



ABILENE OIL AND GAS LIMITED

(ASX: ABL)

30 January 2015

Quarterly Activities Report October 2014 to December 2014

1. KCLICK OIL PROJECT

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

OVERVIEW

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 Inc.**

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

DURING THE QUARTER

Quantity of JV production 1,386 barrels of oil and 9,852 MCF of gas.

Revenue The Company's gross revenue from production for the quarter was US\$62,602.
World Oil has a 40% revenue share after royalties in the joint Operation project.

Exploration/ Development During the previous quarters the Company (together with its joint operation partner CMX) the Company 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 expedite revenues from this project.

A production boost from new compression facilities on the Klick was evidenced and now the joint operation is focused on ensuring production reliability.

NEXT QUARTER

The Company (together with its joint operation partner CMX) plans to review operating reliability to maintain production volumes at the Klick Oil Field and consequently expedite revenues from this project.

2. Central Kansas Uplift Appraisal and Development Project (CKU)

- Russell, Rice, Ellsworth and Barton Counties, Kansas USA (WLR 49% WI)

OVERVIEW

Location and Description

On 21 October 2014, the Company announced that it had entered into definitive agreements to acquire an interest in over 15,600 acres in the area known as the Central Kansas Uplift, made up of 204 separate leases in a number of counties in Kansas.

Operator

The CKU project is a low risk exploration and appraisal joint venture in the Central Kansas Uplift area. The project goal is to mature up to an initial 50 drillable locations in the first land package, by shooting 3D seismic in areas adjacent to existing (and mature oil fields). The premise is that 3D can identify smaller prospects (estimated at 50-60 mbbl EUR) that can be drilled with a single vertical well at a low cost. The use of 3D allows the joint venture to recognize smaller drilling targets than can be detected by geologic mapping. The use of 3D seismic is expected to lower the drilling risk, to allow a possible 70% success rate. CMX is the operator of the project.

Joint Operation Partners

- CMX (25% WI)
- Cade Production LLC (20.8%)
- Panther Energy, Inc. (2.6%)
- Thomas P. Tenneson (2.6%)

Working Interest

World Oil has a 49% net working interest in leases covering 15,663 acres of the Russell, Rice, Ellsworth and Barton Counties, Kansas (of which 10,556 acres are subject to option payments to the other joint venture partners).

Well

4 wells have been approved for drilling.

Drilling or production status

During the quarter, the joint venture commenced drilling at the CKU Project through an initial 4 well program. Details of the wells drilled are as follows:

Clafin #1-35 Well

This well was drilled to a total depth of 3,383 feet with oil recovered and the joint venture agreed to complete the well. Production capability of the well will not be known or confirmed until the well is put into production. The timing of this activity is not confirmed, but is likely to be in the first quarter of 2015.

Demel #1-25 Well

This well was drilled to a total depth of 3,410 feet and the joint venture agreed to plug and abandon the well following non-commercial shows in the well.

Woelk #1-21

This well was drilled to a total depth of 3,276 feet with oil recovered and the joint venture agreed to complete the well. Production capability of the well will not be known or confirmed until the well is put into production. The timing of this activity is not confirmed, but is likely to be in the first quarter of 2015.

Woelk #1-19

This well was drilled to a total depth of 3,303 feet with oil recovered and the joint venture agreed to complete the well. Production capability of the well will not be known or confirmed until the well is put into production. The timing of this activity is not confirmed, but is likely to be in the first quarter of 2015.

NEXT QUARTER

The Company (together with its joint operation partner CMX) plans to review all data received from the drilling of these 4 wells to plan the 2015 work program. Current operations are focused on getting the 3 successful wells into production. The Company will announce further information on initial production rates once the information is received from the joint venture operator.

As previously announced on 21 October 2014, the joint venture has the ability to acquire a further 5,078 acres through a second option payment and discussions are being held on this option currently. Abilene's exposure to this second tranche payment is approximately US\$748,000.

3. WELCH-BORNHOLDT WHERRY PROJECT

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

OVERVIEW

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 accumulation. 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 at the city of McPherson approximately 30 kilometres by road, which is serviced by 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.

Well	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.
Drilling or production status	Production due to commence at #1-1 Krehbiel Trust well.

DURING THE QUARTER

Exploration/ Development	<p>During previous quarters, the Company advised that its joint operation partner has advised that the #1-1 Krehbiel Trust well has been completed and put into production.</p> <p>Following this announcement the Company then advised that the #1-1 Krehbiel Trust well had been temporarily shut down due to issues associated with pumping capacity. The Company has now been advised by the operator that the installation of the new submersible pump (ESP) has been completed and is awaiting final power connection.</p>
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NEXT QUARTER

The #1-1 Krehbiel Trust well has recommenced production but has not yet achieved stable operating rates. Once the operator advises that it has the Company will report production rates. The Company along with its joint operation partner will continue to review the production results from the #1-1 Krehbiel Trust well and given the encouraging results to date for this well, the joint operation is undertaking a technical evaluation of the surrounding acreage in order to define potential areas of interest and future possible drill locations that would utilise the new SWDW.

4. MOUNT LOOKOUT PROSPECT

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

OVERVIEW

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
Drilling or production status	The Company and its joint operation partner have reviewed 3D seismic available and are narrowing the location of the proposed well.

DURING THE QUARTER

**Exploration/
Development** No exploration was carried out during the quarter.

NEXT QUARTER

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 financial year with further details to be released once agreed by the joint venture.

5. KINSLEY PROSPECT

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

OVERVIEW

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.
Drilling or production status	Conduct detailed analysis of the 3D seismic, which the Company expects to get the results of prior to the end of the first quarter next calendar year and then with our joint operation partner determine the most appropriate drilling program for the coming calendar year.

DURING THE QUARTER

**Exploration/
Development** No work was carried out during the period.

NEXT QUARTER

During the next quarter 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.

6. GAVEA JOINT OPERATION PROJECTS

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

OVERVIEW

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.

DURING THE QUARTER

Exploration/ Development	No work was carried out during the period.
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NEXT QUARTER

The Directors don't plan to undertake any activity on this project in the coming quarter.

7. CORPORATE INFORMATION

CORPORATE UPDATE

During the quarter the company completed the placement of shortfall shares resulting from its June 2014 Non-renounceable Rights Issue. A total of \$479,500 was raised through the issue of 141,949,717 fully paid ordinary shares at an issue price of \$0.003 (0.3 cents) per share.

The Company also announced that it had entered into conditional placement and loan agreements with two director related entities and existing shareholders to raise a further \$465,000 through the issue of 155,000,000 shares at an issue price of \$0.003 (0.3 cents) per share, subject to shareholder approval at the Company's 2014 Annual General Meeting ('AGM') of shareholders. Shareholder approval was sought and the shares issued following the 2014 AGM.

The funds raised through these share issues provided the Company with funding in order to enter into the CKU Project acquisition and fund ongoing working capital requirements.

The Company sought approval from shareholders at its 2014 AGM to change the name of the Company to Abilene Oil and Gas Limited from World Oil Resources Limited. This change was approved and processed with the Australian Securities and Investments Commission on 1 December 2014.

The Company also sought shareholder approval at its 2014 AGM for the consolidation of its issued capital on a 20:1 basis which was approved and the capital consolidation was finalised on 4 December 2014.

EVENTS SUBSEQUENT TO THE QUARTER ENDED 31 DECEMBER 2014

Funding

On 19 January 2015 the Company announced it had entered into a Loan Agreement ('Loan') with a director related entity of Mr Craig Mathieson and substantial shareholder, Holdrey Pty Ltd ('Holdrey'), where Holdrey agreed to loan the Company \$160,000 to fund completion costs for the successful exploration Woelk #1-19 well. The Loan was increased on 23 January 2015 to \$320,000 through a Deed of Amendment to fund the successful Woelk #1-21 well.

The Company is currently reviewing funding mechanisms to fund the potential second option payment relating to the CKU Project and working capital requirements in conjunction with budgeting initiatives following the recent fall in oil prices. Further details on the proposed funding mechanism will be announced shortly once finalised and approved by the Board.

The total number of fully paid ordinary shares on issue as at the date of this report are 73,223,295 shares.

SECURITIES ON ISSUE AS AT 31 DECEMBER 2014

Fully paid ordinary shares on issue	73,223,295
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SUMMARY OF BOARD

Current Director/ Management	Position	Tenure
Mr Mordechai Benedikt	Director	13 June 2013 - present
Mr Craig Mathieson	Director	14 June 2013 - present
Mr Paul Salter	Non-executive Chairman	14 June 2013 – present
Mr Peter Best	Executive Director	1 December 2013 - present
Ms Melanie Leydin	Company Secretary	1 October 2013 - present
Mr Justin Mouchacca	Company Secretary	1 October 2013 - present

INTERESTS IN PETROLEUM TENEMENTS

Below is a listing of the Company's interests in Petroleum tenements as at 31 December 2014:

Petroleum Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
Klick East Oil Field	Woods County, Oklahoma, USA	49.2% Working Interest	-	-
Welch-Bornholdt Wherry Oil Fields	Rice and McPherson Counties, Kansas USA	50% Working Interest	-	-
Mount Outlook Prospect (Morrison Oil Fields)	Clark County, Kansas USA	50% Working Interest	-	-
Kinsley Prospect	Edwards County, Kansas USA	35% Working Interest	-	-
CKU Project*	Russell, Rice, Ellsworth and Barton Counties, Kansas USA	49% Working Interest	49%	-
Harpia Oil Field and Guara Oil Field	Sergipe-Alagoas Basin, on-shore Brazil	40% interest	-	-

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

ABILENE OIL & GAS LIMITED
(FORMERLY WORLD OIL RESOURCES LIMITED)

ABN

41 000 752 849

Quarter ended ("current quarter")

31 DECEMBER 2014

Consolidated statement of cash flows

		Current quarter \$A	Year to date (6 months) \$A
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	73,184	121,191
1.2	Payments for (a) exploration and evaluation	(479,952)	(821,091)
	(b) development	-	-
	(c) production	(18,285)	(64,279)
	(d) administration	(146,161)	(364,915)
	(e) bank guarantee	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
Net Operating Cash Flows		(571,211)	(1,129,091)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	(858,063)	(858,063)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects (including deposits received)	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
Net investing cash flows		(858,063)	(858,063)
1.13	Total operating and investing cash flows (carried forward)	(1,429,274)	(1,987,154)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,429,274)	(1,987,154)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	914,500	1,678,401
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Capital Raising costs	-	(13,171)
1.20	Other (Proceeds received for shares yet to be issued)	-	-
	Net financing cash flows	914,500	1,665,230
	Net increase (decrease) in cash held	(514,774)	(321,924)
1.21	Cash at beginning of quarter/year to date	538,534	322,537
1.22	Exchange rate adjustments to item 1.20	19,543	42,690
1.23	Cash at end of quarter	43,303	43,303

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.24	Aggregate amount of payments to the parties included in item 1.2	41,533
1.25	Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

Director's fees and consulting fees paid during the December 2014 quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A	Amount used \$A
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A	Previous quarter \$A
5.1 Cash on hand and at bank	43,303	538,535
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	43,303	538,535

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	CKU Project	Joint Venture	-	49%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

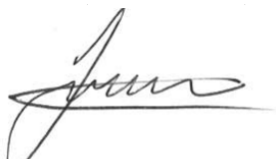
	Number issued	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	73,223,295	73,223,295		Fully paid
7.4 Changes during quarter				
(a) Increases through issues	141,949,717	141,949,717	\$0.003	\$0.003
	17,883,587	17,883,587	\$0.003	\$0.003
	7,600,000	7,600,000	\$0.06	\$0.06
(b) Decreases through returns of capital, buy-backs, redemptions (Share consolidation 1:20)	(1,246,848,719)	(1,246,848,719)		
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.7 Options (description and conversion factor)	6,400,000	6,400,000	Exercise price of \$0.08 per option	N/A
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30 JANUARY 2015

Print name: JUSTIN MOUCHACCA
(Company Secretary)

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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