

**World Oil
Resources Ltd
and Controlled Entities**

A.B.N. 41 000 752 849

**31 DECEMBER 2012
HALF-YEAR FINANCIAL REPORT**

Company Directory

Directors

Mr John Weston
Mr John Ceccon
Mr Chris Manie

Secretary

Mr Marc Spicer

Solicitors to the Company

Quinert Rodda & Associates
Level 19
500 Collins Street
Melbourne VIC 3000

Bankers

Westpac Banking Corporation
360 Collins Street
Melbourne VIC 3000

Registered Office

Level 1
34 Punt Road
Windsor VIC 3181

Auditors

Grant Thornton Audit Pty Ltd
Level 30
525 Collins Street
Melbourne VIC 3000

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Stock Exchange Listing

Shares are listed on the Australian Stock Exchange. Code WLR, WLROA

Directors' Report

Your directors submit their report for the half-year ended 31 December 2012.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Michael Goldhirsch (Resigned 7 November 2012)

Philip Galloway (Resigned 10 December 2012)

Stephen Shnider (Resigned 7 November 2012)

John Weston

Amos Meltzer (Appointed 3 October 2012, resigned 4 February 2013)

John Ceccon (Appointed 8 November 2012)

Chris Manie (Appointed 14 January 2013)

REVIEW AND RESULTS OF OPERATIONS

The net consolidated operating loss after tax of the economic entity for the half-year ended 31 December 2012 was \$7,239,894 (2011: \$2,283,206).

SIGNIFICANT EVENTS DURING THE PERIOD

On the 7th of November 2012, Mr Micheal Goldhirsch resigned as chairman and was replaced by Mr Amos Meltzer.

The company relocated its registered office on the 10th of December 2012 to Level 1, 34 - 36 Punt Road, Windsor.

Since the reporting date, the following significant events occurred in relation to the Group:

- Christopher Maine has been elected as non-executive director on the 14th of January 2013
- Amos Meltzer resigned as a director and chairman of the board on the 14th of February 2013
- On the 25th February 2013 Holdrey Pty Ltd submitted an off-market takeover bid for all the issued shares in the Company at 1.3 cents per fully paid ordinary share, reduced by the amount any dividend of distribution paid or declared by the Group. On the 14th of March 2013 Holdrey Pty Ltd submitted an application to the Takeovers Panel in accordance with section 657C(2) of the Corporations Act. The securities of the Company were then placed into a trading halt pending the release of an announcement by the Company. Unless ASX decides otherwise, the securities will remain in trading halt session until the earlier of the commencement of normal trading on the 19th of March 2013 or when the announcement is released to the market.

Directors' Report (continued)

- On the 12th of March 2013 the Company announced a pro-rate non-renounceable rights issue offer to the holders of ordinary shares in the Company of 195,000,002 fully paid ordinary shares at an issue price of 1.3 cents per share, to raise approximately \$2.5 million (before costs). The closing date of the offer is the 12th of April 2013.

REVIEW OF OPERATIONS

Results Summary

- Half-year revenue of \$167,763.

Klick Oil Field, Woods County Oklahoma

World Oil Resources Limited and CMX Inc (“CMX”) each own a 49.2% NWI in the Klick East Oil Field which comprises 320 acres. CMX is the operator and Chesapeake Energy owns the remaining 1.6% NWI.

The Company’s gross revenue from production was [\$167,763] for the six months ended 31 December 2012.

Joint venture production for this period was 5,259 Barrels and 16,632 mscf of gas. World Oil Resources Limited has a 40% share of this production after royalties.

Production was constrained during the half year because of limits to salt water disposal capacity resulting from an adjacent third party disposal well ceasing to take water. Options to increase Klick’s production were reviewed during the half-year along with alternative salt water disposal arrangements.

Wherry and Welch-Bornholdt Oil Fields

Rice and McPherson Counties, Kansas USA (WLR 50% WI)

World Oil Resources Limited holds a 50% net working interest in approximately 15,000 acres (60.6 square kilometres) covering the field in Rice and McPherson Counties. CMX holds the remaining 50% NWI in the acreage and is operator. The acreage is generally held under 3 year leases with a further 2 year option to extend. During the period, the 2 year options were mostly exercised for leases acquired in late 2009 when the JV commenced its program to acquire acreage over the field.

In early 2012, the Joint Venture drilled the Socrates 1H appraisal well on the field. Excellent log results and strong oil shows from this well demonstrated the potential of the field’s Mississippian reservoir. Production testing of the well continued during the year, however flow rates were disappointing due to problems stemming from a Packers Plus completion unit that deployed prematurely while being run into the well’s lateral section.

Directors' Report (continued)

A subsidiary of Shell Oil filed a Notice of Intent to Drill with the Kansas oil industry regulator for a horizontal well at a location approximately 5km to the South of Socrates 1H. This well will target the same Mississippian reservoir as Socrates 1H and Shell has indicated that it will spud early in 2013.

Gavea Joint Venture, on-shore Brazil

Brazil's oil industry regulator the ANP reports regularly to the public on the status of production and development licences in the country. The Harpia and Guara oil fields (WLR 40%) continue to be reported, respectively, as production and development licenses.

Corporate

New Directors were appointed to the Company. Mr John Ceccon was appointed during the half year as a Non-executive Director and Mr Christopher Manie was appointed as a Non-executive Director on 14 January 2013. Mr Amos Meltzer was appointed acting Chairman and subsequently resigned in February 2013.

Mr Philip Galloway resigned as Managing Director on 11 December 2012.

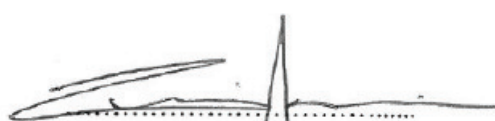
Mr Michael Goldhirsch retired as Chairman during the quarter after 25 years as a Director of the Company and Mr Stephen Shnider also retired as a Non-Executive Director, a position that he has held since 1987.

Mr John Weston remained on the Board. John is a petroleum geologist based in London with more than 30 years experience in the oil industry.

AUDITOR'S INDEPENDENCE DECLARATION

An independence declaration has been provided by the company's auditor, Grant Thornton Audit Pty Ltd. A copy of this declaration is attached to, and forms part of the interim financial report for the half-year ended 31 December 2012.

Signed in accordance with a resolution of the directors.



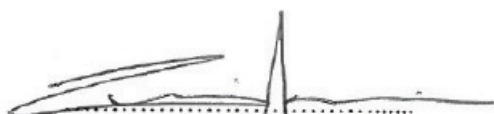
Chris Manie, Director
Melbourne, 15 March 2013

Directors' Declaration

The directors of the company declare that:

1. The financial statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard *AASB 134 Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Chris Manie, Director
Melbourne, 15 March 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2012

	CONSOLIDATED	
	HALF - YEAR ENDED	
	<i>31 December</i>	<i>31 December</i>
<i>Notes</i>	<i>2012</i>	<i>2011</i>
	\$	\$
Oil sales	2 167,763	388,242
Cost of sales	(9,968)	(29,407)
Gross profit	157,795	358,835
Other income	2 8,803	10,545
Total revenue	166,598	369,380
Production lease operating expense	(82,365)	(74,121)
Occupancy expenses	(6,021)	(19,686)
Share registry expenses	(9,264)	(24,854)
ASX expenses	(18,304)	(35,130)
Audit fees	(38,854)	(46,028)
Employee expenses	(42,536)	(88,884)
Consultancy expenses	(150,683)	-
Legal expenses	(16,595)	(30,725)
Office expenses	(6,345)	(10,462)
Travel expense	(3,062)	(3,146)
Directors fee expense	(66,603)	(11,250)
Regulatory expenses	-	(277)
Foreign exchange loss	(156,508)	(2,098,996)
Amortisation expenses	(73,257)	(192,918)
Impairment of development assets	(6,698,560)	-
Other expenses	(37,535)	(16,109)
Loss before income tax	(7,239,894)	(2,283,206)
Income tax expense	-	-
Loss after tax for the period	(7,239,894)	(2,283,206)
Other comprehensive income		
Exchange differences on translation of foreign operations	60,773	1,174,640
Change in fair value of equity securities available for sale	(47,234)	74,033
Other comprehensive income net of tax	13,539	1,248,673
Total comprehensive loss for the period	(7,226,355)	(1,034,533)
- Basic and diluted loss for the half-year (loss after income tax)	(1.86)	(0.45)
- Basic and diluted for loss for the half-year (total comprehensive loss)	(1.86)	(0.21)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 31 December 2012

	<i>CONSOLIDATED</i>	
	<i>As at 31 December 2012</i>	<i>As at 30 June 2012</i>
<i>Notes</i>	<i>\$</i>	<i>\$</i>
ASSETS		
Current Assets		
Cash and cash equivalents	564,800	975,391
Receivables	28,439	47,447
Total Current Assets	593,239	1,022,838
Non-current Assets		
Other financial assets	8 54,913	102,147
Deferred Exploration Expenditure	9 2,817,321	2,654,156
Development Assets	9 -	6,731,604
Production Assets	9 2,107,042	2,225,822
Total Non-current Assets	4,979,276	11,713,729
TOTAL ASSETS	5,572,515	12,736,567
LIABILITIES		
Current Liabilities		
Trade and other payables	187,342	125,039
Total Current Liabilities	187,342	125,039
Non-Current Liabilities		
Trade and other payables	500	500
Total Non-Current Liabilities	500	500
TOTAL LIABILITIES	187,842	125,539
NET ASSETS	5,384,673	12,611,028
EQUITY		
Issued capital	7 56,357,445	56,357,445
Reserves	6 8,077,175	10,156,136
Accumulated losses	(59,049,997)	(53,902,553)
TOTAL EQUITY	5,384,673	12,611,028

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Cash Flows
 for the half-year ended 31 December 2012**

	<i>CONSOLIDATED HALF - YEAR ENDED</i>	
	<i>31 December 2012</i>	<i>31 December 2011</i>
	\$	\$
Cash flows from operating activities		
Receipts from customers	148,755	353,785
Payments to suppliers and employees	(404,984)	(311,349)
Interest Received	8,803	10,545
Net cash flows from/(used in) operating activities	(247,426)	52,981
Cash flows from investing activities		
Payments for exploration costs	(163,165)	(1,414,012)
Net cash flows used in investing activities	(163,165)	(1,414,012)
Cash flows from financing activities		
Proceeds from issue of shares (net of share issue costs)	-	2,999,435
Net cash inflow from financing activities	-	2,999,435
Net increase\decrease) in cash held	(410,591)	1,638,404
Cash at beginning of period	975,391	201,884
Cash at end of period	564,800	1,840,288

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2012

	CONSOLIDATED HALF - YEAR			Total
	Issued Capital	Reserves	Accumulated Losses	
	\$	\$	\$	\$
Balance at 1 July 2011	53,358,010	10,926,937	(52,697,629)	11,587,318
Loss for the period	-	-	(2,283,206)	(2,283,206)
Other comprehensive income for the period	-	1,248,673	-	1,248,673
Total comprehensive income for the period	-	1,248,673	(2,283,206)	(1,034,533)
Transactions with owners in their capacity as owners				
Issue of new shares	3,154,966	-	-	3,154,966
Share issue costs	(155,531)	-	-	(155,531)
Balance at 31 December 2011	56,357,445	12,175,610	(54,980,835)	13,552,220
Balance at 1 July 2012	56,357,445	10,156,136	(53,902,553)	12,611,028
Loss for the period	-	-	(7,239,894)	(7,239,894)
Other comprehensive income for the period	-	13,539	-	13,539
Total comprehensive income for the period	-	13,539	(7,239,894)	(7,226,355)
Transactions with owners in their capacity as owners				
Share options expired	-	(2,092,500)	2,092,500	-
Balance at 31 December 2012	56,357,445	8,077,175	(59,049,947)	5,384,673

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

(a) Statement of compliance

The half-year financial report ended 31 December 2012 is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

(b) Basis of preparation

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the Company as the most recent annual financial report.

The half-year financial report should be read in conjunction with the annual financial report of World Oil Resources Limited as at 30 June 2012.

It is also recommended that the half-year financial report be considered together with any public announcements made by World Oil Resources Limited during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report has been prepared on a historical cost basis, except for available-for-sale financial assets held at fair value and financial assets at fair value through profit and loss. All amounts are presented in Australian dollars.

(c) Significant accounting policies and methods of computation

The half-year consolidated financial statements have been prepared using the same accounting policies and methods of computation as used in the annual financial statements for the year ended 30 June 2012.

(d) Going concern

As a developing business the Group has experienced half-year operating losses of \$7,239,894 (of which \$6,698,560 is an impairment charge against development assets) and net cash outflows from operating activities of \$247,426 for the half-year period ended 31 December 2012.

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

pending the release of an announcement by the Company. Unless ASX decides otherwise, the securities will remain in trading halt session until the earlier of the commencement of normal trading on the 19th of March 2013 or when the announcement is released to the market.

- On the 12th of March 2013 the Company announced a pro-rata non-renounceable rights issue offer to the holders of ordinary shares in the Company of 195,000,002 fully paid ordinary shares at an issue price of 1.3 cents per share, to raise approximately \$2.5 million (before costs). The closing date of the offer is the 12th of April 2013.

4. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

5. SEGMENTAL INFORMATION

During the period the group identified the following segments in which Mining and Geological operated in Brazil and the USA, and Equity and Investment operated in Australia.

Industry Segments

	Mining & Geological		Equity & Investment		Consolidated	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Revenue						
From external customers	167,763	388,242	-	-	167,763	388,242
Interest Income	-	-	8,803	10,545	8,803	10,545
Segment Revenues	167,763	388,242	8,803	10,545	176,566	398,787
Employee benefits expense	-	-	(42,536)	(88,884)	(42,436)	(88,884)
Production operating costs	(82,365)	(74,121)	-	-	(82,365)	(74,121)
Other expenses	(6,939,120)	(2,455,307)	(352,439)	(63,681)	(7,291,559)	(2,518,988)
Segment Operating Loss	(6,853,722)	(2,141,186)	(386,172)	(142,020)	(7,239,894)	(2,283,206)
Segment Assets (a)	5,031,306	11,848,996	541,209	1,843,516	5,572,515	13,692,512
Segment Liabilities (b)	148,958	104,824	38,884	35,468	187,842	140,292

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

6. RESERVES

	<i>CONSOLIDATED</i>	
	As at 31 December 2012 \$	As at 30 June 2012 \$
Capital profits	2,887,131	2,887,131
Asset revaluation reserve (a)	1,939	49,173
Equity benefits reserve (share based payment) (b)	232,500	2,325,000
Foreign currency translation reserve (c)	4,955,605	4,894,832
	<u>8,077,175</u>	<u>10,156,136</u>

Movement during the year:

(a) Asset revaluation reserve

The asset revaluation reserve recognises the changes in fair value of available for sale financial assets.

Balance at the beginning of the period	49,173	-
Revaluation increment\ (decrement) on listed shares	(47,234)	49,173
Balance at the end of the period	<u>1,939</u>	<u>49,173</u>

(b) Equity benefits reserve

The equity benefits reserve recognises the fair value of equity settled share based payments.

Balance at the beginning of the period	2,325,000	2,325,000
Expiry of Options	(2,092,500)	-
Balance at the end of the period	<u>232,500</u>	<u>2,325,000</u>

(c) Foreign currency translation reserve

The foreign currency translation reserve recognises the changes in value of foreign currency transactions on translation of subsidiaries.

Balance at the beginning of the period	4,894,832	4,689,806
Foreign currency exchange revaluation	60,773	205,026
Balance at the end of the period	<u>4,955,605</u>	<u>4,894,832</u>

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

7. SHARE CAPITAL

	<i>CONSOLIDATED</i>	
	As at 31 December 2012	As at 30 June 2012
	\$	\$
Issued and paid up capital		
232,251,669 Ordinary shares fully paid	51,698,104	51,698,104
Forfeited partly paid shares	5,236,068	5,236,068
Expired options	400,000	400,000
Share issue costs	(976,727)	(976,727)
	56,357,445	56,357,445

8. OTHER FINANCIAL ASSETS

NON CURRENT

	<i>CONSOLIDATED</i>	
	As at 31 December 2012	As at 30 June 2012
	\$	\$
Available for sale financial assets		
Shares at fair value – other entities (a)	2,705	2,705
Shares in other related parties at fair value	52,206	99,440
Acquired interest in joint venture operation (b)	409,091	409,091
Less provision for impairment	(409,091)	(409,091)
Investments in other corporation	2	2
	54,913	102,147

(a) Relates to a minority interest in listed companies.

(b) Relates to an acquired interest in the Edward Creek Base Metals Joint Venture (ECBMJV). World Oil Resources purchased a 21% contributing interest in the Edward Creek Base Metal Joint Venture (ECBMJV) for a consideration of \$450,000 (inc GST). The consideration was satisfied by the issue of nine million fully paid ordinary shares and nine million options. The ECBMJV relates to an interest in exploration licence EL 3250 that covers an area of approximately 440 sq km in the Gawler Craton in South Australia. This interest has been fully impaired.

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

9. (a) EXPLORATION AND EVALUATION ASSETS

	<i>CONSOLIDATED</i>	
	As at 31 December 2012 \$	As at 30 June 2012 \$
At cost	2,817,321	2,654,156
Balance at end of financial period	2,817,321	2,654,156
Reconciliation		
Balance at beginning of financial period	2,654,156	24,620
Additions - expenditure incurred	217,429	2,272,432
Foreign exchange movements	(54,264)	(42,896)
Balance at end of financial period	2,817,321	2,654,156

The exploration and evaluation assets related to the Welch-Bornholdt\Wherry project in Kansas, USA.

The recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

(b) DEVELOPMENTS ASSETS

At cost	6,698,560	6,731,604
Accumulated impairment losses	(6,698,560)	-
Balance at end of financial period	-	6,731,604
Reconciliation		
Balance at beginning of financial period	6,731,604	8,561,473
Foreign exchange movements	(33,044)	(1,829,869)
Impairment charges	(6,698,560)	-
Balance at end of financial period	-	6,731,604

Development assets, relating to the Harpia & Guara fields in Brazil, totaling \$6,698,560 have been impaired during the half-year period ended 31 December 2012.

Whilst the Directors believe that the Group will realise a value in excess of the current carrying value there is uncertainty in the future cash flows relating to these development assets. The Directors have decided to be conservative and impair the value of the development assets.

The directors are currently investigating the viability of the development assets, and believe that the assets have a value in excess of the revised carrying value mainly because our appointed Consultant has managed to recommence communication with the Brazilian Joint Venture partner.

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	<i>CONSOLIDATED</i>	
	As at 31 December 2012 \$	As at 30 June 2012 \$
(c) PRODUCTION ASSETS		
At cost	2,610,385	2,655,908
Accumulated amortisation	(503,343)	(430,086)
Balance at end of financial period	2,107,042	2,225,822
Reconciliation		
Balance at beginning of financial period	2,225,822	2,455,547
Foreign exchange movements	(45,523)	100,354
Amortisation	(73,257)	(330,079)
Balance at end of financial period	2,107,042	2,225,822

The production assets relate to the Klick area in Oklahoma, USA which commenced production during the 2011 financial year.

10. RELATED PARTIES

During the period, the Company entered into service, consultancy and lease agreements with related parties. The agreements were based on normal commercial terms and conditions.

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**Auditor's Independence Declaration
To The Directors of World Oil Resources Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of World Oil Resources Ltd for the half-year ended 31 December 2012, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 15 March 2013

Grant Thornton Audit Pty Ltd
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Independent Auditor's Review Report To the Members of World Oil Resources Ltd

We have reviewed the accompanying half-year financial report of World Oil Resources Ltd (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

The directors of World Oil Resources Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity’s financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of World Oil Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of World Oil Resources Ltd is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going

Without qualifying our opinion, we draw attention to Note 1 to the half-year financial report which indicates uncertainties regarding the going concern assumption, including successful negotiations to obtain additional financing. The uncertainty around the group's ability to obtain sufficient financing indicates 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 15 March 2013