



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP13/005

Thursday, 4 April 2013

World Oil Resources Limited – Declaration of Unacceptable Circumstances and Orders

The Panel has made a declaration of unacceptable circumstances (Annexure A) and final orders (Annexure B) in relation to an aspect of an application dated 14 March 2013 by Holdrey Ptd Ltd, as trustee for the Don Mathieson Family Trust, in relation to the affairs of World Oil Resources Limited (see TP13/04).

Background

On 25 February 2013 Holdrey announced its intention to make an off-market takeover bid for all the issued shares of World Oil at 1.3 cents per share. The Holdrey bid is subject to conditions including that:

None of the following events happen in the period commencing on the Announcement Date and ending at the end of the Offer Period:

...

(d) WLR or a subsidiary of WLR issuing any shares or granting an option over its shares or agreeing to make such an issue or grant such an option

On 12 March 2013 World Oil announced a 1-for-2 non-renounceable rights issue at 1.3 cents per share to raise approximately \$2.5 million.

The announcement of the rights issue did not include adequate disclosure and triggered a condition of the Holdrey bid and constitutes a frustrating action.

The application also raised allegations of association between various shareholders of World Oil. Panel proceedings in relation to the allegations of association are continuing.

Declaration

The Panel considered that the circumstances were unacceptable because the rights issue was not subject to shareholder approval or any mechanism that minimised the potential for the rights issue to frustrate the Holdrey bid.

There was also inadequate disclosure of the effects or relative merits of the rights issue.

The Panel did not consider it against the public interest to make the declaration, and in making it had regard to the matters in s657A(3).

Orders

The Panel has made orders that if World Oil proceeds with the rights issue announced on 12 March 2013, or announces another rights issue, such issue must be subject to shareholder approval.

The sitting Panel was David Friedlander (sitting President), Julie McPherson and Tony Osmond.

The Panel will publish its reasons for the decision in due course on its website www.takeovers.gov.au.

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Annexure A

CORPORATIONS ACT

SECTION 657A

DECLARATION OF UNACCEPTABLE CIRCUMSTANCES

WORLD OIL RESOURCES LIMITED

CIRCUMSTANCES

1. On 25 February 2013 Holdrey Pty Ltd, as trustee for the Don Mathieson Family Trust (**Holdrey**), announced its intention to make an off-market takeover bid for all the issued shares of World Oil Resources Limited (**World Oil**) at 1.3 cents per share.
2. The Holdrey bid is subject to conditions including that:
None of the following events happen in the period commencing on the Announcement Date and ending at the end of the Offer Period:
...
(d) WLR or a subsidiary of WLR issuing any shares or granting an option over its shares or agreeing to make such an issue or grant such an option
3. On 12 March 2013 World Oil announced a 1-for-2 non-renounceable rights issue at 1.3 cents per share to raise approximately \$2.5 million (**Rights Issue**).
4. The Rights Issue is not subject to shareholder approval or any mechanism that minimised the potential for the rights issue to frustrate the Holdrey bid.
5. The announcement of the Rights Issue did not adequately disclose information material to shareholders, including:
 - (a) that the announcement of, or issue of shares under, the Rights Issue would trigger a condition of the Holdrey bid or
 - (b) the relative merits of the Rights Issue and the Holdrey bid.
6. The announcement of the Rights Issue triggered the condition set out in paragraph 2 and is a frustrating action.
7. It appears to the Panel that the circumstances are unacceptable having regard to:

- (a) the effect that the Panel is satisfied the circumstances have had, are having, will have or are likely to have on the control, or potential control, of World Oil and
 - (b) the purposes of Chapter 6 set out in section 602 of the Corporations Act 2001 (Cth) (Act).
8. The Panel considers that it is not against the public interest to make a declaration of unacceptable circumstances. It has had regard to the matters in section 657A(3).
9. The application by Holdrey raised allegations of association between various shareholders of World Oil. Panel proceedings in relation to the allegations of association are continuing.

DECLARATION

The Panel declares that the circumstances constitute unacceptable circumstances in relation to the affairs of World Oil.

Alan Shaw
Counsel
with authority of David Friedlander
President of the sitting Panel
Dated 4 April 2013



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Annexure B

CORPORATIONS ACT SECTION 657D ORDERS

WORLD OIL RESOURCES LIMITED

The Panel made a declaration of unacceptable circumstances on 4 April 2013.

THE PANEL ORDERS

1. World Oil Resources Limited (**World Oil**) must not:
 - (a) proceed with the rights issue announced on 12 March 2013 without the rights issue being subject to approval of World Oil shareholders at a general meeting or
 - (b) make or announce another rights issue prior to the end of the offer period for the bid announced by Holdrey Pty Ltd, as trustee for the Don Mathieson Family Trust (**Holdrey**) on 25 February 2013 (**Holdrey Bid**) unless the rights issue is subject to approval of World Oil shareholders at a general meeting.
2. If World Oil proceeds with the rights issue announced on 12 March 2013, or announces another rights issue subject to shareholder approval, the following requirements apply:
 - (a) World Oil must call and arrange to hold a general meeting at which shareholders consider, as an ordinary resolution, approval of the rights issue
 - (b) World Oil must include in the notice of meeting, in a form approved by the Panel, the following information:
 - (i) a comparison of the financial position of World Oil if the rights issue is approved and if it is not approved
 - (ii) a description of the Holdrey Bid
 - (iii) a statement that approval of the rights issue will result in Holdrey being entitled not to proceed with the Holdrey Bid and
 - (iv) a voting exclusion statement. At the time the notice of meeting is dispatched, if the Panel has found any association as alleged in the application by Holdrey, the statement must exclude the associates from voting as ordered by the Panel; otherwise, the statement must be that a voting exclusion statement may be issued subsequently,

depending on the Panel's conclusion in relation to alleged association between various World Oil shareholders.

3. Until World Oil shareholders at a general meeting have passed a resolution approving such rights issue:
 - (a) World Oil must not issue shares to subscribers under the rights issue
 - (b) any money received by World Oil as subscriptions for new shares under the rights issue must be held:
 - (i) separately from all other World Oil funds and
 - (ii) on trust for the subscribers.
4. If such rights issue is not approved any subscription money received by World Oil must be returned to the subscribers promptly.
5. If World Oil proceeds with the rights issue announced on 12 March 2013, or announces another rights issue subject to shareholder approval, unless impractical, World Oil must call the meeting to consider approval of such rights issue so that the meeting is held immediately after the conclusion or adjournment of the general meeting held in accordance with the notice issued on 8 March 2013 by Holdrey under section 249D including as a result of the operation of section 249E.
6. Until World Oil shareholders at a general meeting pass a resolution approving either the rights issue announced on 12 March 2013 or any other rights issue, in relation to triggering the condition of the Holdrey Bid that World Oil or a subsidiary of World Oil not issue any shares or grant an option over its shares or agree to make such an issue or grant such an option:
 - (a) Holdrey is not entitled to rely on the condition to not proceed with the Holdrey Bid or otherwise rely on the condition once the bid has been made and
 - (b) takeover contracts and acceptances under the Holdrey Bid will not be considered void under s650G as a result of non-fulfillment of the condition provided the meeting is held before the end of the offer period for the Holdrey Bid.

Alan Shaw
Counsel
with authority of David Friedlander
President of the sitting Panel
Dated 4 April 2013