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ABN 17 146 794 176

Half-Year Financial Report

31 December 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. Jonathan Hart

### **Registered Office**

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 110 Churchill Avenue  
 SUBIACO, WA 6008  
 Telephone: +61 8 9200 4439  
 Facsimile: +61 8 9200 4469  
 Website: [www.wolfpetroleum.net](http://www.wolfpetroleum.net)

### **Share Registry**

Automatic Registry Services  
 Level 1  
 7 Ventnor Avenue  
 WEST PERTH, WA 6005  
 Telephone: + 61 8 9324 2099  
 Facsimile: + 61 8 9321 2337

### **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, WOFOA

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## DIRECTORS' REPORT

The Directors of Wolf Petroleum Limited submit the financial report of the consolidated entity for the half-year ended 31 December 2013. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

### DIRECTORS

The names of Directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

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

### RESULTS

The loss after tax for the half year ended 31 December 2013 was \$1,833,252 (2012: \$5,118,147).

### REVIEW OF OPERATIONS

#### Sukhbaatar Block - 23,047km<sup>2</sup>

The Sukhbaatar (SB) Block is Wolf'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.

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

During the half-year Wolf successfully acquired of 450km of 2D seismic data on the Toson Tolgoi and Tal Bulag basins. Wolf is currently identifying the drill ready prospects and aims to release estimates of the initial prospective resources in the first half of 2014.

#### Collecting shot hole samples for geochemical analysis

Wolf has collected over 7,500 samples from the bottom of seismic shot holes and analysed the three batches, totalling 723 samples, to document the presence of an active petroleum system within the Toson Tolgoi and Tal Bulag basins. A total of 100 out of the 723 shot hole samples have high gravity oil microseeps, 50 have medium gravity oil microseeps and 80 contain anomalous amounts of propane. This analysis provides clear evidence of an active petroleum system on the SB Block within the Toson Tolgoi and Tal Bulag basins.

#### Baruun Urt Block - 10,287km<sup>2</sup>

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

Wolf has completed all of its contract commitments during the half-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

Wolf has identified sub basins similar to the neighbouring producing fields of PetroChina and is currently in the process of estimating its initial oil-in-place based on the seismic data acquired. To date 22 lead targets have been identified.

#### Jinst Block - 41,067km<sup>2</sup>

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 half-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. Currently Wolf is ahead of contract commitments.

#### Geological and geophysical programmes

Wolf has completed during the half-year initial geological and geophysical programmes which have identified 12 sub basins.

### Corporate

#### Completion of Entitlement Offer

During the half-year Wolf completed an underwritten non-renounceable entitlement issue of 174,558,384 options at an issue price of 1.5 cents each to raise approximately \$2.618 million. The offer was fully underwritten by CPS Capital Group Pty Ltd and Garrison Equities Pty Ltd.

During the half-year Wolf received The Operator of the Year award for the second time in 3 years from the Ministry of Mining Mongolia and Petroleum Authority of Mongolia.

**Subsequent Events**

There have been no significant events subsequent to the half-year to the date of this report.

**Auditor's Independence Declaration**

Section 307C of the *Corporations Act 2001* requires our auditors, BDO, to provide the Directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this Directors' Report for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3)(a) of the *Corporations Act 2001*.



**Matthew Wood**  
**Executive Chairman**

Perth, Western Australia  
24 February 2014

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

As lead auditor for the review of Wolf Petroleum Limited for the half-year ended 31 December 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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



**Phillip Murdoch**

Director

Perth, 24<sup>th</sup> February 2014

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
for the half-year ended 31 December 2013

	Note	31 December 2013 \$	31 December 2012 \$
<b>Continuing Operations</b>			
Interest received		22,521	42,536
Other income		4,914	-
Foreign exchange gain		105,919	-
		<u>133,354</u>	<u>42,536</u>
Corporate advisory fee		(30,000)	(40,000)
Employee benefits expense		(86,280)	(148,064)
Foreign exchange loss		-	(78)
Other expenses		(236,259)	(126,654)
Professional and consulting fees	3	(953,561)	(1,079,387)
Rental expenses		(212,251)	(233,424)
Share of net loss from associate	4	(139,766)	-
Service administration fee		(119,616)	(105,409)
Share based payments		-	(3,299,409)
Travel expenses		(188,873)	(128,258)
<b>Loss from continuing operations before income tax</b>		<b>(1,833,252)</b>	<b>(5,118,147)</b>
Income tax benefit		-	-
<b>Loss from continuing operations after income tax</b>		<b>(1,833,252)</b>	<b>(5,118,147)</b>
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences arising on translation of foreign operations		(263,767)	(115,212)
<b>Other comprehensive loss for the half-year, net of tax</b>		<b>(263,767)</b>	<b>(115,212)</b>
<b>Total comprehensive loss for the half-year</b>		<b>(2,097,019)</b>	<b>(5,233,359)</b>
<b>Basic and diluted loss per share for the half-year attributable to the members of Wolf Petroleum Ltd</b>			
Basic and diluted loss per share (cents per share)		(0.70)	(4.68)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 31 December 2013

	Note	31 December 2013 \$	30 June 2013 \$
<b>Current Assets</b>			
Cash and cash equivalents		1,859,971	2,938,150
Other receivables		318,262	330,573
Other current assets		-	676,807
<b>Total Current Assets</b>		<b>2,178,233</b>	<b>3,945,530</b>
<b>Non-Current Assets</b>			
Investment in associates	4	235,000	374,766
Other non-current assets		135,478	135,142
Plant and equipment		424,242	481,664
Deferred exploration and evaluation expenditure	5	8,834,778	6,204,602
<b>Total Non-Current Assets</b>		<b>9,629,498</b>	<b>7,196,174</b>
<b>Total Assets</b>		<b>11,807,731</b>	<b>11,141,704</b>
<b>Current Liabilities</b>			
Other payables		750,164	394,107
<b>Total Current Liabilities</b>		<b>750,164</b>	<b>394,107</b>
<b>Total Liabilities</b>		<b>750,164</b>	<b>394,107</b>
<b>Net Assets</b>		<b>11,057,567</b>	<b>10,747,597</b>
<b>Equity</b>			
Issued capital	6	20,455,508	20,454,518
Reserves	7	2,486,256	344,024
Accumulated losses		(11,884,197)	(10,050,945)
<b>Total Equity</b>		<b>11,057,567</b>	<b>10,747,597</b>

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

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**Consolidated Statement of Cash Flows** for the half-year ended 31 December 2013

	31 December 2013	31 December 2012
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(1,173,994)	(626,036)
Interest received	22,521	42,536
Other receipts	4,914	-
<b>Net cash flows used in operating activities</b>	<b>(1,146,559)</b>	<b>(583,501)</b>
<b>Cash flows from investing activities</b>		
Proceeds from acquisition of Strzelecki Metals Limited	-	3,608,370
Purchase of plant and equipment	(974)	-
Payments for exploration expenditure and acquisition costs	(2,336,777)	(243,371)
<b>Net cash (used in) / provided by investing activities</b>	<b>(2,337,751)</b>	<b>3,364,999</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	990	2,700,000
Payments for share issue costs	-	(239,940)
Proceeds from issue of options	2,618,379	-
Payments for option issue costs	(213,238)	-
<b>Net cash provided by financing activities</b>	<b>2,406,131</b>	<b>2,460,060</b>
Net (decrease) / increase in cash held	(1,078,179)	5,241,558
Cash and cash equivalents at beginning of period	2,938,150	440,993
<b>Cash and cash equivalents at the end of the period</b>	<b>1,859,971</b>	<b>5,682,551</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 half-year ended 31 December 2013**

	Issued Capital \$	Accumulated Losses \$	Share Option Reserve \$	Foreign Currency Translation Reserve \$	Total \$
<b>Balance at 1 July 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>
Loss for the half-year	-	(1,833,252)	-	-	(1,833,252)
Other comprehensive loss	-	-	-	(263,767)	(263,767)
Total comprehensive income for the half-year	-	(1,833,252)	-	(263,767)	(2,097,019)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued through exercise of options	990	-	-	-	990
Options issued via placement	-	-	2,618,379	-	2,618,379
Costs of issue	-	-	(212,380)	-	(212,380)
<b>Balance at 31 December 2013</b>	<b>20,455,508</b>	<b>(11,884,197)</b>	<b>2,419,499</b>	<b>66,757</b>	<b>11,057,567</b>
<b>Balance at 1 July 2012</b>	<b>9,745,516</b>	<b>(2,264,286)</b>	<b>-</b>	<b>(55,608)</b>	<b>7,425,622</b>
Loss for the half-year	-	(5,118,147)	-	-	(5,118,147)
Other comprehensive loss	-	-	-	(115,212)	(115,212)
Total comprehensive loss for the half-year	-	(5,118,147)	-	(115,212)	(5,233,359)
<b>Transactions with owners in their capacity as owners</b>					
Issue of seed capital	8,279,487	-	-	-	8,279,487
Shares issued pursuant to placement	2,700,000	-	-	-	2,700,000
Costs of issue	(287,258)	-	-	-	(287,258)
<b>Balance at 31 December 2012</b>	<b>20,437,745</b>	<b>(7,382,433)</b>	<b>-</b>	<b>(170,820)</b>	<b>12,884,492</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 half-year ended 31 December 2013

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Wolf Petroleum Limited (the Company) for the half-year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Directors on 24 February 2014. 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 principal activities of the Company are described in the Directors' Report.

#### Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Act 2001*.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with any public announcements made by Wolf Petroleum Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The half-year report has been prepared on an accruals basis and is based on historical costs. The accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements.

#### New and Amending Accounting Standards and Interpretations

The following standards for first time use annual reporting periods beginning on or after 1 July 2013 have been reviewed by the Company in the half-year ended 31 December 2013:

- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities and AASB 127 Separate Financial Statements
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB13*
- AASB 119 *Employee Benefits (September 2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

It has been determined by the Company that there is no impact, material or otherwise, of the above standards on its business and, therefore, no change is necessary to the Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to the Company's accounting policies.

### 2. SEGMENT REPORTING

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 are 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.

### 3. EXPENSES

#### Professional and consulting fees

	31 December 2013	31 December 2012
	\$	\$
Accounting, audit and taxation fees	(51,208)	(49,585)
Consultants	(850,893)	(901,317)
Director fees	(45,000)	(13,928)
Legal fees	(6,460)	(114,557)
	<b>(953,561)</b>	<b>(1,079,387)</b>

### 4. INVESTMENTS IN ASSOCIATES

	31 December 2013	30 June 2013
	\$	\$
Investment in Palgrave Minerals	306,806	306,806
Investment in SKKGM	669,027	669,027
Share of net loss from associate	(740,833)	(601,067)
	<b>235,000</b>	<b>374,766</b>

# Wolf Petroleum Limited

## Notes to the consolidated financial statements for the half-year ended 31 December 2013

	31 December 2013 \$	30 June 2013 \$
<b>5. DEFERRED EXPLORATION &amp; EVALUATION EXPENDITURE</b>		
Opening balance	6,204,602	4,436,853
Exploration expenditure incurred during the period	2,836,198	1,604,140
Acquisition of subsidiary exploration tenements	-	613,612
Disposal of subsidiary exploration tenements	-	(613,612)
Net exchange differences on translation	(206,022)	163,609
Closing balance	<b>8,834,778</b>	<b>6,204,602</b>

	31 December 2013 \$	30 June 2013 \$
<b>6. ISSUED CAPITAL</b>		
<b>Issued and paid up capital</b>		
Ordinary shares fully paid	<b>20,455,508</b>	<b>20,454,518</b>

	31 December 2013		30 June 2013	
	No.	\$	No.	\$
<b>Movements in issued capital</b>				
Opening balance	261,837,576	20,454,518	414,000,000	9,745,516
Consolidation of capital	-	-	(372,599,933)	-
Reverse acquisition	-	-	206,937,509	8,279,487
Shares issued through placement	-	-	13,500,000	2,700,000
Shares issued through exercise of options	19,801	990	-	(270,485)
Closing balance	<b>261,857,377</b>	<b>20,455,508</b>	<b>261,837,576</b>	<b>20,454,518</b>

	31 December 2013 \$	30 June 2013 \$
<b>7. RESERVES</b>		
Share option reserve	2,419,499	13,500
Foreign currency translation reserve	66,757	330,524
	<b>2,486,256</b>	<b>344,024</b>
<b>Movements in Reserves</b>		
<i>Share option reserve:</i>		
Opening balance	13,500	-
Options issued	2,618,379	13,500
Cost of issue	(212,380)	-
Closing balance	<b>2,419,499</b>	<b>13,500</b>
<i>Foreign currency translation reserve:</i>		
Opening balance	330,524	(55,608)
Foreign currency translation	(263,767)	386,132
Closing balance	<b>66,757</b>	<b>330,524</b>

### 8. CONTINGENT LIABILITIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

### 9. SUBSEQUENT EVENTS

There have been no significant events subsequent to the half-year to the date of this report.

### 10. DIVIDENDS

No dividends have been paid or provided for during the half-year.

## DIRECTORS' DECLARATION

---

In the opinion of the Directors of Wolf Petroleum Limited ('the Company'):

1. The financial statements and notes thereto, as set out on pages 4 to 9, are in accordance with the *Corporations Act 2001* including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year then ended on that date; and
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.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5)(a) of the Corporations Act 2001.



**Matthew Wood**  
**Executive Chairman**

Perth, Western Australia

24 February 2014

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Wolf Petroleum Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Wolf Petroleum Limited, which comprises the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

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

The directors of the disclosing entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31<sup>st</sup> December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Wolf Petroleum Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

In conducting our review, 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 review report.

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## Conclusion

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

- A. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch

Director

Perth, 24<sup>th</sup> of February 2014

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