

WORLD OIL RESOURCES LTD

(ASX: WLR)

31 January 2014

Quarterly Activities Report

October 2013 to December 2013

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 Venture 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 overriding 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 1,548 barrels of oil and 4,344 MCF of gas.

Revenue The Company's gross revenue from production was \$64,833
World Oil has a 40% revenue share after royalties in the joint venture project.

Exploration/ Development During the quarter the Company (together with its joint venture partner CMX) developed a plan to fund 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. It is expected that the Company's share of this expenditure will not exceed \$50,000.

NEXT QUARTER

The Company (together with its joint venture partner CMX) plans to fund 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.

2. 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 venture 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 venture 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 Venture Partner

CMX

Working Interest

Under the joint venture 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

Field development

DURING THE QUARTER

Exploration/ Development

The Company (together with its joint venture 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. CMX hopes to be able to drill a vertical well that has a similar performance to the adjacent well. The Company expects that the total cost to drill and

complete this well will be circa \$900,000, with the Company's share being 50% of the final amount. It is hoped that this well will provide the Company with:

(a) the opportunity to add another producing well to the Company's portfolio;

and

(b) further data in respect of the Welch Bornholdt Wherry Field upon which it may conduct an expanded horizontal well drilling program.

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.

NEXT QUARTER

The Directors intend to undertake the above noted drilling activities on the Welch-Bornholdt and Wherry oil fields, which will provide the Company with two key things:

1. The opportunity to add another producing well to the Company's portfolio; and
2. Further data upon which it may conduct an expanded horizontal well drilling program.

3. GAVEA JOINT VENTURE 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 Venture 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

Brazil remains a highly prospective and attractive location in the global oil industry however the on-shore sector, where World Oil has holds interests in the Harpia and Guara fields, continues to be challenging on independent oil companies. The Harpia and Guara oil fields remain the only non-Petrobras joint ventures in the Sergipe Alagoas Basin, and the Directors continue to believe that they have significant strategic value. The Directors intend to continue assessing the options available to it in order to leverage the strategic worth of the Harpia and Guara oil fields to realise value from its 40% joint venture interests.

4. MOUNT OUTLOOK 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 Venture Partner	CMX
Working Interest	Under the joint venture 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	3D seismic, which the Company expects to get the results for prior to the end of the calendar year and then with our joint venture partner determine the most appropriate drilling program for the coming calendar year.

DURING THE QUARTER

Exploration/ Development During the quarter 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.

NEXT QUARTER

The Company and its joint venture partner plan to review 3D seismic available and plan for potential horizontal wells for the upcoming quarter.

5. OPTION OVER PUMA PROSPECT

- McPherson County, Kansas USA (WLR potential 50% WI)

OVERVIEW

Location and Description	The Puma Prospect is located in the McPherson County, Kansas USA
Operator	CMX is the operator of the project
Joint Venture Partner	CMX
Working Interest	Under the joint venture arrangement with CMX, each of CMX and World Oil has a 50% net working interest in leases covering approximately 3,000 acres of the Morrison Oil Fields.
Drilling or production status	The Company expects to, after it exercises the option, that the operator will undertake the 3D seismic, after which the Company & CMX will access the results to determine the most appropriate drilling program for the coming year.

DURING THE QUARTER

Exploration/ Development During the quarter the Company entered into an option agreement with CMX to participate in a new exploration target. In consideration of \$US1, the Company has the right to acquire a 50% net working interest in leases covering approximately 3,000 acres in McPherson County, Kansas.

The terms of the option are that in consideration for a payment to CMX of \$212,500 the Company shall receive 50% net working interest in leases covering approximately 3,000 acres in McPherson County, Kansas. 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 Company must exercise this option prior to April 1, 2014, after which the option will expire.

The Puma Prospect is an exploratory project located in McPherson County, Kansas and is a 3,000 acre 3D play targeting oil deposits from the Maquoketa Dolomite, Viola Dolomite, and Simpson Sand. The prospect is located on the northern edge of a rich and mature oil producing province, known as the Sedgwick Basin. Major structural elements include the Lindsborg Anticline, Oshell Anticline, Olis Graben, and Crawford Fault. Localized structural elements have been identified by CMX, including a Horst-like feature trending to the southeast that is projected across the Puma acreage block.

These three zones have prolific production histories north of the acreage block, producing more than 15.9 million barrels of oil from the Lindsborg field alone. Many of the wells drilled in the regional area were open-hole completed and did not have well log surveys. This, along with the unavailability of other essential historical data has proven a challenge to continued exploration and development activities in the area. Should the Company exercise this option, 3D seismic surveys and modern well log data can significantly lower the risk involved in exploring this field.

NEXT QUARTER

The Company plans to review all information available on this prospect in order to make a decision to continue with the exercise of the option. Further details will be provided following completion of this review.

6. 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 Venture Partner	CMX
Working Interest	Under the joint venture 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 venture partner determine the most appropriate drilling program for the coming calendar year.

DURING THE QUARTER

Exploration/ Development

During the quarter the Company entered into an agreement with J-W Operating Company of Dallas, Texas to acquire its interest 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.

NEXT QUARTER

During the next quarter the Company and its joint venture partner intend to conduct detailed analysis of the 3D seismic, which the Company expects to get the results of prior to the end of the first quarter and then determine the most appropriate drilling program for the coming calendar year

7. CORPORATE INFORMATION

CORPORATE UPDATE

Placement

- During the quarter 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.

EVENTS SUBSEQUENT TO THE QUARTER ENDED 31 DECEMBER 2013

There were no events subsequent to the end of the quarter ended 31 December 2013.

SECURITIES ON ISSUE AS AT 31 DECEMBER 2013

Fully paid ordinary shares on issue

776,753,056

SUMMARY OF BOARD AND MANAGEMENT

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
Previous Director/ Management		
Mr John Weston	Director	28 October 2007 – 18 November 2013

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

WORLD OIL RESOURCES LIMITED

ABN

41 000 752 849

Quarter ended ("current quarter")

31 DECEMBER 2013

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	64,833	142,017
1.2 Payments for		
(a) exploration and evaluation	(720,575)	(720,575)
(b) development	-	-
(c) production	(436,225)	(513,409)
(d) administration	(240,247)	(558,303)
(e) bank guarantee	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	21
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Demerger Implementation Fees	-	-
Net Operating Cash Flows	(1,332,202)	(1,650,249)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(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 Research and Development – Monash University	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(1,332,202)	(1,650,249)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,332,202)	(1,650,249)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,181,800	2,281,518
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(100,000)
1.18	Dividends paid	-	-
1.19	Capital Raising costs	(4,192)	(87,193)
Net financing cash flows		1,177,608	2,094,325
Net increase (decrease) in cash held		(154,594)	444,076
1.20	Cash at beginning of quarter/year to date	598,825	1
1.21	Demerger of Tarcoola Gold Limited	-	-
1.22	Exchange rate adjustments to item 1.20	-	154
1.23	Cash at end of quarter	444,231	444,231

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	79,507
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 2013 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

+ See chapter 19 for defined terms.

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	225
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	375

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	444,231	598,825
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	444,231	598,825

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	Mount Lookout Prospect	Leases covering 1,200 acres of the Morrison Oil Fields located in Clark County Kansas	-	50%
	Kingsley Prospect	Leases covering 6,400 acres located in Edwards County Kansas	-	35%

+ 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 <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	776,753,056	776,753,056		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	203,466,667	203,466,667	\$0.006	\$0.006
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.7 Options <i>(description and conversion factor)</i>				
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ 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: 31 January 2014

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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