



World Oil Resources Ltd

16 June 2014

Dear Shareholder

World Oil Resources Ltd Pro-Rata Non-Renounceable Rights Issue

On 12 June 2014 World Oil Resources Ltd ACN 000 752 849 (**World Oil** or the **Company**) announced that it would undertake a pro-rata non-renounceable rights issue on a 1-for-1.5 basis (**Offer**) to holders of ordinary shares (**Shares**) in the Company (**Shareholders**) with a registered address in Australia or New Zealand (**Eligible Shareholders**) as at 7:00pm (Melbourne time) on 19 June 2014 (**Record Date**).

The Company has prepared an Offer Document in relation to the Offer. The Offer Document was lodged with the Australian Securities Exchange (**ASX**) on 12 June 2014 and a copy is available on the ASX website at www.asx.com.au (ASX: WLR).

The Offer Document will be despatched to Eligible Shareholders in Australia and New Zealand on 23 June 2014.

Treatment of ineligible shareholders

The Company has determined that it would be unreasonable to extend the Offer to shareholders with a registered address outside Australia or New Zealand, (**Ineligible Shareholders**) 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 the Company of complying with applicable legal and regulatory requirements in such other countries.

Accordingly, Eligible Shareholders are those shareholders who:

- will be on the Company's register of shareholders as at the Record Date; and
- have a registered address in Australia or New Zealand.

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

Details of the Offer

Pursuant to the Offer, which is made on a 1-for-1.5 basis, the Company will issue up to 517,835,371 fully paid ordinary Shares (**New Shares**) in the capital of the Company (which number may vary due to rounding up of fractional entitlements under the Offer) at an issue price of 0.3 cents each, to raise up to \$1,553,506 (before costs).

The rights issue offers Eligible Shareholders the right to take up 1 New Share for every 1.5 Shares held as at the Record Date at an issue price of 0.3 cents per New Share (**Entitlement**). The right to subscribe for New Shares in accordance with an Entitlement under the Offer will be non-renounceable. Shareholders who subscribe for their full Entitlement will also be entitled to apply for additional New Shares in excess of their full Entitlement under a shortfall facility. 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 under the shortfall facility if all applications exceed this number.

The Offer will not be underwritten. In the event that, following the close of the Offer a shortfall remains, 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.

The New Shares issued under the Offer will be fully paid and will rank equally with the Company's existing Shares. The Company will make an application to the ASX for official quotation of the New Shares.

The number of Shares on issue in the Company at the date of this letter and the total number of Shares that will be on issue in the Company following the Offer, assuming the Offer is fully subscribed, are as follows:

EVENT	NUMBER OF SHARES
Shares on issue at date of Offer Information Document	776,753,056
New Shares issued pursuant to the Rights Issue Offer	517,835,371
Total Shares on issue after completion of the Offer	1,294,588,427

World Oil does not currently have any options over unissued shares or other convertible securities on issue.

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.

Offer timetable

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

This timetable is indicative only and subject to change. Subject to the Corporations Act and the ASX Listing Rules, the Company reserves the right to vary these dates, including the closing date of the Offer, without prior notice.

The Company also reserves the right not to proceed with the whole or part of the Offer at any time prior to the issue date. In that event, application monies will be refunded in full without interest.

Dealing with Entitlements

Eligible Shareholders have the following alternatives available in relation to the Rights Issue:

1. accept their Entitlement in full;
2. accept their Entitlement in full and apply for additional shares under the shortfall facility;
3. partially accept their Entitlement; or
4. allow their Entitlement to lapse.

To the extent that Shareholders do not take up their Entitlement, their interest in the Company will be diluted.

Full details of the terms and conditions of the Offer will be contained in the Offer Document lodged with ASX and to be despatched to Eligible Shareholders in accordance with the timetable set out above.

For further information on your Entitlement 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.

Yours faithfully



Paul Salter
Chairman