World Oil Resources Limited

ABN 41 000 752 849

Annual Report - 30 June 2014

Contents

World Oil Resources Limited
Corporate directory
30 June 2014

Directors	Mr Paul Salter (Non-executive Chairman) Mr Peter Best (Executive Director) Mr Craig Mathieson (Non-executive Director) Mr Mordechai Benedikt (Non-executive Director)
Company secretaries	Ms Melanie Leydin Mr Justin Mouchacca
Registered office	Level 4, 100 Albert Road South Melbourne, VIC 3205 Ph: (03) 9692 7222 Fax: (03) 9077 9233
Share register	Computershare Investor Services Pty Ltd Yarra Falls 452 Johnson Street Abbotsford VIC 3067
Auditor	Grant Thornton Audit Pty Ltd The Rialto, Level 30 525 Collins Street MELBOURNE VIC 3000
Bankers	National Australia Bank 330 Collins Street MELBOURNE VIC 3000
Stock exchange listing	World Oil Resources Limited shares are listed on the Australian Securities Exchange (ASX code: WLR)

OPERATIONAL REVIEW

1. Klick Oil Project

- Klick East Oil Field
- Woods County, Oklahoma USA (WLR 49.2% WI)

Location and Description

Klick East Oil Field is located in Section 22 of T29N-R14W, Woods County, Oklahoma, which is in the middle of a vast oil and gas producing province being the Northern Shelf of the Anadarko Basin.

The Northern Shelf Area is bounded by the Pratt Anticline to the north-east and the Southern Oklahoma fold belt to the southwest. The Anadarko Basin is a large Paleozoic basin with a long history of oil and gas production.

Klick East Oil Field comprises 320 acres.

Operator

CMX Inc (**CMX**) is the operator of the project.

Joint Operation Partners

CMX

CMX Inc. (**CMX**) is an experienced producer in Woods County, and is actively engaged in drilling and development of natural gas and oil prospectus in continental USA, with a primary focus in mid-continent regions including Kansas and Oklahoma.

- **Chesapeake Energy Corp (Minority participating interest of 1.6%)**

Chesapeake Energy Corp (**Chesapeake**) is an on-shore producer in the United States known for its use of horizontal drilling and sophisticated fracturing techniques.

Working Interest and Net Revenue Interest

Party	Working Interest (%)	Net Revenue Interest (%)
CMX	49.2	40.0
World Oil	49.2	40.0
Chesapeake	1.6	1.3
Other parties with over-riding royalty interests	-	18.7

Well

Klick 22-1H horizontal well is located in Klick East Oil Field in the east half of Section 22-T29N-R14W. The well was commissioned in March 2011.

Drilling or production status

The Klick 22-1H horizontal well has been producing since March 2011

Quantity of JO production Revenue

5,883 barrels of oil and 12,189 MCF of gas was generated during the financial year

The Company's gross revenue from production was US$245,538 during the year.

World Oil has a 40% revenue share after royalties in the joint operation.

Exploration/ Development

During the year the Company (together with its joint operation partner CMX) funded the capital expenditure required to purchase certain equipment and machinery which it is hoped will increase oil production volumes at the Klick Oil Field and consequently increase revenues from this project. Pleasingly a production boost from changing out the valves on the Klick well was evidenced.

2. Welch-Bornholdt Wherry Project

- Welch-Bornholdt Wherry Oil Fields
- Rice and McPherson Counties, Kansas USA (WLR 50% WI)

Location and Description	The Welch-Bornholdt and Wherry Oil Fields are located in Rice and McPherson Counties, Kansas, United States, approximately 140 miles from the Klick East Oil Field in Oklahoma. The Welch-Bornholdt and Wherry Oil Fields are mature, developed and mostly abandoned crude oil fields. Approximately 1,400 vertical wells have been drilled over more than 60 years on the fields, and aggregate production totals 46 million barrels of mainly high quality sweet crude oil. World Oil and its joint operation partner CMX have established a large 15,000 acre position in the Welch-Bornholdt and Wherry Oil Fields. This acreage covers a significant contingent resource, mainly in the Mississippian age cherty carbonate rock formation that is up to 10 metres thick across the area. World Oil and CMX (also joint operation partners for the Klick Project) produce from this Mississippian formation at the Klick Project. The Welch-Bornholdt and Wherry Oil Fields are uniquely positioned, and benefit from having a refinery in the city of McPherson, which is approximately 30 kilometres by road, and is serviced by both trucks and pipelines.
Operator	CMX is the operator of the project.
Joint Operation Partner	CMX
Working Interest	Under the joint operation arrangement with CMX, each of CMX and World Oil has a 50% net working interest in leases covering approximately 15,000 acres of the Welch-Bornholdt and Wherry Oil Fields.
Wells	In January and February 2012, horizontal well Socrates 1H was drilled at the Welch-Bornholdt and Wherry Oil Fields. Socrates 1H is the first modern horizontal well on the fields. During the financial year the Company (together with its joint operation partner CMX) drilled a new vertical well, known as #1-1 Krehbiel Trust.

Exploration/ Development

The Company (together with its joint operation partner CMX) developed a plan to:

1. Drill a new vertical well, to be known as **#1-1 Krehbiel Trust**. CMX has identified this site as being prospective as an adjacent well has made 160,000 boe.

   The well was drilled during the year to a total depth of 3,500 feet. The target Mississippian formation came in structurally high to adjacent wells and with oil shows on cuttings.

A drill stem test was run to test reservoir pressures and flow potential. Based on the favourable results from this test the decision was made to log and case the well. Following the casing of the well, the operator installed a surface pumping unit and a production tank battery. The well was completed using a small acid treatment to improve potential production performance. The disposal of associated salt water was to occur into a third party salt water disposal well located on adjacent acreage. Subsequent to the year end, as announced by the Company to the market on 12 September 2014, the Company agreed with CMX to drill a salt water disposal well (SWDW). The Company's share of the expenditure on this was SWDW was USD$185,000.

The operator has reported initial production rates ("IP") of 250 total barrels of fluid per day ("TBFPD") with an average of 20% oil cut. This indicates initial gross oil production rates of 50 bopd. This is a preliminary rate and a longer production history is required to confirm what the stable rate will be and also to confirm the resource size and economic potential of this well. The better indicator of long term potential is the average production rate over 30 days ("IP30") which will be reported as it becomes available.

2. Rework an old well on the field. **#1-1 Johnston** which is located on the Welch-Bornholdt Wherry field. The Company's capital exposure to this re-working is not expected to exceed $50,000, but it is hoped that the Company may be able to bring on another producing well.

3. Gavea Joint Operation Projects

- Harpia Oil Field and Guara Oil Field
- Sergipe-Alagoas Basin, on-shore Brazil

Location and Description	The Harpia Oil Field and Guara Oil Field are located in Sergipe-Alagoas Basin, on-shore Brazil.
Operator	Nord Oil and Gas, an operating subsidiary of Gavea
Joint Operation Partner	Gavea
Working Interest	World Oil has a 40% interest in the Harpia and Guara Projects.
Status	Strategic review underway.
Exploration/ Development	No work was carried out during the period.

4. Mount Outlook Prospect

- Morrison Oil Fields
- Clark County, Kansas USA (WLR 50% WI)

Location and Description	The Morrison Oil Fields are located in the Clark County, Kansas USA
Operator	CMX is the operator of the project
Joint Operation Partner	CMX
Working Interest	Under the joint operation arrangement with CMX, each of CMX and World Oil has a 50% net working interest in leases covering approximately 1,200 acres of the Morrison Oil Fields.
Status	The operator has undertaken 3D seismic studies on the field. The Company expects with CMX to determine the most appropriate drilling program for the coming calendar year.

Exploration/ Development

During the year the Company entered into an agreement with CMX to participate in a new exploration target. In consideration of $US415,000 the Company received a 50% net working interest in leases covering approximately 1,200 acres of the Morrison Oil Fields. In addition to receiving an interest in the acreage this payment shall also cover the Company's share of 3D seismic study that is planned for the field.

The Mount Lookout Prospect is a 3D play located in Clark County, Kansas, targeting oil deposits from the Ordovician aged Viola limestone & dolomites as defined by local regional production from these reservoirs. The prospect is situated within the confines of the Anadarko Basin Province. The Province is a major oil and gas producing area and is bounded to the west by the Cimarron & Las Animas Arches, to the north by the Central Kansas Uplift, to the east by the Pratt Anticline and the Nemaha Ridge and to the south by the Wichita-Amarillo Uplift. The basin is highly petroleum rich and produces oil and gas from rocks ranging from Permian through the Cambrian in Age.

The Mount Lookout Prospect consists of 1,200 acres and is located within the boundary of the Morrison Field (Morrison, Morrison East, and Morrison NW and Mount Lookout pools). The Morrison Field is oil and gas productive from the Viola limestone and Viola dolomite found at an approximate depth of 6500 ft. As of March of 2013, the Morrison play has produced 1,072 million barrels of oil and 1.3 BCFG.

Wells recently drilled by Coral Coast and Murfin Drilling (Wichita-based Independents) have resulted in initial completions (IP) ranging from 150 to 550 BOPD.

The primary objective of the Mount Lookout Prospect is to extend and establish new production from the Viola dolomite.

The Company and its joint operation partner have reviewed 3D seismic available and are narrowing the location of the proposed well. The drilling is currently planned for later in the next calendar year with further details to be released once agreed by the joint operators.

5. Kingsley Prospect

- Edwards County, Kansas USA (WLR potential 35% WI)

Location and Description

The Kinsley Prospect is located in the Edwards County, Kansas USA

Operator

CMX is the operator of the project

Joint Operation Partner

CMX

Working interest

Under the joint operation arrangement with CMX, World Oil has a 35% net working interest in leases covering approximately 6,400 acres in Edwards County, Kansas.

Status

The Company and its joint operation partner intend to re-evaluate the 3D seismic available and to review drilling by neighbouring Companies for future drilling prospects.

Exploration/ Development

During the year the Company entered into an agreement with J-W Operating Company of Dallas, Texas to acquire its interest in in a new exploration target. In consideration of $US225,000, the Company shall receive a 35% net working interest in leases covering approximately 6,400 acres located in Edwards County, Kansas.

The other partner in this opportunity is CMX, Inc. the Company's partner in a number of projects.

In addition to receiving an interest in the acreage this payment shall also cover the Company's share of 3D seismic study that has already been completed on this field.

Regionally, the Kinsley North Prospect is located on the southwest flank of the Central Kansas Uplift, approximately 5 miles north of Kinsley, Kansas. Locally, the potential drill sites are situated on structural anomalies as delineated by single point seismic surveys, and supported by Stone Corral core drill data.

The primary objectives of the Kinsley North Prospect are Lansing/Kansas City carbonates and Mississippian Osage chert reservoirs. Both reservoirs should produce commercial quantities of oil with structural closure. Secondary prospective horizons include the carbonate formations in the Chase Group, and perhaps the Kinderhook and Simpson sands. Should the Mississippian be encountered at a favourable structural position, consideration of drilling a test well to a depth to evaluate both reservoirs would be warranted.

During the year the Company drilled a well to 4,800 feet at the Kinsley prospect, the Kinsley #1 well, however, due to a lack of commercial hydrocarbons, the well was plugged and abandoned. The Company and its joint operation partner intend to re-evaluate the 3D seismic available and to review drilling by neighbouring Companies for future drilling prospects.

CORPORATE UPDATE

Rights Issue Offer Document dated 5 July 2013

- On 4 July 2013, the Company announced a Pro-Rata Non-Renounceable Rights Issue on a 1-for-1 basis at an issue price of $0.006 (0.6 cents) per shares to raise up to $2.34 million. The offer was non-underwritten, with shortfall facility to enable applications for additional shares.

- On 5 July 2013, the Company announced the Pro-Rata Non-Renounceable Rights Issue Offer Document.

- On 7 August 2013, the Company announced the results of the Pro-Rata Non-Renounceable Rights Issue as follows:

	NO. OF SHARES	SUBSCRIPTION FUNDS
Applications for entitlement shares	120,610,525	$723,663.15
Applications for additional shares under shortfall facility	62,675,860	$376,055.16
Total applications	**183,286,385**	**$1,099,718.31**

Placement

- During the year the Company issued a total of 90,000,000 fully paid ordinary shares to sophisticated and professional investors at an issue price of $0.006 (0.6 cents) per share raising $540,000.

- Following shareholder approval received at the Company's Annual General Meeting of shareholders held on 29 November 2013, the Company issued 106,966,667 fully paid ordinary shares to two Director related entities at an issue price of $0.006 (0.6 cents) per share raising $641,800.

- On 23 December 2013, the Company issued 6,500,000 fully paid ordinary shares as consideration for advisory services provided to the Company at a deemed issue price of $0.006 (0.6 cents) per share. No funds were raised through this share issue.

Registered Office and Company Secretary changes

- On 1 October 2013, World Oil changed its registered office address to Level 4, 100 Albert Road, South Melbourne.
- On 1 October 2013, World Oil appointed Ms Melanie Leydin & Mr Justin Mouchacca as joint company secretaries of the company.

Rights Issue Offer Document dated 12 June 2014

- On 12 June 2014, the Company announced a Pro-Rata Non-Renounceable Rights Issue on a 1-for-1.5 basis at an issue price of $0.003 (0.3 cents) per shares to raise up to $1.55 million. The offer was non-underwritten, with shortfall facility to enable applications for additional shares.

- On 17 July 2014, the Company announced the results of the Pro-Rata Non-Renounceable Rights Issue as follows:

	NO. OF SHARES	SUBSCRIPTION FUNDS
Applications for entitlement shares	317,548,917	$952,646.85
Applications for additional shares under shortfall facility	58,336,740	$175,010.23
Total applications	**375,885,657**	**$1,127,657.08**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of World Oil Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors

The following persons were directors of World Oil Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Paul Salter
Mr Peter Best (appointed 2 December 2013)
Mr Mordechai Benedikt
Mr Craig Mathieson
Mr John Weston (resigned 19 November 2013)
Mr Matthew Walker (resigned 27 September 2013)
Mr Timothy Johnston (resigned 27 September 2013)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Continued oil and gas exploration and investment in Australia and overseas.
- Continued development of the consolidated entity's Klick Oil Project in Kansas

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $1,917,880 (30 June 2013: $8,241,419).

Refer to the detailed Review of Operations preceding this Directors' Report.

Financial Position

During the current financial year the consolidated entity impaired its exploration expenditure on the Kinsley #1 well drilled at the consolidated entity's Kinsley Project located in the Edwards County, Kansas USA. Due to a lack of commercial hydrocarbons the well was plugged and abandoned and the drilling costs amounting to $143,849 were impaired.

During the financial year, the consolidated entity raised a total of $2,281,518 through the issue of fully paid ordinary shares to both current shareholders and new professional and sophisticated investors. The funds raised assisted the consolidated entity in acquiring new projects and provided capital to enhance current development projects with the view to increase production amounts.

As a result of these operations during the financial year, the net assets for the company increased by $255,034 to $5,239,254 as at 30 June 2014 (2013: $4,984,220).

During the period the consolidated entity had negative cash flows from operating activities of $758,632 (2013: $375,902) and $1,082,275 (2013: $318,156) from exploration and evaluation activities.

Significant changes in the state of affairs

On 4 July 2013 the consolidated entity announced a 1-for-1 pro-rata non-renounceable rights issue at an issue price of $0.006 (0.6 cents) per shares to raise up to $2.34 million. The rights issue was non-underwritten, with shortfall facility to enable applications for additional shares. Funds raised will strengthen the company's financial position, provide general working capital, and to enable the Company to focus on further assessing the viability of its projects in the USA and Brazil.

On 8 August 2013 the consolidated entity issued 120,610,525 fully paid ordinary shares following acceptances received from the company's Pro-rata Non-Renounceable Rights Issue Offer Document dated 5 July 2013 raising $723,663.

On 9 August 2013 the consolidated entity issued a further 62,675,860 fully paid ordinary shares following shortfall acceptances received from the company's Pro-rata Non-Renounceable Rights Issue Offer Document dated 5 July 2013 raising $376,055.

On 21 August 2013 a total of 1,000,000 performance rights expired of which 500,000 performance rights had a performance hurdle share price of $0.75 (75 cents) and 500,000 performance rights had a hurdle share price of $1.00.

On 18 November 2013 the consolidated entity announced that it completed a placement with a number of sophisticated investors for 90,000,000 fully paid ordinary shares at an issue price of $0.006 (0.6 of a cent) per share raising $540,000. It was also noted that conditional placement agreements had been executed with two related entities of Directors, Mr Paul Salter and Mr Craig Mathieson, in relation to applications for 41,666,667 and 65,300,000 fully ordinary shares respectively, subject to shareholder approvals. The amount to be raised through these two Director related entities amounted to $641,800.

The consolidated entity sought shareholder approvals for these share issues and approval was received at the Annual General Meeting of shareholders held on 29 November 2013.

On 23 December 2013 the consolidated entity announced that it had issued 6,500,000 fully paid ordinary shares at a deemed issue price of $0.006 (0.6 of a cent) per share as consideration for advisory services provided.

On 12 June 2014 the consolidated entity announced a 1-for-1.5 pro-rata non-renounceable rights issue at an issue price of $0.003 (0.3 cents) per shares to raise up to $1.55 million. The rights issue was non-underwritten, with shortfall facility to enable applications for additional shares. Funds raised will strengthen the company's financial position, provide general working capital, and to enable the Company to focus on further assessing the viability of its projects in the USA.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 21 July 2014 the Company issued 305,116,162 fully paid ordinary shares following acceptances received from the company's Pro-rata Non-Renounceable Rights Issue Offer Document dated 12 June 2014 raising $915,349. The Company also issued 12,432,752 fully paid ordinary shares to a nominee on behalf of ineligible shareholders raising a $37,298.

Also on the 21 July 2014 the Company issued a further 58,336,740 fully paid ordinary shares following shortfall acceptances received from the company's Pro-rata Non-Renounceable Rights Issue Offer Document dated 12 June 2014 raising $175,010.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The likely developments in the operations of the economic entity constituted by World Oil Resources Ltd and the entities it controls in the subsequent financial years involve the ongoing principal activities of resource exploration and appear in the Review of Operations in this Annual Report. Future developments are dependent upon the success of exploration.

Environmental regulation

The Company’s operations are subject to general environmental regulation under the laws of the states and territories of Australia, USA and Brazil in which it operates. In addition the various exploration licenses held by the Company impose environmental obligations on it in relation to site remediation following sampling and drilling programs. The board is aware of these requirements and management has been instructed to ensure that they are complied with. The Board of Directors are not aware of any breaches of these environmental regulations and license obligations during the year.

Information on directors

Name:	Mr Paul Salter
Title:	Non-executive Chairman
Experience and expertise:	Mr Salter is the Managing Director and CEO of MAP Capital Advisors (MAP Capital), a leading independent boutique investment and advisory house with offices in Sydney and Melbourne. MAP Capital was established in 2004 with a sector focus on the TRiMET market segments (namely: Technology, Retail, Internet, Media, Entertainment & Telecoms) and the Resources sectors (namely: Mining, Oil & Gas, and Cleantech).
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit Committee
Interests in shares:	69,444,445 fully paid ordinary shares (at 30 September 2014)
Interests in options:	Nil

Name:	Mr Peter Best
Title:	Executive Director (appointed 2 December 2013)
Experience and expertise:	Peter Best has over 30 years' experience in the oil and gas industry, both in exploration and banking and finance. Peter is currently working as an consultant global oil and gas analyst based in Toronto. Peter advises both investment funds and corporates on oil and gas projects and investments around the world. In his initial career Peter worked as an oil and gas exploration geophysicist in Canada, Australia and other countries. This was followed by an active career as a rated oil and gas research analyst with Credit Suisse based in Sydney, Hong Kong and Toronto. Peter has a Bachelor of Science in Geophysics from the University of Calgary and a Masters in Applied Finance from Macquarie University in Sydney.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None

Name:	Mr Craig Mathieson
Title:	Non-executive Director
Experience and expertise:	Craig Donald Mathieson is the Chief Executive Officer of The Mathieson Group, a large family group with diverse investments including property, business and mining and rural interests. Previously, he was the Managing Director of Don Mathieson & Staff Glass Pty Ltd, which was a leading Australian downstream value-added processor and distributor of flat glass prior to its acquisition by CSR in 2007.
Other current directorships:	Funtastic Limited (ASX code: FUN)Great Western Exploration Limited (ASX code: GTE)IPB Petroleum Limited (ASX code: IPB)
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of Audit Committee
Interests in shares:	259,929,800 fully paid ordinary shares (indirect) (at 30 September 2014)
Interests in options:	None

Name:	Mr Mordechai Benedikt
Title:	Non-executive Director
Experience and expertise:	Mordechai Benedikt is an experienced businessman who has an extensive background in food imports. In addition, he is active in export trade to Asia. More recently, Mr Benedikt has been involved in the Melbourne commercial property market and public sector.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit Committee
Interests in shares:	1,833,333 fully paid ordinary shares (at 30 September 2014)
Interests in options:	None

Name:	Mr Matthew Walker
Title:	Non-executive Chairman (resigned 27 September 2013)
Experience and expertise:	Mr Walker has extensive experience in public company management and in the provision of corporate advice. Specialising in the natural resources sector, Mr Walker has served as executive Chairman or Managing Director for public companies with mineral interests in North America, South America, Africa, Eastern Europe, Australia and Asia, inclusive of ASX listed entities with oil and gas interests in southern USA focused on the optimisation of recoveries from historically mature oilfields. Currently he serves as a Director of West Peak Iron Limited (ASX: WPI) and Chairman of Jernigan Commodities Limited and Blue River Mining Limited. He is also Chairman of corporate advisory firm Cicero Corporate Services. Mr Walker is a member of the Australian Institute of Company Directors and holds a Bachelor of Business from the University of Technology, Sydney.
Other current directorships:	West Peak Iron Limited (ASX: WPI)

Name:	Mr Timothy Johnston
Title:	Non-executive Director (resigned 27 September 2013)
Experience and expertise:	Mr Johnston has extensive experience in financial administration and has worked in various capacities for both public and private companies in the resources industry for over 35 years. Mr Johnston is currently President of Energy Financial Management Inc., which provides resources entities with their accounting, administration and taxation requirements. Mr Johnston is also President of Oklahoma Energy Consultants Inc., which advises international clients on the acquisition and administration of oil and gas properties in North America. Mr Johnston holds a Bachelor of Science in Business Administration (Accountancy) from Oklahoma State University.

Name:	Mr John Weston (resigned 19 November 2013)
Title:	Non-executive Director
Experience and expertise:	Mr Weston is a petroleum geologist with over 30 years of international experience gained with BP, Gaffney, Cline & Associates and Schlumberger. He has had operational and development experience on oil and gas projects around the world. Mr Weston was appointed as a Director of World Oil Resources Ltd in 2007.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries
Mr Paul Salter was appointed Company Secretary on 3 July 2013 and resigned on 1 October 2013.

Ms Melanie Leydin and Mr Justin Mouchacca were appointed as Joint Company Secretaries effective 1 October 2013.

Melanie Leydin is joint company secretary and has 22 years experience in the accounting profession and is a director and company secretary for a number of oil and gas, junior mining and exploration entities listed on the Australian Stock Exchange. She is a Chartered Accountant and is a Registered Company Auditor. She Graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer, and Director of Leydin Freyer Corp Pty Ltd, specialising in outsourced company secretarial and financial duties for resources and biotechnology sectors.

Justin Mouchacca is joint company secretary and graduated from RMIT University in Melbourne in 2008 and became a Chartered Accountant in 2011. He is currently a Company Secretary for a number of junior mining, oil and gas and mineral exploration companies listed on the Australian Stock Exchange. Justin is also a Director of Leydin Freyer Corp Pty Ltd.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Full Board		Audit Committee	Audit Committee
	Attended	Held	Attended	Held
P Salter	5	5	1	1
C Mathieson	5	5	1	1
P Best	3	3	-	-
M Benedikt	5	5	1	1
M Walker	1	1	-	-
J Weston	1	1	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Company does not have a separately constituted remuneration committee. The Company is not of a sufficient size to warrant the existence of a separate remuneration committee. All matters that could be delegated to such a committee are dealt with by the full Board.

The Company seeks to remunerate Directors and executives in accordance with the general principles recommended by the ASX. The Company is committed to remunerating executives in a manner that is market-competitive, reflects duties and supports the interests of shareholders. The Company has not entered into any employment contracts with Key Management Personnel.

Alignment to shareholders' interests:
- focuses on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

The amount paid may vary from director to director, depending upon the level of responsibilities on the company's board and the boards of controlled entities.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed by the Board as a whole. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 30 November 1999, where the shareholders approved an aggregate remuneration of $30,000 per Director. No amendments have been made to the available non-executive director remuneration pool since that date.

Executive remuneration
The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- share-based payments

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') include long service leave and share-based payments. Options are awarded to executives from time to time on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

Consolidated entity performance and link to remuneration
The remuneration of the Directors and executives are not linked to the performance, share price or earnings of the consolidated entity.

Voting and comments made at the company's 2013 Annual General Meeting ('AGM')
At the 29 November 2013 AGM, 98.44% of the votes received supported the adoption of the remuneration report for the year ended 2013. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2014	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mr P Salter	46,656	-	-	-	-	-	46,656
Mr C Mathieson	36,000	-	-	-	-	-	36,000
Mr M Benedikt	36,000	-	-	-	-	-	36,000
Mr M Walker *	9,000	-	-	-	-	-	9,000
Mr T Johnston *	9,000	-	-	-	-	-	9,000
Mr J Weston *	18,000	-	-	-	-	-	18,000
Executive Directors:							
Mr P Best **	41,441	-	-	-	-	-	41,441
Other Key Management Personnel:							
Mr J Mouchacca & Ms M Leydin ***	70,500	-	-	-	-	-	70,500
	266,597	-	-	-	-	-	266,597

* Resigned during the financial year. Mr Matthew Walker and Mr Timothy Johnston resigned 27 September 2013. Mr John Weston resigned 19 November 2013.

** Appointed during the year. Mr Peter Best appointed 2 December 2013.

*** Fees paid to Leydin Freyer Corp Pty Ltd, of which Justin Mouchacca is also a director, in respect of the Company Secretarial and Accounting Services.

2013	Short-term benefits: Cash salary and fees $	Short-term benefits: Bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Mr J Ceccon***	43,000	-	-	-	-	-	43,000
Mr J Weston	14,500	-	-	-	-	-	14,500
Mr C Mathieson**	1,800	-	-	-	-	-	1,800
Mr P Salter**	1,800	-	-	-	-	-	1,800
Mr S Shnider*	7,500	-	-	-	-	-	7,500
Mr A Meltzer***	13,650	-	-	-	-	-	13,650
Mr M Walker**	1,800	-	-	-	-	-	1,800
Mr T Johnston**	1,800	-	-	-	-	-	1,800
Mr M Benedikt**	1,800	-	-	-	-	-	1,800
Mr C Manie***	30,500	-	-	-	-	-	30,500
Executive Directors:							
Mr P Galloway*	30,000	-	-	-	-	-	30,000
Mr M Goldhirsch*	10,000	-	-	-	-	-	10,000
	158,150	-	-	-	-	-	158,150

* Resigned during the financial year. Mr Philip Galloway resigned 10 December 2012. Mr Michael Goldhirsch and Mr Stephen Shnider resigned 7 November 2012.

** Appointed during the year. Mr Craig Mathieson and Mr Paul Salter appointed 14 June 2013. Mr Matthew Walker, Mr Mordechai Benedikt and Mr Timothy Johnston 13 June 2013.

*** Appointed and resigned during the year. Mr Christopher Maine appointed 14 January 2013 and resigned 14 June 2013. Mr John Ceccon appointed 8 November 2012 and resigned 14 June 2013.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Peter Best
Title:	Executive Director
Agreement commenced:	2 December 2013
Term of agreement:	This Agreement has no finite term.
Details:	The Employer or Employee may terminate this Agreement by giving not less than 1 months written notice. Upon termination of the agreement by the Employer, the company must pay to the Employee an amount equivalent to 12 months' Base Salary.

There are no other employment contracts entered into with Key Management Personnel.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Non-executive Directors are appointed through a Non-executive appointment letter.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2014.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Performance rights

Grant date	Vesting date and exercisable date	Expiry date	Share price target for vesting	Fair value per right at grant date
21 August 2008 *	21 August 2008	21 August 2013	$0.750	$0.231
21 August 2008 *	21 August 2008	21 August 2013	$1.000	$0.234

* These performance rights expired on 21 August 2013 and were not exercised.

Performance rights granted carry no dividend or voting rights.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

The establishment of the World Oil Resources Performance Rights Plan was approved by shareholders at the Annual General Meeting on 30th November 2006. The Performance Rights Plan has been designed to provide long-term incentives for employees and directors to deliver long-term shareholder returns. Under the plan, participants are granted performance rights which only vest if certain performance standards are met. Participation in the plan is at the Board’s discretion and no individual has a contractual right to participate in the plan to receive any guaranteed benefits.

The holder of the performance rights is entitled to be issued for nil consideration one fully paid share in the Company for each performance right exercised. The performance hurdles for the performance rights were chosen by the Board of the Company at that time to align remuneration with the creation of shareholder wealth and approved by shareholders at general meetings on 30 November 2006 and 28 August 2007.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2014 are summarised below:

	2014 $	2013 $	2012 $	2011 $	2010 $
Revenue	341,746	360,015	732,861	289,257	187,592
Loss after income tax	(1,917,880)	(8,241,419)	(2,229,924)	(3,714,348)	(5,749,018)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2014	2013	2012	2011	2010
Share price at the start of the financial year ($)	0.006	0.010	0.020	0.030	0.050
Share price at the end of the financial year ($)	0.003	0.020	0.030	0.050	0.135
Basic earnings per share (cents per share)	(0.285)	(2.113)	(0.650)	(1.630)	(5.810)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2014	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr John Weston*	9,904,863	-	-	(9,904,863)	-
Mr Mordechai Benedikt	550,000	-	550,000	-	1,100,000
Mr Craig Mathieson	43,261,237	-	108,616,643	-	151,877,880
Mr Paul Salter	-	-	41,666,667	-	41,666,667
	53,716,100	-	150,833,310	(9,904,863)	194,644,547

* Mr John Weston resigned 19 November 2013

Performance rights holding
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2014	Balance at the start of the year	Granted	Vested	Expired	Balance at the end of the year
Performance rights over ordinary shares					
Mr John Weston*	1,000,000	-	-	(1,000,000)	-
	1,000,000	-	-	(1,000,000)	-

* Mr John Weston resigned on the 19 November 2013

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of World Oil Resources Limited under option outstanding at the date of this report.

Shares under performance rights
There were no unissued ordinary shares of World Oil Resources Limited under performance rights outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of World Oil Resources Limited issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of World Oil Resources Limited issued on the exercise of performance rights during the year ended 30 June 2014 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd
There are no officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Paul Salter
Chairman

30 September 2014
Melbourne

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of World Oil Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of World Oil Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. A. Mackenzie
Partner - Audit & Assurance

Melbourne, 30 September 2014

World Oil Resources Limited
Corporate Governance Statement

The Board of Directors (the 'Board') of World Oil Resources Limited (the 'Company') are responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the ASX Corporate Governance Council's Revised Principles and Recommendations.

Principles and Recommendations		Compliance	Comply
Principle 1 – Lay solid foundations for management and oversight			
1.1	Establish the functions reserved to the Board and those delegated to manage and disclose those functions.	The Board is responsible for the overall corporate governance of the Company. The Board has adopted a Board Charter that formalises its roles and responsibilities and defines the matters reserved for the Board and specific matters that are delegated to management. The Board Charter also details those functions delegated to senior executives of the Company and the Board's process for evaluating the performance of its senior executives.	Complies.
1.2	Disclose the process for evaluating the performance of senior executives.	The Board meets annually to review the performance of executives. The senior executives' performance is assessed against performance of the Company as a whole.	Complies.
1.3	Provide the information indicated in *Guide to reporting on Principle 1.*	A Board Charter is summarised in this Corporate Governance Statement. A copy of the charter is available upon request from the Company Secretary.	Complies.
		A performance evaluation process is included in the Board Charter.	Complies.
		The Board conducted a performance evaluation of senior executives in the financial year in line with the process above.	Complies.
Principle 2 – Structure the Board to add value			
2.1	A majority of the Board should be independent directors.	Currently World Oil Resources Limited has one independent director being Mr Mordechai Benedikt. Mr Mordechai Benedikt is an independent non-executive director. Mr Paul Salter is not an independent non-executive Director by virtue of his indirect shareholding in the Company. Mr Peter Best is an executive director. Mr Craig Mathieson is not an independent non-executive Director by virtue of his indirect shareholding in the Company.	While the Board recognises it is desirable for the majority of the Board to be independent directors, the Company's current size and focus dictate that the present form is the most effective mode of operation at the current time. The Board will consider the appointment of further independent directors should the Company's size and growth warrant this.
2.2	The chair should be an	Mr Paul Salter is the Chairman and not an	While the Board recognises

Principles and Recommendations		Compliance	Comply
	independent director.	independent director.	it is desirable for the chairman of the Board to be independent, the Company's current size and focus dictate that the present form is the most effective mode of operation at the current time. The Board will consider the appointment of further independent directors should the Company's size and growth warrant this.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Mr Paul Salter is the chair. The Company does not currently have a chief executive officer due to the size and nature of its operations. However executive director Mr Peter Best performs the function of CEO as and when required.	Complies.
2.4	The Board should establish a nomination committee.	The Company has yet to establish a Nomination Committee and this function is carried out by the Board.	While the Board recognises that it is desirable to establish a nomination committee, the Company's current size and focus dictates that the Board carry out the committee's functions at the current time. The Board will consider the establishment of a nomination committee should the Company's size and growth warrant this.
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	The performance evaluation of Board members occurs by way of an informal review by the full Board (in the absence of the relevant Board member).	Complies.
2.6	Provide the information indicated in the *Guide to reporting on Principle 2.*	This information has been disclosed (where applicable) in the Directors' report attached to this Corporate Governance Statement. Mr Mordechai Benedikt is an independent director of the Company. A director is considered independent when he substantially satisfies the test for independence as set out in the ASX Corporate Governance Recommendations. Members of the Board are able to take independent professional advice at the expense of the Company. Mr Paul Salter, Non-Executive Chairman, was appointed to the Board in June 2013. Mr Craig Mathieson, Non-Executive Director, was appointed to the Board in June 2013. Mr John Weston, Executive Director was appointed to the Board in October 2007 and	Complies.

Principles and Recommendations		Compliance	Comply
		resigned in November 2013. Mr Peter Best, Executive Director was appointed to the Board in December 2013. Mr Mordechai Benedikt, Non-Executive Director, was appointed to the Board in June 2013. The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction, and has considered relevant diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company. In accordance with the information suggested in *Guide to Reporting on Principle 2*, the Company has disclosed full details of its directors in the director's report attached to this Corporate Governance Statement. Other disclosure material on the structure of the Board is available upon request from the Company Secretary.	
Principle 3 – Promote ethical and responsible decision making			
3.1	Establish a code of conduct and disclose the code or a summary of the code.	The Board has adopted a code of conduct. The code establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. The code is available upon request from the Company Secretary.	Complies.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	Although the Company has yet to adopt a formal Diversity Policy, the Company respects the benefits arising from workplace diversity to broaden perspective, improve performance and increase shareholder value. The Company aims to promote an environment conducive to the appointment of well qualified employees, senior executives and Directors so that there is appropriate diversity to maximize the achievement of corporate goals.	The Company does not fully comply with the ASX Corporate Governance Council Recommendations regarding diversity. However the steps taken by it are considered appropriate given the size of the Company and the nature of its operations.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	As noted above.	As noted above.
3.4	Companies should disclose in each annual report the	There are currently no women employees in the whole organisation.	Complies.

Principles and Recommendations		Compliance	Comply
	proportion of women employees in the whole organisation, women in senior executive positions and women on the board.		
3.5	Provide the information indicated in *Guide to reporting on Principle 3.*	As noted above.	Complies.
Principle 4 – Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	The Board has established an audit and risk committee which operates under an audit and risk committee charter to focus on issues relevant to the integrity of the company's financial reporting.	The Board is currently in the process of setting up the policies and procedures for an Audit and Risk Committee to be established.
4.2	The audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair who is not chair of the Board and have at least 3 members.	Members of the audit and risk committee are Mr Craig Mathieson (Chair), Mr Paul Salter and Mr Mordecai Benedikt. Mr Craig Mathieson is a Non-Executive Director and is not chair of the Board. The committee consists of three non-executive directors.	The structure of the audit committee will be considered when the audit committee is established.
4.3	The audit committee should have a formal charter.	The Board has adopted an audit and risk charter. This charter is available on the company's website.	Complies.
4.4	Provide the information indicated in *Guide to reporting on Principle 4.*	The information suggested in *Guide to Reporting on Principle 4* has been disclosed in the directors' report attached to this Corporate Governance Statement and is summarised in this Corporate Governance Statement. The members of the audit and risk committee are appointed by the Board and recommendations from the committee are presented to the Board for further discussion and resolution. The audit and risk committee held one meeting during the period to the date of the directors' report and will meet at least twice per annum as a listed entity. The audit and risk charter, and information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners (which is determined by the audit committee), is available on the company's website.	Complies.

Principle 5 – Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has adopted a continuous disclosure policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001.	Complies.
5.2	Provide the information indicated in the *Guide to reporting on Principle 5.*	The Company's continuous disclosure policy is available on request from the Company Secretary.	Complies.
Principle 6 – Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	The Company has adopted a shareholder communications policy. The Company uses its annual report, market announcements, media disclosures and webcasting to communicate with its shareholders, as well as encourages participation at general meetings.	Complies.
6.2	Provide the information indicated in the *Guide to reporting on Principle 6.*	The Company's shareholder communications policy is available upon request from the Company Secretary.	Complies.
Principle 7 – Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of these policies.	The Board has established the policies and procedures relating to the oversight and management of material business risks. The Board currently takes ultimate responsibility for risk oversight and risk management.	Complies.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board believes the risk management and internal control systems designed and implemented by the directors and the chief financial officer are adequate given the size and nature of the Company's activities. The Board informally reviews and requests management internal control.	Complies.
7.3	The Board should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in	The Board has received a statement from the executive director and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that	Complies.

Principles and Recommendations		Compliance	Comply
	accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	
7.4	Provide the information indicated in *Guide to reporting on Principle 7.*	The Company has identified key risks within the business and has received a statement of assurance from the executive director and chief financial officer.	Complies.
Principle 8 – Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	The Company has yet to establish a remuneration committee and this function is currently carried out by the Board.	While the Board recognises that it is desirable to establish a remuneration committee, the Company's current size and focus dictates that the Board carry out the committee's functions at the current time. The Board will consider the establishment of a remuneration committee should the Company's size and growth warrant this.
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Company complies with the guidelines for executive remuneration packages and non-executive director remuneration. No senior executive is involved directly in deciding their own remuneration.	Complies.
8.3	Provide the information indicated in *the Guide to reporting on Principle 8.*	The Board has adopted a Remuneration Committee charter. The Company does not have any schemes for retirement benefits other than superannuation for directors.	Complies.

World Oil Resources Limited's corporate governance practices were in place for the financial year ended 30 June 2014 and to the date of signing the directors' report.

Various corporate governance practices are discussed within this statement. Further information on corporate governance policies adopted by World Oil Resources Limited is available on request from the Company Secretary.

World Oil Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Revenue	5	341,746	358,480
Other income	6	-	1,535
Expenses			
Production costs		(250,657)	(152,248)
Employee benefits expense		(194,083)	(380,201)
Amortisation expense	7	(111,120)	(220,394)
Impairment expense	7	(1,272,661)	(6,806,120)
Administration costs		(9,451)	(37,168)
Corporate costs		(327,239)	(805,851)
Foreign exchange loss		(315)	-
Occupancy expense		-	(101,795)
Other expenses		(54,523)	(94,655)
Finance costs		(577)	(3,002)
Share based payments		(39,000)	-
Loss before income tax expense		(1,917,880)	(8,241,419)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of World Oil Resources Limited		(1,917,880)	(8,241,419)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(130,708)	663,784
Change in fair value of fair value available for sale financial assets		-	(49,173)
Other comprehensive income/(loss) for the year, net of tax		(130,708)	614,611
Total comprehensive loss for the year attributable to the owners of World Oil Resources Limited		(2,048,588)	(7,626,808)
		Cents	**Cents**
Basic earnings per share	32	(0.285)	(2.113)
Diluted earnings per share	32	(0.285)	(2.113)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

World Oil Resources Limited
Statement of financial position
As at 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Assets			
Current assets			
Cash and cash equivalents	9	326,823	25,171
Trade and other receivables	10	6,448	212,876
Other assets	11	10,026	-
Total current assets		343,297	238,047
Non-current assets			
Available-for-sale financial assets	12	24,860	47,453
Other financial assets		-	2
Exploration and evaluation assets	13	4,250,498	3,267,072
Production and development assets	14	1,500,000	2,663,154
Total non-current assets		5,775,358	5,977,681
Total assets		6,118,655	6,215,728
Liabilities			
Current liabilities			
Trade and other payables	15	668,901	1,131,008
Borrowings	16	60,000	100,000
Total current liabilities		728,901	1,231,008
Non-current liabilities			
Trade and other payables		500	500
Provisions	17	150,000	-
Total non-current liabilities		150,500	500
Total liabilities		879,401	1,231,508
Net assets		5,239,254	4,984,220
Equity			
Issued capital	18	58,661,067	56,357,445
Reserves	19	8,315,039	8,678,247
Accumulated losses		(61,736,852)	(60,051,472)
Total equity		5,239,254	4,984,220

The above statement of financial position should be read in conjunction with the accompanying notes

World Oil Resources Limited
Statement of changes in equity
For the year ended 30 June 2014

Consolidated	**Issued capital $**	**Accumulated losses $**	**Reserves $**	**Total equity $**
Balance at 1 July 2012	56,357,445	(53,902,553)	10,156,136	12,611,028
Loss after income tax expense for the year	-	(8,241,419)	-	(8,241,419)
Other comprehensive income for the year, net of tax	-	-	614,611	614,611
Total comprehensive income/(loss) for the year	-	(8,241,419)	614,611	(7,626,808)
Transactions with owners in their capacity as owners:				
Performance rights forfeited	-	2,092,500	(2,092,500)	-
Balance at 30 June 2013	56,357,445	(60,051,472)	8,678,247	4,984,220

Consolidated	**Issued capital $**	**Accumulated losses $**	**Reserves $**	**Total equity $**
Balance at 1 July 2013	56,357,445	(60,051,472)	8,678,247	4,984,220
Loss after income tax expense for the year	-	(1,917,880)	-	(1,917,880)
Other comprehensive loss for the year, net of tax	-	-	(130,708)	(130,708)
Total comprehensive loss for the year	-	(1,917,880)	(130,708)	(2,048,588)
Transactions with owners in their capacity as owners:				
Issue of shares	2,281,518	-	-	2,281,518
Capital raising costs	(16,896)	-	-	(16,896)
Share based payments	39,000	-	-	39,000
Performance rights expired	-	232,500	(232,500)	-
Balance at 30 June 2014	58,661,067	(61,736,852)	8,315,039	5,239,254

The above statement of changes in equity should be read in conjunction with the accompanying notes

World Oil Resources Limited
Statement of cash flows
For the year ended 30 June 2014

	Note	Consolidated 2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		274,017	287,012
Payments to suppliers		(1,099,801)	(670,213)
Interest received		33	10,301
Other revenue		67,696	-
Finance costs		(577)	(3,002)
Net cash used in operating activities	31	(758,632)	(375,902)
Cash flows from investing activities			
Payments for explorations assets		(1,082,275)	(318,156)
Payments for production assets		-	(437,448)
Net cash used in investing activities		(1,082,275)	(755,604)
Cash flows from financing activities			
Proceeds from issue of shares	18	2,281,518	-
Capital raising costs	18	(16,896)	-
Proceeds from borrowings		60,000	100,000
Repayment of borrowings		(100,000)	-
Net cash from financing activities		2,224,622	100,000
Net increase/(decrease) in cash and cash equivalents		383,715	(1,031,506)
Cash and cash equivalents at the beginning of the financial year		25,171	975,391
Effects of exchange rate changes on cash and cash equivalents		(82,063)	81,286
Cash and cash equivalents at the end of the financial year	9	326,823	25,171

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover World Oil Resources Limited as a consolidated entity consisting of World Oil Resources Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is World Oil Resources Limited's functional and presentation currency.

World Oil Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road
South Melbourne, VIC 3205

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2014. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 January 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The application of this standard has not impacted the composition of the consolidated entity.

AASB 11 Joint Arrangements
The consolidated entity has applied AASB 11 from 1 January 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications. The application of this standard has not impacted the composition of the consolidated entity.

AASB 12 Disclosure of Interests in Other Entities
The consolidated entity has applied AASB 12 from 1 January 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

Note 2. Significant accounting policies (continued)

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The consolidated entity has applied AASB 13 and its consequential amendments from 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
The consolidated entity has applied AASB 119 and its consequential amendments from 1 January 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going Concern
The financial report has been prepared on a going concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. However, during the year ended 30 June 2014 the consolidated entity experienced operating losses of $1,917,880 (2013: $8,241,419). At 30 June 2014 the consolidated entity had cash and cash equivalents of $326,823 (2013: $25,171) and net current liabilities, being current assets less current liabilities, of $385,604 (2013: $992,961). Cash outflows from operating activities in 2014 were $758,632 (2013: $375,902). Consequently a significant uncertainty exists as to the consolidated entity's ability to continue as a going concern.

The directors have considered the position of the consolidated entity and the company and consider that the going concern basis is appropriate for the preparation of the financial report due to the following factors:

Note 2. Significant accounting policies (continued)

- the Company has sufficient cash assets to pay its creditors as and when they fall due, following the successful rights issue completed in July 2014, raising approximately $1.1 million. Refer to note 30 for results of capital raising subsequent to period end. Further to this the directors of the company believe that future capital raisings can be undertaken to finance working capital and operations if required;
- the company expects that oil & gas revenues from the Klick project area will equal or exceed those achieved in the 2014 financial year; and
- the operating cost base that existed as at the June 2014 full year reporting period have been reduced significantly.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be incurred should the Consolidated Group not continue as a going concern.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of World Oil Resources Limited ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. World Oil Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is World Oil Resources Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services
Rendering of services revenue from computer maintenance fees is recognised by reference to the stage of completion of the contracts.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Note 2. Significant accounting policies (continued)

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Production and Development Assets
Production assets represent the accumulation of all exploration, evaluation and development expenditure incurred in respect of areas of interest in which mining has commenced or in the process of commencing. When further development expenditure is incurred in respect of production asset after the commencement of production, such expenditure is carried forward as part of the production asset only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation is provided on a unit of production basis (other than restoration and rehabilitation expenditure detailed below) which results in a write off of the cost proportional to the depletion of the proven and probable mineral reserves.

The net carrying value of each area of interest is reviewed regularly and to the extent to which this value exceeds its recoverable amount, the excess is either fully provided against or written off in the financial year in which this is determined.

The Group provides for environmental restoration and rehabilitation at site which includes any costs to dismantle and remove certain items of plant and equipment. The cost of an item includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs when an item is acquired or as a consequence of having used the item during that period. This asset is depreciated on the basis of the current estimate of the useful life of the asset.

In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets an entity is also required to recognise as a provision the best estimate of the present value of expenditure required to settle the obligation. The present value of estimated future cash flows is measured using a current market discount rate.

Note 2. Significant accounting policies (continued)

Exploration and evaluation assets
Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.
Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to Mine Properties and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.
A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Investments in joint arrangements (Joint operations)
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Interests in joint operations are accounted for by recognising the consolidated entity’s assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly)

Note 2. Significant accounting policies (continued)

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings

Employee benefits

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 2. Significant accounting policies (continued)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 2. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of World Oil Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives
Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments and its consequential amendments
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Rehabilitation provision
The consolidated entity's production and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of production asset estimates and discount rates could affect the carrying amount of this provision.

Units-of-production amortisation
Estimated recoverable reserves are used in determining the amortisation of production assets. This results in a amortisation charge proportional to the depletion of the anticipated remaining life of the production asset. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the production assets at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure.

Exploration and evaluation expenditure
The application of the consolidated entity's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Management are required to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Impairment
The consolidated entity assesses impairment at the end of each reporting period by evaluating conditions and events specific to the consolidated entity that may be indicative of impairment trigger. Recoverable amounts of relevant assets are reassessed using the higher of fair value lees cost of sell and value in-use calculations which incorporate various key assumptions.

Note 4. Operating segments

Identification of reportable operating segments
The chief operating decision maker, who is responsible for allocating resources and assessing performance of operating segments, has been identified as the Board of Directors. The Board of Directors has determined that segment reporting does not apply for the current reporting period, and the information in this report is reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Note 5. Revenue

	Consolidated	
	2014	2013
	$	$
Sales revenue		
Oil & gas revenue	266,359	293,790
Other sales revenue	6,871	45,752
	273,230	339,542
Other revenue		
Interest revenue	33	10,301
Tax refund received	67,696	-
Other revenue	787	8,637
	68,516	18,938
Revenue	341,746	358,480

Note 6. Other income

	Consolidated	
	2014	2013
	$	$
Net foreign exchange gain	-	1,535

Note 7. Expenses

	Consolidated	
	2014	2013
	$	$
Loss before income tax includes the following specific expenses:		
Amortisation		
Production assets	111,120	220,394
Rental expense relating to operating leases		
Rental lease	-	63,792
Production lease	85,101	80,257
Total rental expense relating to operating leases	85,101	144,049
Impairment expense		
Impairment of development assets	-	6,800,601
Impairment of available for sale financial assets	20,423	5,519
Impairment of exploration assets	143,849	-
Impairment of production assets	1,108,389	-
Total impairment expense	1,272,661	6,806,120

Note 7. Expenses (continued)

Refer to note 13 for details regarding the impairment of exploration assets. Refer to note 14 for details regarding the impairment of development and production assets.

Note 8. Income tax benefit

	Consolidated	
	2014	**2013**
	$	**$**
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax expense	(1,917,880)	(8,241,419)
Tax at the statutory tax rate of 30%	(575,364)	(2,472,426)
Current year tax losses and temporary differences not recognised	(185,362)	2,323,266
Non-allowable / non-assessable items	(393,339)	-
Difference in overseas tax rates	3,337	149,160
Income tax benefit	-	-

	Consolidated	
	2014	**2013**
	$	**$**
Unused tax losses for which no deferred tax asset has been recognised		
Capital losses	1,418,192	1,418,192
Carry forward losses after adjusting for non-deductible and temporary differences	12,297,669	11,533,296
	13,715,861	12,951,488
Potential tax benefit @ 30%	4,114,758	3,885,446

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

(i) The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;

(ii) The consolidated entity continues to comply with the conditions for deductibility imposed by law; and

(iii) No change in tax legislation adversely affects the consolidated entity in realising the benefits from deducting the losses.

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2014	**2013**
	$	**$**
Cash at bank	326,823	25,171

Note 10. Current assets - trade and other receivables

	Consolidated 2014 $	Consolidated 2013 $
Trade receivables	1,982	108,614
Other receivables	-	13,499
Less: Provision for impairment of receivables	-	(13,499)
	-	-
GST receivable	4,466	104,262
	6,448	212,876

Impairment of receivables
Receivables are non-interest bearing and are generally on 30 day terms. Provision for impairment is recognised where there is objective evidence that the individual receivable is impaired. No collateral is held against these balances.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated 2014 $	Consolidated 2013 $
Over 6 months overdue	-	13,499

Note 11. Current assets - Other assets

	Consolidated 2014 $	Consolidated 2013 $
Prepayments	10,026	-

Note 12. Non-current assets - available-for-sale financial assets

	Consolidated 2014 $	Consolidated 2013 $
Investments in other listed entities	-	2,170
Investments in Bisan Limited	24,860	45,283
	24,860	47,453

Reconciliation
Reconciliation of the fair values at the beginning and end of the current financial year are set out below:

	2014 $	2013 $
Opening fair value	47,453	102,145
Disposals	(2,170)	-
Change in fair value of available for sale financial assets	-	(49,173)
Impairment of assets	(20,423)	(5,519)
Closing fair value	24,860	47,453

Refer to note 22 for further information on fair value measurement.

Note 12. Non-current assets - available-for-sale financial assets (continued)

All available-for-sale financial assets held by the consolidated entity a the fair value are valued in accordance with AASB13, using level 1 of the fair value hierarchy- quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair values of the available for sale financial assets held have been determined by reference to the quoted price on the ASX at 30 June 2014.

Note 13. Non-current assets - Exploration and evaluation assets

	Consolidated 2014 $	Consolidated 2013 $
Exploration and evaluation assets	4,250,498	3,267,072

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration & evaluation $	Total $
Balance at 1 July 2012	2,654,156	2,654,156
Additions	318,156	318,156
Exchange differences	294,760	294,760
Balance at 30 June 2013	3,267,072	3,267,072
Additions	1,082,275	1,082,275
Exchange differences	(5,000)	(5,000)
Impairment of assets	(143,849)	(143,849)
Change in rehabilitation provision	50,000	50,000
Balance at 30 June 2014	4,250,498	4,250,498

The exploration and evaluation assets relate to three projects been to the Welch-Bornholdt/Wherry project in Kansas, the Kinsley project in Edwards Country, Kansas and the Mt Outlook project in Clark County, Kansas. The recoverability of the carrying amounts of the deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

During the current financial year the consolidated entity impaired the Kinsley #1 well exploration asset in the amount of $149,849 due to a lack of viable results.

Note 14. Non-current assets - production and development assets

	Consolidated 2014 $	Consolidated 2013 $
Development assets	6,830,502	6,968,980
Less: Impairment	(6,830,502)	(6,968,980)
	-	-
Production assets	3,395,653	3,388,311
Less: Accumulated amortisation	(813,788)	(725,157)
Less: Impairment	(1,081,865)	-
	1,500,000	2,663,154
	1,500,000	2,663,154

Note 14. Non-current assets - production and development assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Production Assets $	Development Assets $	Total $
Balance at 1 July 2012	2,225,822	6,731,604	8,957,426
Additions	437,448	-	437,448
Exchange differences	220,278	237,376	457,654
Impairment of assets	-	(6,968,980)	(6,968,980)
Amortisation expense	(220,394)	-	(220,394)
Balance at 30 June 2013	2,663,154	-	2,663,154
Exchange differences	(43,645)	-	(43,645)
Impairment of assets	(1,108,389)	-	(1,108,389)
Change in rehabilitation provision	100,000	-	100,000
Amortisation expense	(111,120)	-	(111,120)
Balance at 30 June 2014	1,500,000	-	1,500,000

The development asset relates to the Harpia & Guara fields in Brazil. During the previous financial year it was determined that the assets were fully impaired.

The production assets relate to the Klick area in Oklahoma, USA which is currently producing.

In accordance with the consolidated entity's accounting policies and processes, the consolidated entity performs impairment testing annually at year end. Production assets are reviewed each reporting period to determine whether there is an indicator of impairment.

The directors have based their review of impairment in relation to the production asset using various estimates and assumptions.
The key assumptions used in the impairment assessment include the following:

- internal estimates of oil and gas reserves as determined by the consolidated entity's in-house geological team
- historical net cash flows
- production to date and estimated future production from similar oil fields
- estimated future oil prices between $US90 and US$100 per barrel
- estimated future gas prices between $US3.50 and US$4.50 per thousand cubic feet
- AUD:USD exchange rate of $0.90

A sensitivity analysis has been performed applying a 10% sensitivity to the above assumptions.

Based on the information available at the time of this report from both internal and joint operating partners, whilst noting that the quantity of oil and gas reserves have not been verified through an external reserves report, an impairment charge of $1.1M has been recorded to reduce the carrying value of the production asset.

An independent valuation of the Klick project is currently underway, and shall be reported shareholders in due course.

Note 15. Current liabilities - trade and other payables

	Consolidated 2014 $	2013 $
Trade payables	354,752	744,991
Other payables	314,149	386,017
	668,901	1,131,008

Refer to note 21 for further information on financial instruments.

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

Note 16. Current liabilities - borrowings

	Consolidated 2014 $	2013 $
Loans provided from directors	60,000	100,000

Refer to note 21 for further information on financial instruments.

Note 17. Non-current liabilities - Provisions

	Consolidated 2014 $	2013 $
Provision for rehabilitation	150,000	-

The consolidated entity makes full provision for the future cost of rehabilitation exploration and productions sites on a discounted basis.

Note 18. Equity - issued capital

	Consolidated 2014 Shares	2013 Shares	2014 $	2013 $
Ordinary shares - fully paid	776,753,056	390,000,000	58,661,067	56,357,445

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2013	390,000,000		56,357,445
Balance	30 June 2013	390,000,000		56,357,445
Rights issue	8 August 2013	120,610,529	$0.006	723,663
Shortfall facility following rights issue	9 August 2013	62,675,860	$0.006	376,055
Share placement	18 November 2013	85,000,000	$0.006	510,000
Share placement	6 December 2013	111,966,667	$0.006	671,800
Share based payment	23 December 2013	6,500,000	$0.006	39,000
Capital raising costs		-	$0.000	(16,896)
Balance	30 June 2014	776,753,056		58,661,067

Note 18. Equity - issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

As the market and working capital needs of the company are constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 19. Equity - reserves

	Consolidated	
	2014 **$**	**2013** **$**
Foreign currency translation reserve	5,427,908	5,558,616
Capital profits reserve	2,887,131	2,887,131
Share-based payments reserve	-	232,500
	8,315,039	8,678,247

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Available for-sale reserve $	Foreign currency translation reserve $	Capital profits reserve $	Share-based payments reserve $	Total $
Balance at 1 July 2012	49,173	4,894,832	2,887,131	2,325,000	10,156,136
Foreign currency translation	-	663,784	-	-	663,784
Performance rights forfeited	-	-	-	(2,092,500)	(2,092,500)
Recognised in profit or loss	(49,173)	-	-	-	(49,173)
Balance at 30 June 2013	-	5,558,616	2,887,131	232,500	8,678,247
Foreign currency translation	-	(130,708)	-	-	(130,708)
Performance rights expired	-	-	-	(232,500)	(232,500)
Balance at 30 June 2014	-	5,427,908	2,887,131	-	8,315,039

Note 20. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 21. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

At 30 June 2014 and 30 June 2013 the consolidated entity did not have significant exposure to foreign exchange risks on financial instruments held in foreign currencies other than its investments in foreign subsidiaries. The net assets of the US operation at 30 June 2014 was $5,616,955 (2013: $5,674,557) and the net assets of the Brazilian operation was $4,438 (2013: $95,966 net liabilities).

Sensitivity analysis on the net assets of foreign operations and subsidiaries included in the consolidated assets and liabilities is shown below. A variation of 15% in the foreign exchange rates would not impact profit or loss significantly and is not reported. There would be a significant impact in net assets and equity.

	AUD strengthened			AUD weakened		
Consolidated - 2014	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
US Operation	15%	-	842,543	15%	-	(842,543)
Brazilian Operation	15%	-	666	15%	-	(666)
		-	843,209		-	(843,209)

	AUD strengthened			AUD weakened		
Consolidated - 2013	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
US Operation	15%	-	851,184	15%	-	(851,184)
Brazilian Operation	15%	-	14,395	15%	-	(14,395)
		-	865,579		-	(865,579)

The US operation is sensitive to changes in the exchange rates between Australian dollars and US dollars.

Note 21. Financial instruments (continued)

The Brazilian operation is sensitive to changes in the exchange rates between Australian dollars and Brazilian reals, Australian dollars and British pounds, and British pounds and Australian reals, as the Brazilian operation is owned by a UK subsidiary.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's is not exposed to major interest rate risk

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties and only banks and financial institutions with an ‘A’ rating are utilised. The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Receivables due from major debtors are not normally secured by collateral, however the credit worthiness of debtors is monitored.

The maximum credit risk for the consolidated entity arising from cash and cash equivalents and receivables at 30 June 2014 is $333,271 (2013: $238,047)

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2014	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-%	668,901	-	-	500	669,401
Other loans	-%	60,000	-	-	-	60,000
Total non-derivatives		728,901	-	-	500	729,401

Note 21. Financial instruments (continued)

Consolidated - 2013	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-%	1,131,008	-	-	500	1,131,508
Other loans	-%	100,000	-	-	-	100,000
Total non-derivatives		1,231,008	-	-	500	1,231,508

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 22. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Ordinary shares	24,860	-	-	24,860
Total assets	24,860	-	-	24,860

Consolidated - 2013	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Ordinary shares	47,453	-	-	47,453
Total assets	47,453	-	-	47,453

There were no transfers between levels during the financial year.

Note 23. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2014 $	Consolidated 2013 $
Short-term employee benefits	266,597	158,150

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company:

	Consolidated 2014 $	2013 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	45,000	60,000
Other services - Grant Thornton Australia Limited		
Preparation of the tax return	53,100	-
	98,100	60,000

Note 25. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2014 and 30 June 2013.

Note 26. Commitments

Further expenditure for exploration and development is at the discretion of the company.

Note 27. Related party transactions

Parent entity
World Oil Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel are set out in note 23 and the remuneration report in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
Loans from related parties are detailed in note 16.

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2014 $	2013 $
Loss after income tax	(656,874)	(9,269,968)
Total comprehensive loss	(656,874)	(9,269,968)

Note 28. Parent entity information (continued)

Statement of financial position

	Parent 2014 $	Parent 2013 $
Total current assets	7,174,614	5,503,918
Total assets	7,227,351	5,630,898
Total current liabilities	728,896	779,192
Total liabilities	729,396	779,692
Equity		
Issued capital	58,661,067	56,357,444
Capital profits reserve	2,835,500	2,835,500
Share-based payments reserve	-	232,500
Accumulated losses	(54,998,612)	(54,574,238)
Total equity	6,497,955	4,851,206

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2013 and 30 June 2014.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2013 and 30 June 2014.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2013 and 30 June 2014.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as revenue by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
Exploration & Geological Services Pty Ltd	Australia	100.00%	100.00%
101-103 George Street, East Melbourne Pty Ltd	Australia	100.00%	100.00%
Eromanga USA Pty Ltd	Australia	100.00%	100.00%
Mercury Brazil Ltd	United Kingdom	100.00%	100.00%
Mercury do Brasil Oil & Gas Ltda	Brazil	100.00%	100.00%

Note 30. Events after the reporting period

On 21 July 2014 the Company issued 305,116,162 fully paid ordinary shares following acceptances received from the company's Pro-rata Non-Renounceable Rights Issue Offer Document dated 12 June 2014 raising $915,349. The Company also issued 12,432,752 fully paid ordinary shares to a nominee on behalf of ineligible shareholders raising a $37,298.

Also on the 21 July 2014 the Company issued a further 58,336,740 fully paid ordinary shares following shortfall acceptances received from the company's Pro-rata Non-Renounceable Rights Issue Offer Document dated 12 June 2014 raising $175,010.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 31. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2014 $	2013 $
Loss after income tax expense for the year	(1,917,880)	(8,241,419)
Adjustments for:		
Amortisation expense	111,120	220,394
Impairment expense	1,272,661	6,806,120
Share-based payments	39,000	-
Foreign exchange differences	-	(1,535)
Loss on disposal of available for-sale financial assets	2,170	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	206,428	(122,765)
Increase in prepayments	(10,026)	-
Increase/(decrease) in trade and other payables	(462,105)	963,303
Net cash used in operating activities	(758,632)	(375,902)

Note 32. Earnings per share

	Consolidated	
	2014 $	2013 $
Loss after income tax attributable to the owners of World Oil Resources Limited	(1,917,880)	(8,241,419)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	672,252,932	390,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	672,252,932	390,000,000
	Cents	**Cents**
Basic earnings per share	(0.285)	(2.113)
Diluted earnings per share	(0.285)	(2.113)

There are no options outstanding at the end of the year as a result basic earnings per share and diluted earnings per share are consistent.

Note 33. Share-based payments

Set out below are summaries of performance rights:

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Vested	Expired	Balance at the end of the year
21/08/2008	21/08/2013 *	$0.000	500,000	-	-	(500,000)	-
21/08/2008	21/08/2013 **	$0.000	500,000	-	-	(500,000)	-
			1,000,000	-	-	(1,000,000)	-

2013

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Vested	Forfeited	Balance at the end of the year
21/08/2008	21/08/2013 *	$0.000	5,000,000	-	-	(4,500,000)	500,000
21/08/2008	21/08/2013 **	$0.000	5,000,000	-	-	(4,500,000)	500,000
			10,000,000	-	-	(9,000,000)	1,000,000

* Performance rights may only be exercised if the fully paid shares of the company trade at or above $0.75 on ASX for five consecutive trading days on a volume weighted average price basis before 21 August 2013 ($0.75 performance hurdle). The fair value at grant date using a Monte Carlo model was $0.231.

** Performance rights may only be exercised if the fully paid shares of the company trade at or above $1.00 on ASX for five consecutive trading days on a volume weighted average price basis before 21 August 2013 ($1.00 performance hurdle). The fair value at grant date using a Monte Carlo model was $0.234

During the current year the consolidated entity made a share based payment to YAD Investments Pty Ltd in the amount of 6,500,000 fully paid ordinary shares at a deemed issue price of $0.006 (0.6 cents) per share as consideration for advisory services provided to the company amounting to $39,000.

World Oil Resources Limited
Directors' declaration
30 June 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Paul Salter
Chairman

30 September 2014
Melbourne

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of World Oil Resources Limited

Report on the financial report

We have audited the accompanying financial report of World Oil Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of World Oil Resources Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001.

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding going concern

Without qualification to the conclusion expressed above, we draw attention to Note 2 to the financial statements which notes a loss of $1,917,880 and net operating cash outflows of $758,632 for the year ended 30 June 2014 with a closing cash balance of $326,823. This condition, along with other matters set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Material uncertainty regarding valuation of production asset

Without qualification to the conclusion expressed above, we draw attention to Note 3 and Note 14 to the financial statements which detail the impairment analysis performed in relation to the production asset. The impairment analysis is based on a valuation that uses a range of assumptions that are subject to change. The recoverable amount of this asset is sensitive to reasonable possible changes in key assumptions. It is the Director's belief that the current asset value is fully recoverable however should these assumptions change, there is material uncertainty as to whether the consolidated entity will be able to realise the production asset at its current carrying value disclosed in the financial statements.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of World Oil Resources Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. A. Mackenzie
Partner - Audit & Assurance

Melbourne, 30 September 2014

World Oil Resources Limited
Shareholder information
30 June 2014

The shareholder information set out below was applicable as at 12 September 2014.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	617
1,001 to 5,000	233
5,001 to 10,000	162
10,001 to 100,000	625
100,001 and over	379
	2,016
Holding less than a marketable parcel	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
HOLDREY PTY LTD (DON MATHIESON FAMILY A/C)	253,129,800	21.96
ROKEBA NOMINEES PROPRIETARY LIMITED (SILMAN PROPERTY A/C)	141,666,666	12.29
MAP CAPITAL PTY LTD (RICHMOND TCE CAP ARF A/C)	69,444,445	6.02
MR ITZCHAK BENEDIKT + MRS ROZETTE BENEDIKT (SNIDER CARMEL P/L S/F A/C)	50,870,933	4.41
BOND STREET CUSTODIANS LIMITED (RXN - V38514 A/C)	30,000,000	2.60
PJP GROUP PTY LTD	29,186,667	2.53
SH RAYBURN NOMINEES PTY LTD	27,701,420	2.40
ELKEN TOWER PTY LTD	25,000,000	2.17
MARYTON AUSTRALIA PTY LTD	25,000,000	2.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20,820,895	1.81
MR JOSHUA GOLDHIRSCH	20,465,554	1.78
HAYDOS CORPORATION PTY LTD	20,000,000	1.74
ADRIAN DARBY INVESTMENTS PTY LTD	16,666,670	1.45
NEW HOPETOUN PTY LTD	16,666,670	1.45
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD (CUSTODIAN A/C)	13,018,005	1.13
MIANER PTY LTD	10,981,214	0.95
YAD INVESTMENTS PTY LTD	10,453,336	0.91
MR ANDREW WILLIAM BLACKMAN	10,000,000	0.87
MR ROBERT LINDSAY MCDOWELL	10,000,000	0.87
BEN PORT JOSEPH PTY LTD	9,999,999	0.87
	811,072,274	70.38

Unquoted equity securities
There are no unquoted equity securities.

World Oil Resources Limited
Shareholder information
30 June 2014

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares Number held	% of total shares issued
HOLDREY PTY LTD (DON MATHIESON FAMILY A/C)	253,129,800	21.96
ROKEBA NOMINEES PROPRIETARY LIMITED (SILMAN PROPERTY A/C)	141,666,666	12.29
MAP CAPITAL PTY LTD (RICHMOND TCE CAP ARF A/C)	69,444,445	6.02

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.