

WORLD OIL RESOURCES LTD

(ASX: **WLR**)

12 June 2014

The Manager
Company Announcements Office
ASX Limited
Level 45 – South Tower, Rialto
525 Collins Street
MELBOURNE VIC 3000

Pro-Rata Non-Renounceable Rights Issue **Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)**

World Oil Resources Ltd (**World Oil** or the **Company**) has announced a pro-rata non-renounceable rights issue on a 1-for-1.5 basis (**Rights Issue**) at an issue price of \$0.003 per share (**Offer**). The Offer is made to holders of ordinary shares in the Company who had a registered address in Australia or New Zealand as at 7:00pm (Melbourne time) on 19 June 2014 (**Record Date**) (**Eligible Shareholders**).

The Rights Issue offers Eligible Shareholders the right to take up 1 new share for every 1.5 World Oil shares held as at the Record Date (**Entitlement**).

The Offer will not be underwritten; however there will be a shortfall facility which will enable Eligible Shareholders to subscribe for new shares in excess of their full Entitlement (**Shortfall Facility**). 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 within 3 months of the close of the Offer (**Shortfall Placement**).

The Company gives notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (the **Act**) as follows:

- (a) the new shares will be offered for issue without disclosure to investors under Part 6D.2 of the Act;
- (b) this notice is being given under section 708AA(2)(f) of the Act;
- (c) as at the date of this notice, World Oil has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to World Oil; and
 - (ii) section 674 of the Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act; and
- (e) the potential effects that the issue of the new shares will have on the control of World Oil, and the consequences of such effects are described below.

Potential effect of the Rights Issue on 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 under the Shortfall Facility. 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 Shareholders who are not Eligible Shareholders will be diluted because they will not be entitled to participate in the Offer.
- 4. The Company has received approval from ASIC for the Company's appointment of a nominee for the purposes of section 615 of the Act (for further details on the nominee appointment, refer to section 2.5 of the Rights Issue Offer Document). Accordingly, 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 those 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%

6. 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.
7. 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.

-ENDS

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