualify for recognition as an intangible asset and has therefore been expensed in profit or loss as a listing expense;
- the amount recognised as issued equity instruments in the consolidated financial statements has been determined by adding the share-based payment to the issued equity of Wolf Operations immediately before the business combination;

- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of Wolf including the equity instruments issued by Wolf Petroleum to effect the acquisition;
- the results for the year ended 30 June 2013 comprise the results of Wolf Operations and the results of Wolf Petroleum subsequent to the acquisition.
- the weighted average number of shares outstanding for the period in which the reverse acquisition took place is based on the weighted average number of shares of the legal subsidiary that are outstanding from the beginning of the period to the date of the combination that the number of shares is multiplied by the ex ratio established in the acquisition and added to the actual number of shares of the legal parent outstanding in the period following the acquisition. The comparative weighted average number of shares is based on the legal subsidiary's historical weighted average number of shares multiplied by the exchange ratio.

**(d) Basis of Consolidation**

Wolf Operations (the legal subsidiary) has been treated as the accounting parent and Wolf Petroleum (the legal parent) has been treated as the accounting subsidiary, based on the terms of the transaction as outlined above in accounting policy note (c) Capital Restructure.

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Wolf Operations at the end of the reporting period. A controlled entity is any entity over which Wolf Operations has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the Consolidated Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

**(e) Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non- controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer. Fair value uplifts in the value of pre-existing equity holdings are taken to the Statement of Profit or Loss and Other Comprehensive Income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is re-measured each reporting period to fair value through the Statement of Profit or Loss and Other Comprehensive Income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

**(f) New Accounting Standards and Interpretations**

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2013, and no change to the Group's accounting policy is required:

Reference	Title	Summary	Impact on Company's financial report	Application date for Company
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <p>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> <li>▪ The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>▪ The remaining change is presented in profit or loss</li> </ul> <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p>	The Company has considered these standards and determined that there is no impact on the Company's financial statements.	1 July 2015
AASB 10	Consolidated Financial Statements	<p>Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 Consolidated and Separate Financial Statements and INT-112 Consolidation - Special Purpose Entities.</p> <p>The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.</p> <p>The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities'). Under AASB 10, control is based on whether an investor has:</p> <ul style="list-style-type: none"> <li>- Power over the investee</li> <li>- Exposure, or rights, to variable returns from its involvement with the investee, and</li> <li>- The ability to use its power over the investee to affect the amount of the returns.</li> </ul>	The Company has considered these standards and determined that there is no impact on the Company's financial statements.	1 July 2013

Reference	Title	Summary	Impact on Company's financial report	Application date for Company
AASB 12	Disclosure of Interests in Other Entities	<p>Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows</p> <p>In high-level terms, the required disclosures are grouped into the following broad categories:</p> <ul style="list-style-type: none"> <li>- Significant judgements and assumptions - such as how control, joint control, significant influence has been determined</li> <li>- Interests in subsidiaries - including details of the structure of the Group, risks associated with structured entities, changes in control, and so on Interests in joint arrangements and associates - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarised financial information)</li> <li>- Interests in unconsolidated structured entities - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities.</li> </ul> <p>AASB 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.</p>	The Company has considered these standards and determined that there is no impact on the Company's financial statements.	1 July 2013
AASB 13	Fair Value Measurement	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>	The Company has considered these standards and determined that there is no impact on the Company's financial statements.	1 July 2013
AASB 119	Employee Benefits	<p>An amended version of AASB 119 Employee Benefits with revised requirements for pensions and other postretirement benefits, termination benefits and other changes.</p> <p>The key amendments include:</p> <ul style="list-style-type: none"> <li>- Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing AASB 119)</li> <li>- Introducing enhanced disclosures about defined benefit plans</li> <li>- Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits</li> <li>- Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features</li> <li>- Classification of employee benefits: the amendments define short term employee benefits as employee benefits that are "expected to be settled wholly before twelve months after the end of annual reporting period" in place of currently used "due to be settled"</li> </ul> <p>Incorporating other matters submitted to the IFRS Interpretations Committee.</p>	The Company has considered these standards and determined that there is no impact on the Company's financial statements.	1 July 2013

**Wolf Petroleum Limited****Notes to the Consolidated Financial Statements for the year ended 30 June 2013**

Reference	Title	Summary	Impact on Company's financial report	Application date for Company
AASB 127	Separate Financial Statements	<p>Amended version of AASB 127 which now only deals with the requirements for separate financial statements, which have been carried over largely unamended from AASB 127 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in AASB 10 Consolidated Financial Statements.</p> <p>The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with AASB 9 Financial Instruments.</p> <p>The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.</p>	The Company has considered these standards and determined that there is no impact on the Company's financial statements.	1 July 2013

The Group has not elected to early adopt any new Standards or Interpretations.

**(g) Foreign Currency Translation****Functional and presentation currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

**Group companies**

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

**(h) Plant and Equipment**

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

**Property**

Freehold land and buildings is recorded at cost.

**Plant and Equipment**

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred.

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Land and Buildings	2%
Plant and Equipment	2-33 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

**(i) Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(j) Exploration Expenditure**

Exploration and evaluation expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**(k) Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**(l) Share-Based Payment Transactions**

The Group operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to nonemployees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

**(m) Other Receivables**

Other receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. Intercompany loans are impaired based on the ability of the subsidiaries to generate future cash flows to repay the loans.

**(n) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, and other short-term highly liquid investments with original maturities of three months or less.

**(o) Financial Instruments****Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

**Classification and subsequent measurement**

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method. Fair value is determined based on current bid prices for all quoted investments.

Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

**i. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

**ii. Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**Impairment**

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(p) Investment in Associates**

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.



The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised. Details of the Group's investments in associates are provided in Note 9.

**(q) Trade and Other Payables**

Liabilities for trade creditors and other amounts are recognised initially at fair value and subsequently at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

**(r) Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(s) Issued Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(t) Revenue**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

**(u) Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

# Wolf Petroleum Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2013

### (v) Earnings Per Share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the result attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

#### *Diluted earnings per share*

Diluted earnings per share is calculated as net result attributable to members of the Group, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

### (w) Goods and Services Tax and Value Added Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

### (x) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

#### *Key Judgements — Exploration and evaluation*

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

### 3. Segment Information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information. The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

### 4. Expenses

#### **Professional and consulting fees:**

	2013 \$	2012 \$
Accounting, audit and taxation fees	181,242	23,254
Consultants	2,053,873	1,200,085
Director fees	58,927	-
Legal fees	124,609	-
	<b>2,418,651</b>	<b>1,223,339</b>

### 5. Income Tax

#### **(a) Income tax expense**

Major component of tax expense for the year:

Current tax	-	-
Deferred tax	-	-
	<b>-</b>	<b>-</b>

# Wolf Petroleum Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate.</b>		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable tax rate is as follows:		
Loss from continuing operations before income tax expense	(7,786,659)	(2,141,333)
Tax at the Australian rate of 30%	(2,335,998)	(642,400)
Share based payments	989,823	-
Impairment	180,320	-
Income tax benefit not brought to account	1,165,855	642,400
Income tax expense	-	-
<b>(c) Deferred tax</b>		
The following deferred tax balances have not been brought to account::		
<i>Liabilities</i>		
Deferred tax liability recognised	-	-
<i>Assets</i>		
Losses available to offset against future taxable income	1,152,669	665,605
Share issue costs deductible over five years	222,654	92,821
Accrued Expenses	68,850	-
Net Deferred tax asset not recognised	<b>1,444,173</b>	<b>758,426</b>
<b>(d) Unused tax losses</b>		
Unused tax losses	3,842,230	2,218,684
Potential tax benefit not recognised at 30%	<b>1,152,669</b>	<b>665,605</b>

The benefit for tax losses will only be obtained if:

- the Company derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- the Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
- no changes in tax legislation in Australia, adversely affect the Company in realising the benefit from the deductions for the losses.

## 6. Cash and Cash Equivalents

### Reconciliation of Cash

Cash comprises of:

Cash at bank

**2,938,150**      **440,993**

### Reconciliation of operating loss after tax to net cash flows from operations

Loss after tax (7,786,659) (2,141,333)

#### Non-cash items

Share based payment 3,299,409 -

Depreciation 58,580 11,764

Share of net loss from associate 601,067 -

Reverse acquisition 1,361,863 -

Foreign exchange gain (62,587) (114,042)

#### Change in assets and liabilities

Trade and other receivables 1,373,586 (173,879)

Other assets (589,092) (2,143,522)

Trade and other payables 248,540 67,417

**Net cash outflow from operating activities (1,495,293) (4,493,595)**

# Wolf Petroleum Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>7. Other Receivables – Current</b>		
Debtors	95,697	18,223
Other receivables	220,601	151,497
GST receivables	14,275	6,964
	<b>330,573</b>	<b>176,684</b>

Goods and services tax is non-interest bearing and generally receivable on 30 day terms. It is neither past due nor impaired. The amount is fully collectible. Due to the short term nature of this receivable, the carrying value is assumed to approximate the fair value.

### 8. Other Current Assets

Prepayment for consulting services	648,642	2,339,424
Other prepayments	163,307	-
	<b>811,949</b>	<b>2,339,424</b>

### 9. Investment in Associates

Investment in Palgrave Minerals <sup>1</sup>	306,806	-
Investment in SKKGM <sup>2</sup>	669,027	-
Share of net loss from associate	(601,067)	-
	<b>374,766</b>	<b>-</b>

<sup>1</sup> On 11 October 2012 Wolf Petroleum announced that it had agreed to sell all the issued capital of its wholly owned subsidiary Urex Limited (subsequently renamed Palgrave Minerals Limited) to Tortuga Advisors Limited.

In addition to the disposal of Urex, the Company also entered into a Joint Venture Interest Sale Agreement with Urex Limited, pursuant to which the Company agreed to the transfer of its title, rights and interest in the West Musgrave joint venture tenements located in Western Australia. As consideration for the sale of the joint venture tenement assets, comprising eight exploration licenses and field camp, Palgrave agreed to issue Wolf Petroleum 11.25 million shares and as a result the Company owns 50% of Palgrave at balance date.

<sup>2</sup> The Group holds an investment in Slasko Krakowska Kompania Gornictwa Metali Spz o.o (SKKGM), and as such, the carrying amount of the investment is accounted for under the equity method. The Group has a 35% (2012: 40%) interest in SKKGM Ltd.

### 10. Property, Plant and Equipment

#### Plant and Equipment

Opening balance	177,236	114,521
Additions	353,886	1,349
Net exchange differences on translation	9,122	73,130
Depreciation charge for the year	(58,580)	(11,764)
Closing balance	<b>481,664</b>	<b>177,236</b>
Cost	557,458	191,507
Accumulated depreciation	(75,794)	(14,271)
Net carrying amount	<b>481,664</b>	<b>177,236</b>

### 11. Exploration and Evaluation Expenditure

Opening balance	4,436,853	3,710,404
Exploration expenditure incurred during the year	1,604,140	644,375
Acquisition of subsidiary exploration tenements	613,612*	-
Disposal of subsidiary exploration tenements	(613,612)*	-
Net exchange differences on translation	163,609	82,074
Closing balance	<b>6,204,602</b>	<b>4,436,853</b>

\* the Company agreed to the transfer of its title, rights and interest in the West Musgrave joint venture tenements located in Western Australia to Palgrave Minerals Limited during the half-year period (see note 9).

# Wolf Petroleum Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>12. Trade and Other Payables</b>		
Trade payables	164,607	145,006
Accruals	229,500	-
Other payables	-	562
	<b>394,107</b>	<b>145,568</b>

Trade creditors and other creditors are non-interest bearing and generally payable on 60 day terms. Due to the short term nature of these payable, their carrying value is assumed to approximate their fair value.

### 13. Issued Capital

#### (a) Issued and paid up capital

Ordinary shares fully paid	<b>20,454,518</b>	<b>9,745,516</b>
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	2013		2012	
	No. of shares	\$	No. of shares	\$
<b>(b) Movements in shares on issue</b>				
Opening balance	414,000,000	9,745,516*	360,000,000	36,699,679
Consolidation of capital	(372,599,933)	-	-	-
Reverse acquisition (refer to note 16)	206,937,509	8,279,487	-	-
Shares issued via placement	13,500,000	2,700,000	54,000,000	810,000
Costs of issue	-	(270,485)	-	(48,612)
Closing balance	<b>261,837,576</b>	<b>20,454,518</b>	<b>414,000,000</b>	<b>37,461,067</b>

\*In accordance with the reverse acquisition accounting guidelines, the equity balances recognised in the consolidated financial statements is the equity balance of the legal subsidiary "Wolf Operations" immediately before the business combination. The amount recognised as issued equity in the consolidated financial statements has been determined by adding to the issued equity of the legal subsidiary "Wolf Operations" immediately before the business combination, the cost of the acquisition.

The number of shares outstanding presented is that of the Wolf Petroleum Limited. Comparative information presented in the contributed equity movement reconciliation is that of Wolf Petroleum limited.

#### (c) Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

#### (d) Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to a net equity of \$10,747,597 at 30 June 2013 (2012: \$7,425,622). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was ungeared at year end and not subject to any externally imposed capital requirements. Refer to Note 21 for further information on the Group's financial risk management policies.

#### (e) Share Options

As at the date of this report, there were 38,000,000 unissued ordinary shares under options (38,000,000 at the reporting date). The details of the options at the date of this report are as follows:

Number	Exercise Price \$	Expiry Date
27,000,000	\$0.20	31 December 2015
1,000,000	\$0.33	28 November 2015
10,000,000	\$0.25	31 December 2016
38,000,000		

No option holder has any right under the options to participate in any other share issue of the company or any other entity. During the financial year 225,000 options lapsed due to not being exercised within the given exercise period.

# Wolf Petroleum Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>14. Reserves</b>		
Share option reserve	13,500	-
Foreign currency translation reserve	330,524	(55,608)
	<b>344,024</b>	<b>(55,608)</b>

### Movements in Reserves

#### Share option reserve:

Opening balance	-	-
Options issued	13,500	-
Closing balance	<b>13,500</b>	-

The option premium reserve is used to record the amount paid on the issue of options.

#### Foreign currency translation reserve:

Opening balance	(55,608)	(14,696)
Foreign currency translation	386,132	(40,912)
Closing balance	<b>330,524</b>	<b>(55,608)</b>

The Foreign Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 2(g). The reserve is recognised in the statement of comprehensive income when the net investment is disposed of.

### 15. Accumulated Losses

Movements in accumulated losses were as follows:

Opening balance	(2,264,286)	(122,953)
Loss for the year	(7,786,659)	(2,141,333)
Closing balance	<b>(10,050,945)</b>	<b>(2,264,286)</b>

### 16. Reverse Acquisition Accounting

Wolf Petroleum Limited (formerly Strzelecki Metals Limited) made a takeover offer for all of the securities in Wolf Operations Limited (formerly Wolf Petroleum Limited). The takeover offer was affected through an off-market takeover bid for all of the ordinary shares in Wolf Operations on the basis of 2.5 Wolf Petroleum shares for every 1 Wolf Operations share held on a post consolidation basis.

Under the Acquisition, Wolf Petroleum Limited acquired all the shares in Wolf Operations by issuing 206,937,509 shares in Wolf Petroleum to Wolf Operations shareholders, giving Wolf Operations (accounting parent) a controlling interest in Wolf Petroleum (accounting subsidiary) and equating to a controlling interest in the combined entity. Wolf Operations was thus been deemed the acquirer for accounting purposes as it owned 83.33% of the consolidated entity. The acquisition of Wolf Operations by Wolf Petroleum is not deemed to be a business combination, as Wolf Petroleum is not considered to be a business under AASB 3 Business Combinations.

As such the consolidation of these two companies was on the basis of the continuation of Wolf Operations with no fair value adjustments, whereby Wolf Operations was deemed to be the accounting parent. Therefore the most appropriate treatment for the transaction was to account for it under AASB 2 Share Based Payments, whereby Wolf Operations is deemed to have issued shares to Wolf Petroleum Shareholders in exchange for the net assets held by Wolf Petroleum.

In this instance, the value of the Wolf Petroleum shares provided was been determined as the notional number of equity instruments that the shareholders of Wolf Operations would have had to issue to Wolf Petroleum to give the owners of Wolf Petroleum the same percentage ownership in the combined entity. It has been deemed to be \$8,279,487.

The pre-acquisition equity balances of Wolf Petroleum are eliminated against this increase in Share Capital of \$8,279,487 on consolidation and the balance is deemed to be the amount paid for the listing status of Wolf Petroleum, being \$3,299,409 (recognised as a share based payment in the statement of profit or loss).

The equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of Wolf Petroleum Limited, including the equity instruments issued by Wolf Petroleum Limited to effect the acquisition.

The results for the year ended 30 June 2013 comprise the results of Wolf Operations Limited, and the results of Wolf Petroleum Limited subsequent to the acquisition. The results for the year ended 30 June 2013 is that of Wolf Operations the accounting parent.

# Wolf Petroleum Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>17. Auditor's Remuneration</b>		
The auditor of Wolf Petroleum Limited is BDO Audit (WA) Pty Ltd for the current year. Grant Thornton were the auditors for the previous year.		
Amounts received or due and receivable for:		
- an audit or review of the financial statements of the entity and any other entity in the Consolidated group	37,807	28,500
- auditor review services provided by a related practice of the auditor	-	622
- non-audit related services – preparation of Independent Accountants Report	40,285	-
	<b>78,092</b>	<b>29,122</b>

There were no other services provided by the auditor during the years ended 30 June 2013 and 30 June 2012.

## 18. Key Management Personnel Disclosures

### (a) Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

Short term employee benefits	584,202	-
Post-employment benefits	-	-
Share based payments	-	-
<b>Total remuneration</b>	<b>584,202</b>	<b>-</b>

For detailed Key Management Personnel remuneration information please refer to the Remuneration Report on page 6.

### (b) Shareholdings of Key Management Personnel

#### Share holdings

The number of shares in the company held during the financial year held by each Director of Wolf Petroleum Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

2013	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Takeover offer <sup>4</sup>	Consolidation of capital <sup>5</sup>	Other changes during the period	Balance at the end of the year
Matthew Wood	3,900,001	-	-	93,600,024	(87,750,023)	3,654,307	13,404,310
George Tumur <sup>3</sup>	5,000,001	-	-	120,000,024	(112,500,023)	234,750	12,734,753
Bataa Tumur-Ochir <sup>3</sup>	20,100,000	-	-	482,400,000	(452,250,000)	-	50,250,000
Timothy Flavel <sup>2</sup>	3,900,001	-	-	93,600,024	(87,750,023)	1,292,500	11,042,500
Brian McMaster	-	-	-	-	-	3,180,750	3,180,750
Jason Peterson <sup>3</sup>	3,900,000	-	-	93,600,000	(87,750,000)	1,535,000	11,285,000
Jargalsaikhan Dambadarjaa <sup>3</sup>	-	-	-	-	-	-	-
John Santich <sup>1</sup>	-	-	-	-	-	-	-
Peter Hunt <sup>1</sup>	-	-	-	-	-	-	-

<sup>1</sup> Mr. John Santich and Mr. Peter Hunt resigned from their position as Directors of the Company on 7 November 2012.

<sup>2</sup> Mr. Timothy Flavel was appointed as a Director of the Company on 7 November 2012.

<sup>3</sup> Mr. George Tumur, Bataa Tumur-Ochir, Jason Peterson and Jargalsaikhan Dambadarjaa were appointed as Directors of the Company on 1 January 2013.

<sup>4</sup> On 12 December 2012 Wolf Operations (formerly Wolf Petroleum) shareholders were issued twenty five (25) Wolf Petroleum (formerly Strzelecki Metals) shares for every one (1) Wolf Operations share held.

<sup>5</sup> The listed and unlisted share capital of the Company was consolidated on a one (1) for ten (10) basis as approved by shareholders at the Annual General Meeting held on 22 October 2012.

2012	Balance at the start of the period	Granted during the period as compensation	On exercise of share options	Other changes during the period	Balance at the end of the period
Matthew Wood	3,900,001	-	-	-	3,900,001
George Tumur	5,000,001	-	-	-	5,000,001
Bataa Tumur-Ochir	20,100,000	-	-	-	20,100,000
Timothy Flavel	3,900,001	-	-	-	3,900,001
Jason Peterson	3,900,000	-	-	-	3,900,000
Jargalsaikhan Dambadarjaa	-	-	-	-	-

All other changes refer to shares purchased or sold directly or indirectly by Key Management Personnel.

## Wolf Petroleum Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2013

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

#### (c) Option holdings of Key Management Personnel

The numbers of options over ordinary shares in the company held during the financial year by each Director of Wolf Petroleum Limited and specified executive of the group, including their personally related parties, are set out below:

2013	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year <sup>4</sup>	Balance at the end of the year	Exercisable	Un-exercisable
Matthew Wood	-	-	-	1,292,500	1,292,500	1,292,500	-
George Tumur <sup>3</sup>	-	-	-	775,500	775,500	775,500	-
Bataa Tumur-Ochir <sup>3</sup>	-	-	-	-	-	-	-
Timothy Flavel <sup>2</sup>	-	-	-	1,292,500	1,292,500	1,292,500	-
Brian McMaster	-	-	-	1,292,500	1,292,500	1,292,500	-
Jason Peterson <sup>3</sup>	-	-	-	-	-	-	-
Jargalsaikhan Dambadarjaa <sup>3</sup>	-	-	-	-	-	-	-
John Santich <sup>1</sup>	-	-	-	-	-	-	-
Peter Hunt <sup>1</sup>	-	-	-	-	-	-	-

<sup>1</sup> Mr. John Santich and Mr. Peter Hunt resigned from their position as Directors of the Company on 7 November 2012.

<sup>2</sup> Mr. Timothy Flavel was appointed as a Director of the Company on 7 November 2012.

<sup>3</sup> Mr. George Tumur, Bataa Tumur-Ochir, Jason Peterson and Jargalsaikhan Dambadarjaa were appointed as Directors of the Company on 1 January 2013.

<sup>4</sup> Options issued during the year are on a post consolidation basis.

All other changes refer to options purchased or sold directly or indirectly by Key Management Personnel. There were no forfeitures and no options issued to Directors lapsed during the year ended 30 June 2013. No options were held by any Key Management Personnel during the year ended 30 June 2012.

#### (d) Other transactions with Key Management Personnel

Mineral Quest Pty Ltd, a company in which Mr. Matthew Wood is a Director, charged the Group consulting fees of \$200,000 (2012: \$nil) and reimbursed for expenses of \$2,574 (2012: \$nil). This amount is included in note 18(a) "Remuneration of key management personnel". \$80,000 (2012: \$nil) was outstanding at year end.

Vega Funds Pty Ltd, a company in which Mr. McMaster is a Director, charged the Group consulting fees of \$90,000 (2012: \$nil). This amount is included in note 18(a) "Remuneration of key management personnel". No amount (2012: \$nil) was outstanding at year end.

Celtic Capital Pty Ltd, a company in which Mr. Peterson is a Director, charged the Group Director fees of \$15,000 (2012: \$nil). This amount is included in note 18(a) "Remuneration of key management personnel". \$2,500 (2012: \$nil) was outstanding at year end.

PKF, a company in which Mr. Hunt is a Director, charged the Group Director fees of \$20,000 (2012: \$nil). This amount is included in note 18(a) "Remuneration of key management personnel". No amount (2012: \$nil) was outstanding at year end.

Garrison Capital Pty Ltd, a company of which Mr. Wood and Mr. McMaster are Directors, provided the Company with corporate advisory services and a fully serviced office including administration and information technology support totalling \$418,000 and reimbursement of payments for financial accounting fees, courier and other minor expenses, at a cost of \$56,650. No amount was outstanding at year end.

These transactions have been entered into under normal commercial terms and have been included in Note 18(a) Remuneration of Key Management Personnel.

## 19. Related Party Disclosures

### (a) Key management personnel

For Director related party transactions please refer to Note 18 "Key Management Personnel Disclosures".

Haranga Resources Limited, a company of which Mr. Wood and Mr. Flavel are Directors, sold a company car for \$49,597 to the Company during the period. \$49,597 was outstanding at period end.

Garrison Capital Pty Ltd, a company of which Mr. Wood and Mr. McMaster are Directors, was issued 5,000,000 options as part consideration for corporate advisory services in relation to the takeover of Wolf Operations Limited. The issue of options was approved by shareholders at the Annual General Meeting on 22 October 2012.



# Wolf Petroleum Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2013

### (b) Subsidiaries

The consolidated financial statements include the financial statements of Wolf Petroleum Limited and the subsidiaries listed in the following table:

Name of Entity	Country of Incorporation	Equity Holding	
		2013	2012
Wolf Operations Limited	Australia	100%	-
Wolf Investments Pte Limited	Singapore	100%	100%
MME Iron LLC	Mongolia	100%	100%
Land Oil LLC	Mongolia	100%	100%
Wolf Petroleum LLC	Mongolia	100%	-
Strzelecki Mining Pty Ltd	Australia	100%	100%
The Colonial Copper Company Pty Ltd	Australia	100%	100%

### (c) Terms and Conditions

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties. All other transactions were made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

### 20. Loss per Share

#### *Continuing and discontinued operations*

Loss used in calculating basic and dilutive EPS

2013  
\$

2012  
\$

(7,786,659) (2,141,333)

#### *Continuing operations*

Loss used in calculating basic and dilutive EPS

(7,786,659) (2,141,333)

#### Number of Shares

Weighted average number of ordinary shares used in calculating basic loss per share:

178,857,538 90,858,082

#### **Effect of dilution:**

Share options

- -

Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:

178,857,538 90,858,082

There is no impact from 38,000,000 options outstanding at 30 June 2013 on the earnings per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

### 21. Financial Risk Management

Exposure to interest rate, liquidity, foreign exchange and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

#### (a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity along with future capital raising will be adequate to meet our expected capital needs.

#### *Maturity analysis for financial liabilities*

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2013 and 30 June 2012 all financial liabilities are contractually matured within 30 days.

## Wolf Petroleum Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2013

#### (b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	2013 \$	2012 \$
Cash and cash equivalents	<u>2,938,150</u>	<u>440,993</u>

#### Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	Effect on Post Tax Loss (\$) Increase/(Decrease)		Effect on Equity including retained earnings (\$) Increase/(Decrease)	
	2013	2012	2013	2012
Increase 100 basis points	29,382	4,410	29,382	4,410
Decrease 100 basis points	(29,382)	(4,410)	(29,382)	(4,410)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

#### (c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group is exposed to credit risk from financial institutions where cash is held and from debtors, in particular from those arising from transactions in foreign jurisdictions. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2013, the Group held cash at bank. These were held with financial institution with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2013.

#### (d) Fair Value

There were no financial assets or liabilities at 30 June 2013 requiring fair value estimation and disclosure.

## 22. Share Based Payment Plan

#### (a) Recognised share based payment transactions

Share based payment transactions recognised as operation expenses in the statement of comprehensive income during the year were as follows:

	2013 \$	2012 \$
Vendor share based payments	<u>3,299,409</u>	<u>-</u>

#### (b) Vendor share based payments

Shares were issued as a result of the Wolf Operations reverse acquisition. Refer to note 16 for further details. The pre-acquisition equity balances of Wolf Petroleum were eliminated against the increase in Share Capital of \$8,279,487 on consolidation and the balance is deemed to be the amount paid for the listing status of Wolf Petroleum, being \$3,299,409 (recognised as a share based payment in the statement of profit or loss).

#### (c) Share based payment to employees:

There were no options granted to employees during the year ended 30 June 2013 and 30 June 2012.

#### (d) Share based payment to suppliers:

There were no options granted to suppliers during the year ended 30 June 2013 and 30 June 2012.

## 23. Contingent Liabilities

There are no known contingent liabilities.

# Wolf Petroleum Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2013

### 24. Events Subsequent to Reporting Date

On 12 August 2013 Wolf Petroleum announced that it had reached an agreement with CPS Capital Group to underwrite a non-renounceable entitlement issue of up to 174,558,384 options at an issue price of 1.5 cents each to raise approximately \$2.618 million before costs. The offer to shareholders will be on the basis of two (2) options for every three (3) shares held in the Company at the record date. The options will have an exercise price of \$0.05 expiring on 31 July 2018.

There have been no other significant events after the reporting date that would impact on the financial statements.

### 25. Parent Entity Information

The following details information related to the parent entity, Wolf Petroleum Limited, at 30 June 2013. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2013 \$	2012 \$
Current assets	1,399,194	2,569,477
Total assets	9,748,979	7,899,505
Current liabilities	(303,441)	(145,006)
Total liabilities	(303,441)	(145,006)
Net Assets	<b>9,445,538</b>	<b>7,754,499</b>
Issued capital	39,883,441	9,745,516
Reserves	4,031,977	-
Accumulated losses	(34,469,880)	(1,991,017)
	<b>9,445,538</b>	<b>7,754,499</b>
Profit or loss of the parent entity	(635,412)	(1,977,852)
Other comprehensive income for the year	-	-
Total comprehensive income of the parent entity	<b>(635,412)</b>	<b>(1,977,852)</b>

### 26. Commitments

#### Services agreement

The Group entered into both a service agreement and corporate advisory agreement with Garrison Capital Pty Ltd for a term of 2 years starting in June 2012. The Group is required to give 3 month's written notice to terminate both agreements.

Within one year	165,000	180,000
After one year but not longer than 5 years	-	165,000
	<b>165,000</b>	<b>345,000</b>

#### Rental agreement

The Group entered into lease agreements for property and office space in Singapore. The agreement is for a term of two years starting in January 2013.

Within one year	115,895	227,844
After one year but not longer than five years	57,947	113,922
	<b>173,842</b>	<b>341,766</b>

### 27. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2013.

## Directors' Declaration

### 30 June 2013

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In accordance with a resolution of the Directors of Wolf Petroleum Limited, I state that:

1. In the opinion of the director's:

- a) the financial statements and notes of Wolf Petroleum Limited for the year ended 30 June 2013 are in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the consolidated financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - ii. Complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(b).

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. This declaration has been made after receiving the declarations required to be made by the Director's in accordance with sections of 295A of the Corporations Act 2001 for the financial period ended 30 June 2013.

On behalf of the Board



Mr. Matthew Wood  
Executive Chairman  
16 September 2013  
Perth, Western Australia

16 September 2013

The Board of Directors  
Wolf Petroleum Limited  
Level 1, 330 Churchill Avenue  
SUBIACO WA 6008

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF  
WOLF PETROLEUM LIMITED

As lead auditor for the audit of Wolf Petroleum Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Wolf Petroleum Limited and the entities it controlled during the period.



Phillip Murdoch  
Director

BDO Audit (WA) Pty Ltd  
Perth, Western Australia

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOLF PETROLEUM LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Wold Petroleum Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2b, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Wolf Petroleum Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



## Opinion

In our opinion:

- (a) the financial report of Wolf Petroleum Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2b.


## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Wolf Petroleum Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO  


Phillip Murdoch  
Director

Perth, Western Australia  
Dated this 16<sup>th</sup> day of September 2013

## ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 22 August 2013.

### Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	142	102,519
1,001 - 5,000	227	669,461
5,001 - 10,000	97	845,273
10,001 - 100,000	399	18,126,272
100,001 - and over	264	242,094,051
<b>TOTAL</b>	<b>1,129</b>	<b>261,837,576</b>

There were 406 holders of ordinary shares holding less than a marketable parcel.

### Top Twenty Share Holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number	%
Next Level LLC	43,750,000	16.71
Nefco Nominees Pty Ltd	21,550,000	8.23
Brave Warrior Holdings Ltd	12,500,000	4.77
Mitchell Grass Holding Singapore Pte Ltd	9,000,000	3.44
Mr Timothy James Flavel <The Flavel Investment A/C>	8,750,000	3.34
Mr Jason Peterson & Mrs Lisa Peterson <J & L Peterson S/F A/C>	8,500,000	3.25
Mr Bataa Tumur-Ochir	6,500,000	2.48
Mr Daniel Eddington & Mrs Julie Eddington <DJ Holdings A/C>	4,140,000	1.58
Mr Khurelbaatar Urtnasan	4,000,000	1.53
Nefco Nominees Pty Ltd	3,450,000	1.32
Mitchell Grass Holding Singapore Pte Ltd	3,076,466	1.17
Verve Resources LLC	2,500,000	0.95
Mr Bruno Ruggiero & Mrs Giuseppina Catena Ruggiero <Bruno Ruggiero S/Fund A/C>	2,312,500	0.88
Reeve Ventures Pty Ltd <The Vega A/C>	2,100,000	0.80
Mr Joseph Patrick Burke	1,687,500	0.64
Mr Jason Peterson & Mrs Lisa Peterson <J & L Peterson S/F A/C>	1,685,000	0.64
Sheoak Runner Pty Ltd <J R Santich Super Fund A/C>	1,672,000	0.64
Cheval Holdings Pty Ltd	1,585,000	0.61
AMH Custodian Pty Ltd	1,526,040	0.58
Ms Marnie Jane Eddington <G & K Family A/C>	1,390,908	0.53
<b>Total</b>	<b>141,675,414</b>	<b>54.09</b>

### Unquoted Equity Securities

#### Shares

Class	Number of securities	Holders with more than 20%
Fully paid ordinary shares escrowed until 12 December 2014	124,937,500	-

#### Options

Class	Number of securities	Holders with more than 20%
Options over ordinary shares exercisable at \$0.25 on or before 31 December 2016	10,000,000	Hudson Bay Investments Pty Ltd – 5,000,000 options Taycol Nominees Pty Ltd - 5,000,000 options
Options over ordinary shares exercisable at \$0.33 on or before 28 November 2015	1,000,000	Peter Hunt - 275,000 options John Santich - 275,000 options



## ASX Additional Information

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### Substantial Shareholders

The names of shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are:

Shareholder Name	No. of Ordinary Shares	Percentage %
Next Level LLC	43,750,000	16.7
Nefco Nominees Pty Ltd	25,000,000	9.5

### On-Market Buy Back

There is no current on-market buy back.

### Voting Rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights.

### Use of Proceeds

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the financial year ended 30 June 2013.

### Petroleum Asset Table

NAME	LOCATION	AREA	CONTRACT TERMS
Jinst Block	Western Mongolia	41,067 km <sup>2</sup>	Petroleum survey contract signed until August 2015 with additional 1 year extension available before applying for production sharing contract.
Sukhbaatar Block	Eastern Mongolia	23,047 km <sup>2</sup>	Production sharing contract signed until 2018 with additional 4 years extension available and up to 30 years of production.
Baruun Urt Block	Eastern Mongolia	10,287 km <sup>2</sup>	Petroleum survey contract signed until August 2015 with additional 1 year extension available before applying for production sharing contract.