



ACN 116 249 060

Half-Year Financial Report
31 December 2014

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CORPORATE DIRECTORY

Directors

Mr. Matthew Wood (Executive Chairman)
Mr. George Tumor (Joint Chairman)
Mr. Bataa Tumor-Ochir (Managing Director)
Mr. Brian McMaster (Non-Executive Director)
Mr. Jason Peterson (Non-Executive Director)
Mr. Jargalsaikhan Dambadarjaa (Non-Executive Director)
Mr. Daniel Crennan (Non-Executive Director)

Company Secretary

Mr. Jonathan Hart

Registered Office

Level 1
330 Churchill Avenue
SUBIACO, WA 6008
Telephone: +61 8 9200 4428
Facsimile: +61 8 9200 4469
Website: 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

DIRECTORS' REPORT

The Directors of Wolf Petroleum Limited ("Wolf" or "the Company") submit the financial report of the consolidated entity for the half-year ended 31 December 2014. 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. Brian McMaster | Non-Executive Director |
| Mr. Jason Peterson | Non-Executive Director |
| Mr. Jargalsaikhan Dambadarjaa | Non-Executive Director |
| Mr. Daniel Crennan | Non-Executive Director (appointed 5 January 2015) |

RESULTS

The loss after tax for the half year ended 31 December 2014 was \$789,369 (2013: \$1,833,252).

REVIEW OF OPERATIONS

Sukhbaatar Block (100%) - 23,047km²

The Sukhbaatar (SB) Block is the Company's flagship project and one of the first identified petroleum blocks in Mongolia. Ground geological and geophysical programs on the Block have identified the large sub-basins, Toson Tolgoi and Talbulag, with an area covering over 3,500 square kilometres. The Company holds a Production Sharing Contract (PSC) with the Government of Mongolia to explore and produce oil for over 35 years in relation to the SB Block.

The Company has previously completed the acquisition of 450km of 2D seismic on the highly prospective Toson Tolgoi and Talbulag basins on the SB Block. Seismic interpretation has identified a large scale number of structural and stratigraphic traps with the potential for significant oil reservoirs.

An Independent resource assessment completed on the SB Block has estimated a substantial oil resource with the potentially recoverable oil on seven drill ready targets having a low estimate of 460 million barrels of oil and a high estimate of 2.2 billion barrels of oil (refer to ASX announcement 'Oil Resources Estimates Increased' released on 5 May 2014 for further details in relation to the determination of the estimated resources values). These results are compelling evidence of the significant potential of the Toson Tolgoi and Talbulag basins.

The Company is currently focused on farming out the SB block to potential strategic partners and the discussions are ongoing with a number of groups.

Baruun Urt Block (100%) - 10,287km²

The Baruun Urt (BU) Block is located in a region with proven and producing petroleum systems and is adjoining the Company's SB Block. The block is proximal to Petro China's multi-billion barrel oil fields in Mongolia.

Previously, the Company completed ground geological and geophysical programmes and acquired 330 km's of 2D seismic data focusing on six sub basins identified. The seismic interpretation revealed 22 lead targets and prospective resources are being estimated.

During the half-year the Company has prepared work reports and submitted to Petroleum Authority of Mongolia working towards signing a Production Sharing Contract.

Jinst Block (100%) - 41,000km²

The Jinst Block is the largest petroleum exploration block in Mongolia and is proximal to one of the largest oil producing basins in China.

Previously, the Company completed the largest ground geological and geophysical programmes in Mongolia and identified twelve sub basins.

During the half-year the Company completed remote sensing programmes focusing on two priority target basins with over 1,500 sq.km and the results will be announced this quarter.

Corporate

During the half-year the Company successfully completed a rights issue through the allotment of 30,328,434 shares, each with a free attaching WOFOA option, pursuant to the non-renounceable entitlement issue offered under the Prospectus dated 28 October 2014. The completed issue resulted in the raising of a total of \$1,516,423 before costs. The Company also completed a successful placement of 5,040,000 shares, on the same terms as the rights issue, to sophisticated and professional client of CPS Capital Group Pty Ltd to raise \$252,000.

Mr Daniel Crennan joined the Board as a Non-Executive Director on 5 January 2015.

SUBSEQUENT EVENTS

Mr Daniel Crennan joined the Board as a Non-Executive Director subsequent to half-year end on 5 January 2015.

There have been no other 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 2014.

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
16 March 2015

Competent Person Statement

The prospective resource information in this report, as disclosed in the 5 May 2014 ASX release titled 'Oil Resources Estimates Increased', in relation to the SB Block is based on, and fairly represents, information and supporting documentation prepared by MHA under the supervision of Debra Gomez. Debra Gomez holds a B.Sc degree in Geology, masters of Science in Geology, is a certified professional geologist and petroleum geologist and has over twenty-five years' experience in the sector. Debra Gomez is a professional member of the American Association of Petroleum Geologists, Rocky Mountain Association of Geologists and Rocky Mountain Section of SEPM – Society for Sedimentary Geology. Debra Gomez is not an employee of the Company and consented in writing to the inclusion of the prospective resources information in the form and context in which it appears.

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 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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

BDO Audit (WA) Pty Ltd

Perth, 16 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2014

| | | 31 December 2014 | 31 December 2013 |
|---|-------|------------------|--------------------|
| | Notes | \$ | \$ |
| Continuing Operations | | | |
| Interest received | | 5,043 | 22,521 |
| Other income | | 88,655 | 4,914 |
| Foreign exchange gain | | - | 105,919 |
| | | <u>93,698</u> | <u>133,354</u> |
| Corporate advisory fee | | (30,000) | (30,000) |
| Employee benefits expense | | (67,278) | (86,280) |
| Foreign exchange loss | | (4,536) | - |
| Other expenses | | (165,878) | (236,259) |
| Professional and consulting fees | 3 | (293,021) | (953,561) |
| Rental expenses | | (109,896) | (212,251) |
| Share of net loss from associate | | - | (139,766) |
| Service administration fee | | (94,466) | (119,616) |
| Travel expenses | | (117,992) | (188,873) |
| Loss from continuing operations before income tax | | (789,369) | (1,833,252) |
| Income tax benefit | | - | - |
| Loss from continuing operations after income tax | | (789,369) | (1,833,252) |
| Other comprehensive loss | | | |
| <i>Items that may be reclassified to profit and loss</i> | | | |
| Exchange differences arising on translation of foreign operations | | 651,013 | (263,767) |
| Other comprehensive loss for the half-year, net of tax | | 651,013 | (263,767) |
| Total comprehensive loss for the half-year | | (138,356) | (2,097,019) |
| Basic and diluted loss per share for the half-year attributable to the members of Wolf Petroleum Ltd | | | |
| Basic and diluted loss per share (cents per share) | | (0.30) | (0.70) |

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 2014

| | | 31 December 2014 | 30 June 2014 |
|---|-------|-------------------|------------------|
| | Notes | \$ | \$ |
| Current Assets | | | |
| Cash and cash equivalents | | 1,107,632 | 661,511 |
| Other receivables | | 228,632 | 129,615 |
| Other current assets | | 72,705 | 66,028 |
| Total Current Assets | | 1,408,969 | 857,154 |
| Non-Current Assets | | | |
| Plant and equipment | | 329,167 | 329,598 |
| Deferred exploration and evaluation expenditure | 4 | 9,607,916 | 8,389,836 |
| Total Non-Current Assets | | 9,937,083 | 8,719,434 |
| Total Assets | | 11,346,052 | 9,576,588 |
| Current Liabilities | | | |
| Other payables | | 970,048 | 802,570 |
| Total Current Liabilities | | 970,048 | 802,570 |
| Total Liabilities | | 970,048 | 802,570 |
| Net Assets | | 10,376,004 | 8,774,018 |
| Equity | | | |
| Issued capital | 5 | 22,195,850 | 20,455,508 |
| Reserves | | 2,100,205 | 1,449,192 |
| Accumulated losses | | (13,920,051) | (13,130,682) |
| Total Equity | | 10,376,004 | 8,774,018 |

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

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2014

| | 31 December 2014 | 31 December 2013 |
|--|------------------|--------------------|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Payments to suppliers and employees | (560,345) | (1,173,994) |
| Interest received | 6,200 | 22,521 |
| Other receipts | - | 4,914 |
| Net cash flows used in operating activities | (554,145) | (1,146,559) |
| Cash flows from investing activities | | |
| Purchase of plant and equipment | - | (974) |
| Payments for exploration expenditure and acquisition costs | (577,953) | (2,336,777) |
| Net cash used in investing activities | (577,953) | (2,337,751) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 1,590,989 | 990 |
| Payments for share issue costs | (12,770) | - |
| Proceeds from issue of options | - | 2,618,379 |
| Payments for option issue costs | - | (213,238) |
| Net cash provided by financing activities | 1,578,219 | 2,406,131 |
| Net (decrease) / increase in cash held | 446,121 | (1,078,179) |
| Cash and cash equivalents at beginning of period | 661,511 | 2,938,150 |
| Cash and cash equivalents at the end of the period | 1,107,632 | 1,859,971 |

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 2014

| | Issued Capital \$ | Accumulated Losses \$ | Share Option Reserve \$ | Foreign Currency Translation Reserve \$ | Total \$ |
|---|----------------------|-----------------------------|-------------------------------|---|-------------------|
| Balance at 1 July 2014 | 20,455,508 | (13,130,682) | 2,500,845 | (1,051,653) | 8,774,018 |
| Loss for the half-year | - | (789,369) | - | - | (789,369) |
| Other comprehensive income | - | - | - | 651,013 | 651,013 |
| Total comprehensive income/(loss) for the half-year | - | (789,369) | - | 651,013 | (138,356) |
| Transactions with owners in their capacity as owners | | | | | |
| Shares issued in lieu of debt | 136,000 | - | - | - | 136,000 |
| Shares issued via placement | 252,000 | - | - | - | 252,000 |
| Shares issued via rights issue | 1,516,423 | - | - | - | 1,516,423 |
| Costs of rights issue | (164,081) | - | - | - | (164,081) |
| Balance at 31 December 2014 | 22,195,850 | (13,920,051) | 2,500,845 | (400,640) | 10,376,004 |
| Balance at 1 July 2013 | 20,454,518 | (10,050,945) | 13,500 | 330,524 | 10,747,597 |
| Loss for the half-year | - | (1,833,252) | - | - | (1,833,252) |
| Other comprehensive loss | - | - | - | (263,767) | (263,767) |
| Total comprehensive income/(loss) for the half-year | - | (1,833,252) | - | (263,767) | (2,097,019) |
| Transactions with owners in their capacity as owners | | | | | |
| 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) |
| Balance at 31 December 2013 | 20,455,508 | (11,884,197) | 2,419,499 | 66,757 | 11,057,567 |

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Wolf Petroleum Limited for the half-year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 16 March 2015. 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 2014 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.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the half-year ended 31 December 2014 of \$789,369 and experienced net cash outflows from operating activities of \$554,145, net cash outflows from investing activities of \$577,953 and net cash inflows from financing activities of \$1,578,219. At 31 December 2014, the Group had a net current asset position of \$438,921. The cash and cash equivalents balance at the date of issuing this report is \$387,860. The Directors recognise the need to raise additional funds via equity raisings for future exploration activities.

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be successful in securing additional funds.

Should the Group not obtain additional funds, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

New and Amending Accounting Standards and Interpretations

The Company has reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. 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

Accounting, audit and taxation fees
Consultants
Director fees
Legal fees

| | 31 December 2014 | 31 December 2013 |
|--|------------------|------------------|
| | \$ | \$ |
| | (41,657) | (51,208) |
| | (201,943) | (850,893) |
| | (45,000) | (45,000) |
| | (4,421) | (6,460) |
| | (293,021) | (953,561) |

| | 31 December 2014 \$ | 30 June 2014 \$ |
|---|------------------------|--------------------|
| 4. DEFERRED EXPLORATION & EVALUATION EXPENDITURE | | |
| Opening balance | 8,389,836 | 6,204,602 |
| Exploration expenditure incurred during the period | 590,615 | 3,052,392 |
| Net exchange differences on translation | 627,465 | (867,158) |
| Closing balance | 9,607,916 | 8,389,836 |

| | 31 December 2014 \$ | 30 June 2014 \$ |
|-----------------------------------|------------------------|--------------------|
| 5. ISSUED CAPITAL | | |
| Issued and paid up capital | | |
| Ordinary shares fully paid | 22,195,850 | 20,455,508 |

| | 31 December 2014 | | 30 June 2014 | |
|---|--------------------|-------------------|--------------------|-------------------|
| | No. | \$ | No. | \$ |
| Movements in issued capital | | | | |
| Opening balance | 261,857,377 | 20,455,508 | 261,837,576 | 20,454,518 |
| Shares issued in lieu of debt* | 2,000,000 | 136,000 | - | - |
| Shares issued through placement | 5,040,000 | 252,000 | - | - |
| Shares issued through rights issue | 30,328,434 | 1,516,423 | - | - |
| Costs of rights issue | - | (164,081) | - | - |
| Shares issued through exercise of options | - | - | 19,801 | 990 |
| Closing balance | 299,225,811 | 22,195,850 | 261,857,377 | 20,455,508 |

*2,000,000 shares valued at \$0.068 were issued an unrelated Mongolian creditor in full and final satisfaction of amounts owing for geological services provided. Shares were valued using the closing price on date of issue.

6. CONTINGENT LIABILITIES

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

7. SUBSEQUENT EVENTS

Mr Daniel Crennan joined the Board as a Non-Executive Director subsequent to half-year end on 5 January 2015. There have been no other significant events subsequent to the half-year to the date of this report.

8. 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 2014 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
16 March 2015

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 2014, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 company 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 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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.



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 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. This condition, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO

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

Phillip Murdoch
Director

Perth, 16 March 2015