



World Oil Resources Ltd

WORLD OIL RESOURCES LTD

ACN 000 752 849

Pro-Rata Non-Renounceable Rights Issue Offer Information Document

**1-FOR-1.5 PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE OFFER
OF WORLD OIL RESOURCES LIMITED ORDINARY SHARES
AT AN OFFER PRICE OF \$0.003 (0.3 CENTS) PER SHARE**

THIS RIGHTS ISSUE OFFER CLOSES AT 5.00pm (MELBOURNE TIME) on 14 JULY 2014

Important notice

This is an important Offer Document which is accompanied by an Entitlement and Acceptance Form for you to subscribe for new ordinary shares in World Oil Resources Limited. Please read both documents carefully. If after reading the Offer Document you have any questions about the Offer or the New Shares then you should consult your stockbroker, accountant or other professional advisor.

The Offer made pursuant to this Offer Document is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Document is not a disclosure document for the purposes of Chapter 6D of the Corporations Act and has not been lodged with ASIC. The Company is offering the securities under this Offer Document without disclosure to investors under Chapter 6D of the Corporations Act pursuant to section 708AA of the Corporations Act. Accordingly, the level of disclosure contained in this Offer Document is less than that required under a prospectus and Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to ASX, before deciding whether to accept the Offer. The New Shares offered by this Offer Document should be considered speculative.



CORPORATE DIRECTORY

Directors	Mr Paul Salter (Non-Executive Chairman)
	Mr Mordechai Benedikt (Non-Executive Director)
	Mr Craig Mathieson (Non-Executive Director)
	Mr Peter Best (Executive Director)
Company Secretaries	Mr Justin Mouchacca
	Ms Melanie Leydin
Registered Office	Level 4, 100 Albert Road
	South Melbourne, Victoria 3205, Australia
	Telephone: +61 3 9692 7222 Facsimile: +61 3 9077 9233
Share Registry	Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford VIC 3067



12 June 2014

Pro-Rata Non-Renounceable Rights Issue Offer Document

As announced to the market on 12 June 2014, World Oil Resources Ltd (**World Oil** or the **Company**) is undertaking a pro-rata non-renounceable rights issue on a 1-for-1.5 basis to raise up to \$1,553,506.

This Offer Document sets out:

- 1 Contact details for the Offer**
- 2 Important Information**
- 3 Key dates for the Offer**
- 4 General information in relation to the Offer**
- 5 How to apply for New Shares**
- 6 The purpose and effect of the Offer**
- 7 Investment and business risks**
- 8 Additional information relevant to the Offer**
- 9 Rights Attaching to New Shares**
- 10 Definitions**

1 Contact details for the Offer

1.1 Queries regarding your Entitlement

If you have not received a personalised Entitlement and Acceptance Form, or if you have any queries on how to complete the Entitlement and Acceptance Form, please contact the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.00pm (Melbourne time) Monday to Friday.

1.2 Queries regarding the Offer or the Company

If you have any queries or questions in relation to the details of the Offer or the Company in general, you should contact the Company Secretary of World Oil as follows:

Justin Mouchacca
Joint Company Secretary
P: +61 3 9692 7222
F: +61 3 9077 9233
jmouchacca@leydinfreyer.com.au

2 Important Information

2.1 This Offer Document is not a prospectus

This Offer Document has been prepared by World Oil, and is not a prospectus or a disclosure document for the purposes of Chapter 6D of the Corporations Act, and has not been lodged with ASIC.

The Company is offering the securities under this Offer Document without disclosure to investors under Chapter 6D of the Corporations Act, pursuant to section 708AA of the Corporations Act, which allows World Oil to offer shares to existing shareholders after providing certain confirmations to the market.

The Offer Document does not purport to contain all the information that Eligible Shareholders may require to make an informed investment decision regarding, or about the rights attaching to, the New Shares. Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to ASX, before deciding whether to accept the Offer. In particular, it is important that you read and understand the information on World Oil which is publicly available, prior to accepting the Offer. Please refer to:

- World Oil's annual reports and other announcements made available at www.asx.com.au; and
- the 'cleansing notice' lodged by World Oil with ASX on 12 June 2014. A copy of the 'cleansing notice' is available at www.asx.com.au (ASX: WLR).

Neither ASX nor ASIC takes any responsibility for the content of this document.

2.2 Investment risks

The New Shares offered under this Offer Document should be considered speculative. There are a number of risk factors that could potentially impact World Oil and its operations. For information about these risks, please refer to section 7 of this Offer Document.

2.3 Eligibility to participate in Offer

The Company is only making the Offer to Eligible Shareholders. A person will be an **"Eligible Shareholder"** and eligible to participate in the Offer if, as at 7:00pm (Melbourne time) on 19 June 2014 (**Record Date**):

- (1) the person was a registered holder of Shares; and
- (2) the person's registered address was in Australia or New Zealand.

This Offer Document and Entitlement and Acceptance Form will only be sent to Eligible Shareholders.

2.4 Ineligible Shareholders

World Oil has decided that it is unreasonable to make the Offer to any Shareholder with a registered address outside Australia or New Zealand as at the Record Date (**Ineligible Shareholder**), having regard to:

- the small number of Shareholders with addresses in such other countries;
- the number and value of the Shares they hold; and
- the cost to World Oil of complying with applicable legal and regulatory requirements in such other countries.

Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by or to, and no New Shares will be issued to Ineligible Shareholders.

2.5 Appointment of Nominee for Ineligible Shareholders

In order for Eligible Shareholders to be permitted to subscribe for New Shares (to the maximum extent of their full Entitlement) under the Rights Issue, even if to do so would result in such shareholders acquiring a relevant interest exceeding 20% of the issued share capital of the Company (on a post Rights Issue basis), the Company must comply with section 615 of the Corporations Act which involves

the appointment by the Company of an ASIC approved nominee to subscribe for the New Shares that Ineligible Shareholders would have been entitled to and sell them on their behalf.

The Company has received approval from ASIC for Cygnet Securities Australia Pty Ltd (ACN 082 117 931) (AFSL 241 095) (**Cygnet**) to act as nominee for Ineligible Shareholders for the purposes of section 615 of the Act. The nominee sale procedure, which will be operated by Cygnet Capital Pty Ltd (ACN 103 488 606), the corporate authorised representative of Cygnet (**Nominee**), will be implemented in accordance with section 615 of the Corporations Act as follows:

- the Company will, at the Offer Price, issue to the Nominee the New Shares that Ineligible Shareholders would be entitled to if they were eligible to participate in the Offer (**Nominee Shares**);
- the Nominee will then sell the Nominee Shares at a price and otherwise in a manner determined by the Nominee in its sole discretion;
- the net proceeds of the sale of the Nominee Shares (after deducting the aggregate subscription price of the Nominee Shares and costs), if any, will be distributed to the Ineligible Shareholders for whose benefit the New Shares are sold in proportion to their shareholdings as at the Record Date.

If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Accordingly there is a possibility that Ineligible Shareholders may receive no net proceeds if the subscription price plus costs of the sale of the Nominee Shares are greater than the sale proceeds. The Company, Cygnet and the Nominee will not be held liable for the sale of any the Nominee Shares at any particular price or the timing of such sale.

The Company has agreed to pay to the Nominee a fee equivalent to 2% of the aggregate subscription price of the Nominee Shares for its operation of the nominee sale procedure.

As a consequence of ASIC's approval of the Company's appointment of Cygnet as nominee for the purposes of section 615 of the Act, Eligible Shareholders will be permitted to subscribe for New Shares (to the maximum extent of their full Entitlement) under the Rights Issue, where such subscription will result in their acquisition of a relevant interest exceeding 20% of the issued share capital of the Company (on a post Rights Issue basis).

Ineligible Shareholders should note that their proportional interests in the Company will be diluted because they are not entitled to participate in the Rights Issue.

2.6 Foreign jurisdictions and restrictions on distribution of this Offer Document

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries outside of Australia or New Zealand in which Shareholders may reside. The distribution of this Offer Document in jurisdictions other than Australia and New Zealand may be restricted by law and any failure to comply with such restrictions might constitute a violation of applicable securities laws.

This Offer Document and accompanying Entitlement and Acceptance Form, and any document that is related to any of them do not, and are not intended to, constitute an offer of Shares in any jurisdiction in which or to any person to whom it would not be lawful to make such an offer. No action has been taken to register World Oil shares or otherwise permit a public offering of those shares in those jurisdictions. Lodgement of the Entitlement and Acceptance Form or payment by BPAY will be taken by World Oil to constitute a representation by you that there has been no breach of any such law. To the extent that you hold Shares on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any acceptance complies with all applicable foreign laws. Eligible Shareholders who are nominees, trustees or custodians should seek independent advice as to how to proceed.

The distribution of this document, any document that accompanies it, or any document that is related to any of them outside Australia and New Zealand may be restricted by law. In particular, this document and any document that accompanies it or any copy of any of them must not be taken into or distributed or released in the United States of America (U.S) or distributed or released by any U.S. person or to any person acting for the account or benefit of a U.S. person. Any person who comes into possession of this document, any document that accompanied it, or any document that is related to any of them

should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws, and World Oil disclaims any liability in relation to any such violation.

The New Shares being offered to residents of New Zealand under this Offer Document are offered in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand). This Offer Document and the accompanying Entitlement and Acceptance Form have not been registered, filed or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This Offer Document is not an investment statement or prospectus under New Zealand law.

2.7 Custodians and nominees

The Rights Issue is being made to all Eligible Shareholders. World Oil is not required to determine whether or not any Eligible Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

Where any registered holder that qualifies as an Eligible Shareholder is acting as a nominee for a foreign person, that registered holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Rights Issue is compatible with applicable foreign laws.

Any person in the United States or any person that is, or is acting for the account or benefit of a U.S. person with a holding through a nominee may not participate in the Rights Issue and the nominee must not take up any Entitlement or send any materials into the United States or to any person that is, or is acting for the account or benefit of, a U.S. person.

World Oil is not able to advise on foreign securities laws.

2.8 Fractional entitlements

Any fractional entitlements to a New Share will be rounded up to the nearest whole New Share.

2.9 Definitions

A number of terms and abbreviations used in this Offer Document have defined meanings, which are explained in the "Definitions" at section 10.

3 Key dates for the Offer

EVENT	DATE (2014)
Announcement of the Offer	12 June
Lodgement of the following documents with ASX: <ul style="list-style-type: none"> an Appendix 3B; this Offer Document; and a cleansing notice under section 708AA(2)(f) of the Corporations Act 	12 June
Notice sent to Shareholders containing ASX Appendix 3B details and indicative timetable	16 June
"Ex" date where the Company's existing shares will commence trading without the entitlement to participate in the Offer	17 June
Record date to determine Entitlements under the Offer	7.00pm (Melbourne time) 19 June
Opening Date for the Rights Issue	23 June
Mailing of Offer Document and Entitlement and Acceptance Form to Eligible Shareholders	
Closing Date for the Rights Issue	5.00pm (Melbourne time) 14 July
Shares quoted on a deferred settlement basis	15 July
ASX notified of under subscriptions	17 July
New Shares for which valid applications have been received and accepted by the Company will be issued	21 July

Deferred settlement trading ends	21 July
Normal trading of New Shares on ASX expected to commence	22 July
Mail out of holding statements for the New Shares	22 July

World Oil reserves the right, subject to the listing rules of the ASX (**Listing Rules**), the *Corporations Act 2001 (Cth)* (**Corporations Act**) and other applicable laws to, without notice, vary any or all of the dates of the Offer (whether or not they are key dates), including extending the Offer, closing the Offer early, accepting late applications either generally or in particular cases, or withdrawing the Offer.

4 General information in relation to the Offer

4.1 What is the structure of the Offer?

The Offer is a 1 for 1.5 pro-rata non-renounceable rights issue at \$0.003 per new share, to raise up to \$1,553,506 (less the costs of the Offer). It is open to Eligible Shareholders, being Shareholders who had a registered address in Australia or New Zealand on the Record Date of 7:00pm (Melbourne time) on 19 June 2014.

World Oil currently has 776,753,056 fully paid ordinary shares on issue. It will issue up to 517,835,371 new shares (which number may vary due to rounding up of fractional entitlements) (**New Shares**) under the Offer. If all 517,835,371 New Shares are issued, World Oil will have 1,294,588,427 shares on issue. As at the date of this Offer Document, World Oil does not currently have any options over unissued shares or other convertible securities on issue.

A table summarising the capital structure of the Company before and after the Offer, assuming all 517,835,371 New Shares are issued, is below:

EVENT	NO. OF SHARES
Shares on issue at date of Offer Document	776,753,056
New Shares issued pursuant to the Offer	517,835,371
TOTAL SHARES ON ISSUE AFTER COMPLETION OF THE OFFER	1,294,588,427

The Offer opens on 23 June 2014 and closes at 5:00pm (Melbourne time) on 14 July 2014. The Offer is not underwritten.

4.2 Offer Price

The Offer Price payable for each New Share is \$0.003.

Eligible Shareholders will not be required to pay brokerage or other fees in respect of New Shares acquired under the Offer. Eligible Shareholders should note that the market price of World Oil Shares may rise and fall between the date of this Offer Document and the date on which the New Shares are issued. Accordingly, the price you pay per New Share pursuant to the Offer may be higher or lower than the market price of Shares at the time of this Offer or at the time the New Share are allotted under this Offer.

World Oil recommends that you monitor the price of World Oil Shares, which can be done via the ASX website at www.asx.com.au (ASX: WLR).

4.3 No trading of Entitlements

The Offer is made on a 'non-renounceable' basis, which means that you cannot sell, trade or transfer all or any part of your Entitlement to New Shares under the Offer. Any part of your Entitlement that is not accepted by you will lapse.

4.4 Minimum subscription

There is no minimum subscription for the Offer.

4.5 Underwriting

The Offer is not underwritten.

4.6 Shortfall Facility

The Company proposes to adopt a dispersion strategy for dealing with any Shortfall by way of a facility for shareholders to apply for additional New Shares in excess of their Entitlements not taken up under the Rights Issue (**Shortfall Facility**).

Under the Shortfall Facility, subject to the Corporations Act and the requirements of the Listing Rules, Eligible Shareholders who subscribe for their full Entitlement may apply for more New Shares than the number shown on their Entitlement and Acceptance Form (**Additional Shares**). The issue price of each Additional Share will be the Offer Price.

The Company will only issue up to the aggregate number of New Shares that are offered under the Offer, being 517,835,371 Shares, therefore it may be necessary to scale-back Applications for Additional Shares if all Applications exceed this number.

The Company's allocation policy under the Shortfall Facility will be such that if World Oil receives Applications for Additional Shares under the Shortfall Facility which in aggregate are more than the total number of Shortfall shares, then the Applications under the Shortfall Facility will be scaled back:

1. on a pro-rata basis, according to the proportional number of Shares held by each Eligible Shareholder under the Shortfall Facility as at the Record Date;
2. such that the maximum number of Shares to be issued under the Shortfall Facility will not exceed the total number of Shortfall shares; and
3. so that no Eligible Shareholder will be issued with more than the number of Additional Shares they applied for under the Shortfall Facility.

Shareholders will not be permitted to acquire a relevant interest in the Company's share capital that is in excess of 20% as a result of applying for any Additional Shares under the Shortfall Facility. Shareholders who may be at a risk of exceeding the takeovers threshold set out in section 606 of the Corporations Act as a result of applying for Additional Shares under the Shortfall Facility should seek professional advice before completing and returning the enclosed Entitlement and Acceptance Form.

In the event of any disputes in relation to the implementation of the allocation policy outlined above, the Board reserves the right to resolve such disputes in a manner it deems appropriate, and at its sole discretion. The decision of the Board as to allocation of Additional Shares is final.

There is no guarantee that you will receive Additional Shares and the Directors do not represent that any Applications for Additional Shares will be successful. By applying for Additional Shares under the Shortfall Facility, you agree to accept a lesser number of Additional Shares than that applied for in your Entitlement and Acceptance Form. If the number of Additional Shares allotted to an Eligible Shareholder is less than the number applied for by that Eligible Shareholder, surplus Application Monies will be refunded in full. Interest will not be paid on monies refunded.

Any Additional Shares will be allotted at the same time as the New Shares on or around 21 July 2014, in accordance with the Offer timetable.

4.7 Placement of Shortfall

In the event that, following the close of the Offer a shortfall remains after Additional Shares are issued under the Shortfall Facility, the Directors reserve the right to place such shortfall Shares at their discretion with persons interested in subscribing for Shares in the Company (**Shortfall Placement**).

Any Shortfall Placement will be made subject to the Corporations Act and the Listing Rules, and within 3 months of the close of the Offer.

4.8 New Shares issued under the Offer

New Shares issued under the Offer will be fully paid ordinary shares ranking equally with World Oil ordinary shares currently on issue. For further information on the rights attaching to New Shares, refer to section 10.



World Oil will apply to ASX for Quotation of the New Shares to be issued under the Offer. If ASX does not grant permission for the Quotation of the New Shares within 3 months of the date the Offer opens, World Oil will refund all Application Monies, without interest, as soon as possible.

If you sell New Shares issued under the Offer before you receive a holding statement, you do so at your own risk.

No brokerage or stamp duty is payable on the issue of New Shares under the Offer.

5 How to apply for New Shares

5.1 Entitlement under the Offer

An Eligible Shareholder's Entitlement will be set out in the Entitlement and Acceptance Form accompanying this Offer Document which will be sent to Eligible Shareholders on 23 June 2014. Eligible Shareholders will be entitled to 1 New Share for every 1.5 World Oil Shares held as at the Record Date.

If you have more than one holding of World Oil Shares you will receive more than one set of Offer Documents and you will have a separate Entitlement for each holding.

5.2 Options available to Eligible Shareholders

If you are an Eligible Shareholder, you may:

- (1) take up all of your Entitlement (see section 5.3 for instructions on how to do this);
- (2) in addition to applying for all of your Entitlement, apply for Additional Shares under the Shortfall Facility described in section 4.6 (see section 5.4 for instructions on how to do this);
- (3) take up part of your Entitlement and allow the balance of your entitlement to lapse (see section 5.3 for instructions on how to do this); or
- (4) allow all of your Entitlement to lapse (see section 5.7).

5.3 Applying for New Shares

The Entitlement and Acceptance Form will allow you to apply for less New Shares than your Entitlement. An Eligible Shareholder may take up all or part of their Entitlement by completing their personalised Entitlement and Acceptance Form which should accompany this Offer Document, and returning it together with the correct Application Monies in accordance with the instructions contained in section 5.5 by no later than the Closing Date of 5.00pm (Melbourne time) on 14 July 2014.

World Oil may, but is not obliged to, accept an Application received after the Closing Date if the Application is postmarked prior to the Closing Date. If the Company does not accept an Application for any reason, World Oil will refund any excess Application Monies to the Eligible Shareholder without interest.

5.4 Applying for Additional Shares

Eligible Shareholders who subscribe for their full Entitlement may apply for Additional Shares under the Shortfall Facility detailed in section 4.6. To do this, Eligible Shareholders should enter the number of Additional Shares they wish to apply for in their personalised Entitlement and Acceptance Form entitled "Application for Additional Shares if available".

The amount of Application Monies that Eligible Shareholders submit with their Applications must be equal to the Offer Price multiplied by the total number of New Shares applied for (including Additional Shares).

5.5 Form of payment

Payment of Application Monies (Application Monies must be equal to the Offer Price multiplied by the total number of New Shares applied for, including Additional Shares) will only be accepted in Australian currency, and as follows:



- (1) Through BPAY®¹. To pay by BPAY, Eligible Shareholders should make their payment using the Biller Code and Customer Reference Number set out in their personalised Entitlement and Acceptance Form. If you are an Eligible Shareholder who has multiple holdings, you will have multiple BPAY reference numbers. To ensure you receive your Entitlement in respect of that holding, you must use the Customer Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares (and if applicable, Additional Shares) that you wish to apply for in respect of that holding.

Eligible Shareholders making payment via BPAY do not need to complete and return their personalised Entitlement and Acceptance Form.

You should be aware that your own financial institution may implement earlier cut-off times for electronic payments and it is your responsibility to ensure that your payment is submitted through BPAY so that it will be received by no later than the Closing Date of 5.00pm (Melbourne time) on 14 July 2014.

- (2) By returning your cheque, bank draft or money order payment with your completed Entitlement and Acceptance Form to the Share Registry, Computershare Investor Services Pty Limited. To pay by cheque, bank draft or money order:

- complete your personalised Entitlement and Acceptance Form;
- attach your payment of Application Monies, which must be drawn on an Australian bank or an Australian branch of a financial institution and be made payable in Australian currency;
- address the cheque, bank draft or money order to '**World Oil Resources Ltd**' and cross '**Not Negotiable**'; and
- return the completed Entitlement and Acceptance Form and payment by no later than the Closing Date of 5.00pm (Melbourne time) on 14 July 2014 to:

World Oil Resources Ltd Rights Issue

c/- Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001
AUSTRALIA

Eligible Shareholders are requested not to forward cash as cash payment will not be accepted. Receipts for payment will not be provided. Neither Computershare nor the Company accepts any responsibility if you lodge your Entitlement and Acceptance Form and payment at any other address or by any means other than those detailed above.

If the amount of Application Monies provided is insufficient to pay in full for the number of New Shares including any Additional Shares you applied for, or is more than the number of New Shares including any Additional Shares you applied for, then you will be taken to have applied for such whole number of New Shares including any Additional Shares which is covered in full by your Application Monies (subject to the maximum number of shares under your full Entitlement). Alternatively, the Company may in its discretion reject your Application, in which case any Application Monies will be refunded to you, without interest.

If you do not receive any or all of the Additional Shares you applied for, any surplus Application Monies will be refunded to you, without interest.

5.6 Effect of Application

By applying for New Shares (including Additional Shares) under the Offer (including by way of payment through BPAY), an Eligible Shareholder is taken to:

- (1) agree to be bound by the terms and conditions set out in this Offer Document and the accompanying Entitlement and Acceptance Form;
- (2) acknowledge the statement of risks in section 7 of this Offer Document and that investments in World Oil are subject to risk;

¹ ® Registered to BPAY Pty Ltd ABN 69 079 137 518

- (3) represent and warrant that they satisfy the criteria of being an “Eligible Shareholder” set out in section 2.3;
- (4) authorise the Company to place the Eligible Shareholder’s name on the Company’s shareholder register in respect of those New Shares; and
- (5) agree to be bound by the Company’s Constitution.

Any application for New Shares under the Offer (including by way of payment through BPAY), once lodged, cannot be withdrawn.

5.7 Allowing your Entitlement to lapse

If you do not wish to accept the Offer, take no action, and all of your Entitlement will lapse. Your shareholding in World Oil, however, will be diluted.

6 The purpose and effect of the Offer

6.1 What is the purpose of the Offer?

World Oil is making the Offer to raise funds. After payment of the costs and expenses of the Offer, the Company expects to apply the proceeds from the Rights Issue in accordance with the table below, which assumes that the Rights Issue is fully subscribed and maximum funds \$1,553,506 are raised under the Rights Issue.

Expenditure item	Amount (\$)
Payment for Puma Prospect option *	230,000
Klick East Oil Field	100,000
Welch-Bornholdt Wherry Oil Fields	200,000
Mount Outlook Prospect (Morrison Oil Fields)	250,000
Remaining funds: Working Capital Commitments	773,506
TOTAL	1,553,506

*The Company is currently in negotiations with the vendors of the Puma prospect for an extension of the option to acquire this project. If the option is not extended, the Company will use the funds raised for working capital purposes.

6.2 What is the effect of the Offer on shareholder dilution and the control of World Oil?

The effect of the Rights Issue on the control of World Oil will depend on a number of factors, including:

- (a) the level of Eligible Shareholder participation in the Entitlement component of the Offer and the identity of Eligible Shareholders who do participate in the Entitlement component of the Offer;
- (b) if applicable, the level of Eligible Shareholder participation in the Shortfall Facility and the identity of Eligible Shareholders who do participate in the Shortfall Facility; and
- (c) if applicable, the level of shortfall remaining following the close of the Offer;
- (d) the identity of investors who participate in any Shortfall Placement following the close of the Offer; and the level of such investor participation.

It is not presently possible for the Directors to predict the final level of subscription and Shortfall under the Rights Issue, or the identity of Eligible Shareholders who will subscribe for their Entitlements or Additional Shares. Further, the Directors are not presently able to state with certainty the identity of prospective subscribers under any Shortfall Placement, or the total number of shortfall shares which will or can be placed.

The potential effect of the Offer on the control of the Company is as follows:

1. If all Eligible Shareholders take up their full Entitlements, there would be no significant effect on the control of World Oil, as the Offer is made pro-rata and in that case no rights would lapse or revert to the Shortfall Facility or Shortfall Placement.
2. If Eligible Shareholders do not take up their full Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.
3. The proportional interests of Ineligible Shareholders will be diluted because those Ineligible Shareholders are not entitled to participate in the Offer.
4. As a consequence of ASIC's approval of the Company's appointment of Cygnet as nominee for the purposes of section 615 of the Act (as detailed in section 2.5 of this Offer Document), Eligible Shareholders will be permitted to acquire New Shares (but only to the maximum extent of their full pro-rata Entitlement) under the Rights Issue, even if such acquisition results in shareholders holding a relevant interest exceeding 20% of the issued share capital of the Company on a post Rights Issue basis. Accordingly, as the Rights Issue is not underwritten and there is no guarantee that the Directors can place any or all of the shortfall shares remaining after the close of the Offer, where the Entitlement component of the Offer and Shortfall Facility is not well subscribed, the Rights Issue may result in one or more substantial shareholders increasing their voting power in World Oil above 20%. The current substantial shareholders of World Oil as at the date of this Offer Document are as follows:

Substantial Shareholder	No. of shares	% of current issued capital
Holdrey Pty Ltd, Craig Mathieson, Donald Douglas Vincent Mathieson	151,877,880	19.55%
Rokeba Nominees Pty Ltd, Maurice Silman, New Hopetoun Pty Ltd, Ezra Silman	89,000,000	11.45%
MAP Capital Pty Ltd ATF Richmond Terrace Capital Absolute Return Fund, Paul Salter, Marco Marcou, Vafa Shams	41,666,667	5.36%

5. By way of illustration, the table below demonstrates the maximum dilutionary effect the Rights Issue will have on existing Shareholders at the close of the Offer, **assuming that the two largest substantial shareholders of World Oil in the table above subscribe for their full Entitlements under the Rights Issue**. The table below does not take into account an issue of Shares under any Shortfall Placement. For the purposes of the table below, 'Major Holders' means the two largest substantial shareholders of World Oil, and 'Minor Holders' means all Shareholders who are not Major Holders.

% Takeup by Minor Holders	Number of Entitlement shares issued to Minor Holders	Number of Entitlement shares issued to Major Holders	Total Number of Entitlement shares issued	Total no. of shares on issue post-Rights Issue	Maximum % dilution to Minor Holders
100%	357,250,118	160,585,253	517,835,371	1,294,588,427	0.00%
75%	267,937,588	160,585,253	428,522,842	1,205,275,898	35.55%
50%	178,625,059	160,585,253	339,210,312	1,115,963,368	30.40%
25%	89,312,529	160,585,253	249,897,783	1,026,650,839	24.34%
0%	0	160,585,253	160,585,253	937,338,309	17.13%

The Board is cognisant that where the Rights Issue is significantly undersubscribed, a potential effect of any Shortfall Placement may be that a subscriber under any Shortfall Placement could potentially acquire control of the Company. To this end, the Directors intend to allocate shortfall shares (if any) in accordance with the allocation policy described below, which is designed to mitigate potential control effects of any Shortfall Placement.

In the event that there are shortfall shares remaining after the close of the Offer, the Board may issue and allot the shortfall shares to various sophisticated investors and professional investors introduced to the Company by the Company's advisors and/or invited by the Company to participate in the Shortfall Placement. In the event of a significant shortfall, the Board reserves the right to engage one or more independent brokers to act as lead manager(s) to the placement of shortfall shares. To the extent that is

commercially practicable and taking into account World Oil's requirement for funds, the Directors (working in conjunction with the lead manager(s) if applicable) will endeavour to allot the shortfall shares to a spread of investors, in order to mitigate any control effects which may arise from issuing the shortfall shares to a single or small number of investors. In any event, no subscriber will be permitted to acquire shares under the Shortfall Placement to the extent that such acquisition would result in that subscriber having a voting power in World Oil in excess of 20% (on a post Rights Issue and Shortfall Placement basis). In determining the allottees under any Shortfall Placement, the Company (and lead manager(s) if applicable) will ensure that no shortfall shares are allotted to related parties of the Company.

7 Investment and business risks

An investment in World Oil shares is subject to investment and other known and unknown risks, including possible loss of income and principal invested. World Oil has implemented strategies, actions, systems and safeguards for known risks, however, some risks are beyond its control. Consequently, the prevailing price or value of New Shares issued under the Offer may be more or less than the Offer price.

In any event, World Oil does not guarantee any particular rate of return, the performance of World Oil, the payment of any dividends, the repayment of capital from World Oil, any price for World Oil shares or any particular tax treatment.

7.1 General Risks

General risks that may impact significantly on World Oil, its performance and the price of its shares include:

- economic conditions in Australia and internationally;
- investors' sentiment and share market conditions;
- changes in fiscal and monetary policy by governments;
- changes in relevant taxation and other legal regimes;
- default of customers and suppliers;
- natural disasters; and
- availability of credit.

7.2 Business Specific Risks

Business specific risks that may impact significantly on World Oil, its performance and the price of its shares include:

- the overall performance of management and the ability of senior management to manage business operations;
- the loss of one or more of World Oil key managers or executives;
- there is no assurance that funds expended by World Oil on exploration activities at its USA and Brazil projects will result in discoveries or development prospects that will be economically viable;
- the characteristics of the fields being explored and developed by the Company may be such as to prevent commercial exploitation;
- changes to government regulations, policy and royalty regimes may have adverse impacts upon the development options available to the Company at any of its projects;
- additional funding may be required for further exploration, appraisal and development, and there is no assurance that World Oil will be able to raise such funding;
- fluctuations in oil and gas prices may adversely impact on World Oil' exploration and future development;
- national and local environmental and heritage laws and regulations may impact adversely on exploration and future development at any one of its projects; and



- unexpected circumstances may arise at any time which may have such as adverse impacts on the Company's exploration and development activities.

The above risks should not be taken to be exhaustive of the risks faced by World Oil or its shareholders. Those risk factors, and others not specifically referred to above, may materially affect the financial performance of World Oil and the value of its shares in the future.

8 Additional information relevant to the Offer

8.1 No financial product advice

This document and any document which accompanies it, are not, and may not be taken to be, financial product advice or a recommendation to acquire World Oil shares. They have been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision you should consider all relevant information having regard to your own objectives, financial situation and needs, and consult your stockbroker, accountant or other independent financial adviser.

8.2 Authorised and unauthorised information and representations

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this document or in any document that accompanies it, or in any release by World Oil to ASX. Any information or representation in relation to the Offer which is not contained in this document or in any document that accompanies it may not be relied upon as having been authorised by World Oil or any of its officers.

To the maximum extent permitted by law, World Oil and its respective advisers and respective affiliates or related bodies corporate and any of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer or this Offer Document being inaccurate or incomplete in any way or any reason, whether by negligence or otherwise.

8.3 Taxation

There may be tax consequences associated with being issued New Shares under the Offer. None of World Oil, its officers, employees or advisers is giving or is able to give you advice about the specific tax consequences for you. You should consult your own independent professional tax adviser.

8.4 Discretion of the Board

Without limiting the other powers and discretions set out in this document, the Directors of World Oil may:

- implement the Offer in the manner they think fit (subject always to the Listing Rules of the ASX, and the Corporations Act); and
- settle any difficulty, anomaly or dispute which may arise either generally or in a particular case in connection with, or by reason of, the operation of the Offer or a matter in this document as they think fit, whether generally or in relation to any shareholder or any shares, and the determination of the directors is conclusive and binding on all relevant shareholders and other persons to whom the determination relates.

8.5 Governing law of the Offer

This Offer Document and the documents that accompany it, the Offer and the contracts formed on acceptance of Applications made under the Offer are governed by the law applicable in Victoria, Australia. Each person who applies for New Shares under the Offer submits to the jurisdiction of the courts of Victoria, Australia.

9 Rights Attaching to New Shares

9.1 Terms and Conditions of New Shares

The following is a general description of the more significant rights and liabilities attaching to the New Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, the Listing Rules and the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

- At the date of the Offer, all Shares are of the same class and rank equally in all respects. Specifically, the New Shares issued pursuant to the Offer will rank equally with existing shares on issue.
- Subject to any special rights or restrictions (at present there are none), at any meeting each member present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each Share held.
- Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.
- The rights attaching to the Shares may only be varied by the consent in writing of the holders of a majority of the Shares of the affected class, or with the sanction of an ordinary resolution passed at a meeting of the holders of the Shares of the affected class.
- Subject to the Company's Constitution, the Corporations Act or any other applicable laws of Australia and the Listing Rules, the Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Company has a lien on those Shares.
- Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.
- The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable law and provided a notice is given to the minority shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.
- If the Company is wound up, the liquidator may, with the sanction of a special resolution:
 - divide among the Shareholders the whole or any part of the Company's property; and
 - decide how the division is to be carried out between the Shareholders.
- Subject to any special rights (at present there are none), any surplus assets on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.



10 Definitions

Additional Shares means the New Shares applied for by Eligible Shareholders in excess of their Entitlement under the Shortfall Facility.

Application means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Applicant means a person who applies for Shares pursuant to the Offer.

Application Money means the aggregate amount payable for the New Shares (including Additional Shares) applied for in a duly completed Entitlement and Acceptance Form or through BPAY, calculated as the Offer Price multiplied by the number of New Shares (including Additional Shares) applied for.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the securities exchange operated by ASX Limited (as the context requires).

Board means the board of Directors of the Company.

Closing Date means the closing date of the Rights Issue Offer being 5.00pm (Melbourne time) 14 July 2014 (unless extended).

Constitution means the Company's Constitution as at the date of this Offer Document.

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

Cth means the Commonwealth of Australia.

Cygnnet means Cygnnet Securities Australia Pty Ltd (ACN 082 117 931) (AFSL 241 095)

Director means a director of the Company.

Dollars, \$ and cents are references to Australian currency.

Eligible Shareholder means a person who meets the requirements set out in section 2.3 of this Offer Document.

Entitlement means the pro-rata entitlement of an Eligible Shareholders to subscribe for New Shares under the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Offer Document in respect of the Rights Issue.

Ineligible Shareholder means a Shareholder with a registered address outside Australia or New Zealand as at the Record Date.

Listing Rules means the Listing Rules of the ASX.

New Shares means the 517,835,371 new shares (which number may vary due to rounding up of fractional entitlements offered by the Company under the Rights Issue).

Nominee means Cygnnet Capital Pty Ltd (ACN 103 488 606), the corporate authorised representative of Cygnnet.

Nominee Shares means the New Shares that Ineligible Shareholders would be entitled to if they were eligible to participate in the Offer.



Offer or Rights Issue means the non-renounceable rights issue offer of New Shares on the basis of 1 New Share for every 1.5 Shares held as at the Record Date at the Offer Price pursuant to this Offer Document.

Offer Document means this document to which the Rights Issue relates.

Offer Price means the price payable for each New Share under the Offer, being \$0.003.

Opening Date means the opening date of the Offer, being 23 June 2014.

Quotation means official quotation on ASX.

Record Date means the time and date for determining Entitlements under the Offer, being 7.00pm (Melbourne time) on 19 June 2014.

Share means an ordinary share in the capital of the Company.

Shareholder means the holder of a Share as recorded in the register of the Company.

Share Registry means Computershare Investor Services Pty Limited ABN 71 005 485 825.

Shortfall or Shortfall Shares means those New Shares not validly applied for by Shareholders under the Entitlement component of the Offer by the Closing Date, and which will revert to the Shortfall Facility.

Shortfall Facility has the meaning given to it in section 4.6 of this Offer Document.

Shortfall Placement has the meaning given to it in section 4.7 of this Offer Document.

Timetable means the timetable (as varied from time to time) of the Offer under as outlined in section 3 of this document.

World Oil or the Company means World Oil Resources Limited (ACN 000 752 849).