
**COTT OIL AND GAS LIMITED
AND ITS CONTROLLED ENTITIES**
ABN 33 160 017 390

Interim Financial Report

For the period ended 31 December 2013

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2013 and any public announcements made by Cott Oil and Gas Limited during the period the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your Directors present their report on the consolidated entity consisting of Cott Oil and Gas Limited and the entities it controlled at the end of, or during, the period from 1 July 2013 to 31 December 2013.

Directors

The persons who were Directors of Cott Oil and Gas Limited during the interim reporting period and up to the date of this report are:

| | |
|-------------------|---------------------------|
| Mr Stephen Dennis | (Non-Executive Chairman) |
| Mr Andrew Dimsey | (Managing Director) |
| Mr David Bradley | (Non- Executive Director) |

Review of Operations

The group's operating loss for the half-year ended 31 December 2013 was \$920,469 (31 December 2012; loss of \$957,040).

Carnarvon Basin

The Company was advised on 31 July 2013 that the Palta-1 well that was being drilled by Shell and Mitsubishi immediately to the south of the Company's WA-460-P permit had reached total depth and that no commercial hydrocarbons had been encountered. The Company had anticipated that up to 18% of the Palta structure underlay WA-460-P.

WA-261P expired on 17 September on completion of Permit Year 5. The Company did not apply to renew this permit.

Papua New Guinea

The Company undertook a detailed evaluation of regional seismic and well log data in and around PPL437 with a view to identifying, evaluating and prioritising leads within the permit. The existing seismic coverage is incomplete and additional data will need to be acquired in order to adequately assess these leads and to identify potential drill targets. The Company released an initial estimate of net prospective resources within PPL437 which included a 'Best' (2P) estimate of 70 BCF and 3.5 million barrels of condensate and a 'High' (3P) estimate of 491 BCF and 27 million barrels of condensate. During the period, the operator, Kina Petroleum Limited, entered a farm-in agreement with Heritage Oil Plc whereby Heritage can earn 30% of the permit by carrying Kina through its share of 100km of seismic.

Planning has been underway for the acquisition of an airborne magnetic and gravity survey over PPL435 and PPL436. The survey was originally expected to be acquired in the third quarter of 2013 but the commencement date has been delayed until 2014 as a result of delays on the aircraft's previous commitments.

The Company's subsidiary, Wondecla Ltd, was awarded a 40% interest in Petroleum Retention License PRL38 over the Pandora Gas Field in December 2013. The Pandora Gas Field was discovered in 1988 and was previously held under PRL 1 which expired in February 2013. The resource was described as a 2C Contingent Resource of 792 bcf by one of the previous licensees, Oil Search Ltd, in its 2012 Annual Report. The Company, in conjunction with Talisman Energy, Kina Petroleum and Santos, applied for the new permit in May 2013 in competition with a number of other bidders. The Company assigned the right to 5% of the license that it would otherwise have been granted to Kina for the issue of 10,000,000 Kina shares prior to the award of the license and was issued with these shares on 16th January 2014.

Directors' Report (Cont)

Up to 25% of the interest in PRL38 awarded to Wondecla is subject to certain commercialisation rights held by International Exploration Services Ltd (IES), a private investment company based in Hong Kong.

Indonesia

The Company has a 25% interest in a Joint Study Area in the eastern part of the Indonesian province of West Papua. By undertaking the Joint Study, the participants will have the right of first refusal to bid for a Production Sharing Contract over a significant area. The Joint Study Participants acquired a 13,000km aeromag/ gravity survey over a region immediately west of the Indonesia/ Papua New Guinea border and the operator has prepared an application for its preferred PSC.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is included within this financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Andrew Dimsey
Managing Director

Perth, Western Australia,
Dated 14th March 2014

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF COTT OIL AND GAS LIMITED.

As lead auditor for the review of Cott Oil and Gas Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cott Oil and Gas Limited and the entities it controlled during the period.



Peter Toll
Director

Perth, 14 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period from 1 July 2013 to 31 December 2013

| | Notes | Consolidated 2013 \$ | Consolidated 2012 \$ |
|--|-------|----------------------------|----------------------------|
| Revenue from continuing operations | 3 | 56,345 | 3,716 |
| Other expenses | 4 | (983,374) | (320,756) |
| Share based payment | 7(c) | 6,560 | (640,000) |
| Loss before income tax expense | | (920,469) | (957,040) |
| Income tax expense | 6 | - | - |
| Loss for the period attributable to owners of Cott Oil and Gas Limited | | (920,469) | (957,040) |
| Other comprehensive income for the period | | - | - |
| Total comprehensive loss for the period attributable to owners of Cott Oil and Gas Limited | | (920,469) | (957,040) |
| Loss per share from continuing operation attributable to the ordinary equity holders of Cott Oil and Gas Limited | | | |
| Basic loss per share (cents) | | (1.4) | (3.4) |
| Diluted loss per share (cents) | | n/a | n/a |

The above consolidated 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 2013

| | Notes | Consolidated 31 December 2013 \$ | Consolidated 30 June 2013 \$ |
|----------------------------------|-------|---|---------------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 3,477,349 | 4,867,737 |
| Trade and other receivables | 9 | 42,604 | 76,629 |
| Total Current Assets | | <u>3,519,953</u> | <u>4,944,366</u> |
| Non Current Assets | | | |
| Property, plant and equipment | | 12,660 | 14,067 |
| Intangible assets | | 114,186 | 81,390 |
| Exploration and evaluation costs | 10 | 2,600,522 | 171,771 |
| Total Non Current Assets | | <u>2,727,368</u> | <u>267,228</u> |
| TOTAL ASSETS | | <u><u>6,247,321</u></u> | <u><u>5,211,594</u></u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 32,889 | 57,714 |
| Other payables | 8 | 51,547 | 120,812 |
| Total Current Liabilities | | <u>84,436</u> | <u>178,526</u> |
| TOTAL LIABILITIES | | <u><u>84,436</u></u> | <u><u>178,526</u></u> |
| NET ASSETS | | <u><u>6,162,885</u></u> | <u><u>5,033,068</u></u> |
| EQUITY | | | |
| Contributed equity | 7(a) | 6,586,220 | 6,586,220 |
| Option reserve | 7(b) | 640,000 | 640,000 |
| Shares yet to be issued | 7(c) | 2,050,286 | - |
| Accumulated losses | | (3,113,621) | (2,193,152) |
| TOTAL EQUITY | | <u><u>6,162,885</u></u> | <u><u>5,033,068</u></u> |

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

Consolidated Statement of Changes in Equity

For the period from 1 July 2013 to 31 December 2013

| Consolidated | Note | Contributed Equity \$ | Option Reserve | Accumulated Losses \$ | Total \$ |
|--|------|-----------------------------|-------------------|-----------------------------|------------------|
| Balance at 22 August 2012 | | - | - | - | - |
| Total comprehensive income/(loss) for the period | | | | | |
| Loss for the period ended 31 December 2012 | | - | - | (957,040) | (957,040) |
| Total comprehensive (loss) for the period | | - | - | (957,040) | (957,040) |
| Transactions with owners in their capacity as owners: | | | | | |
| Contributions of Equity | 7(a) | 8,134,449 | - | - | 8,134,449 |
| Options issued | 7(b) | - | 640,000 | - | 640,000 |
| Share Issue Costs | 7(a) | (810,499) | - | - | (810,499) |
| Total transactions with owners | | 7,323,950 | 640,000 | - | 7,963,950 |
| Balance at 31 December 2012 | | 7,323,950 | 640,000 | (957,040) | 7,006,910 |

| Consolidated | Note | Contributed Equity \$ | Shares yet to be issued | Option Reserve | Accumulated Losses \$ | Total \$ |
|--|------|-----------------------------|----------------------------|-------------------|-----------------------------|------------------|
| Balance at 1 July 2013 | | 6,586,220 | - | 640,000 | (2,193,152) | 5,033,068 |
| Total comprehensive income/(loss) for the period | | | | | | |
| Loss for the period ended 31 December 2013 | | - | - | - | (920,469) | (920,469) |
| Total comprehensive (loss) for the period | | - | - | - | (920,469) | (920,469) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Contributions of Equity | 7(a) | - | - | - | - | - |
| Options issued | 7(b) | - | - | - | - | - |
| Share Issue Costs | 7(a) | - | - | - | - | - |
| Share Based Payments | 7(c) | - | 2,050,286 | - | - | 2,050,286 |
| Total transactions with owners | | - | 2,050,286 | - | - | 2,050,286 |
| Balance at 31 December 2013 | | 6,586,220 | 2,050,286 | 640,000 | (3,113,621) | 6,162,885 |

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

Consolidated Statement of Cash Flows

For the period from 1 July 2013 to 31 December 2013

| | Consolidated 31 December 2013 \$ | Consolidated 31 December 2012 \$ |
|---|---|---|
| Cash flows from operating activities | | |
| Payments to suppliers and employees | (454,537) | (219,891) |
| Interest received | 90,421 | 3,716 |
| Net cash (outflow) from operating activities | <u>(364,116)</u> | <u>(216,175)</u> |
| Cash flows from investing activities | | |
| Cash balance on acquisition of subsidiary | - | 585 |
| Loans from other entities | - | 311,037 |
| Payments for interests in permits | - | (829,453) |
| Payments for intangible assets | (45,147) | - |
| Payments for exploration and evaluation expenditure | (981,125) | - |
| Net cash (outflow) from investing activities | <u>(1,026,272)</u> | <u>(517,831)</u> |
| Cash flows from financing activities | | |
| Proceeds from share issue | - | 7,826,808 |
| Share Issue Costs | - | (104,749) |
| Net cash inflow from financing activities | <u>-</u> | <u>7,722,059</u> |
| Net (decrease)/increase in cash and cash equivalents | (1,390,388) | 6,988,053 |
| Cash and cash equivalents at beginning of the period | 4,867,737 | - |
| Cash and cash equivalents at end of the period | <u>3,477,349</u> | <u>6,988,053</u> |

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

Notes to the Consolidated Financial Statements

Note 1 – Basis of preparation

These interim financial statements for the half-year reporting period ended 31 December 2013 are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standards AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures that the financial report and notes also comply with International Financial Reporting Standards IAS 34: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Cott Oil and Gas Limited and its controlled entities (referred to as the “Consolidated Group” or “Group”). The interim financial statements do not include full disclosures of the type normally included in annual financial statements. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013 any publications made by Cott Oil and Gas Limited during the half-year ended 31 December 2013 to the date of this report in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The interim financial statements have been prepared on an accruals basis and are based on historical costs.

Note 2 – Accounting policies

The accounting policies have been consistently applied by the Group and are consistent with those applied in the previous financial year and those of the corresponding interim reporting period, except the following:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 13 Fair Value Measurement
- AASB 119 Employee benefits
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

In the half-year ended 31 December 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013. It has been determined by the Group that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

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

Notes to the Consolidated Financial Statements (Cont)

Note 3 – Revenue

| | 31 December 2013 \$ | 31 December 2012 \$ |
|----------------------|---------------------------|---------------------------|
| Interest received | 56,345 | 3,716 |
| Total revenue | 56,345 | 3,716 |

Note 4 – Other Expenses

| | 31 December 2013 \$ | 31 December 2012 \$ |
|-------------------------------------|---------------------------|---------------------------|
| ASX fees | 26,524 | 124,534 |
| Corporate Advisory | 78,750 | 63,000 |
| Exploration expenditure impairment | 552,376 | - |
| Administrative and General Expenses | 325,724 | 133,222 |
| Total other expenses | 983,374 | 320,756 |

Note 5 – Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Executive Director, in consultation with the Board of Directors.

The Group operates in one industry, mineral exploration and assessment of mineral projects and in two main geographical segments, being Australia and Papua New Guinea.

| Segment Performance 31 December 2013 | Exploration Australia \$ | Exploration Papua New Guinea \$ | Total \$ |
|---|--------------------------------|--|-------------|
| Profit/ (Loss) before income tax | (807,501) | (112,968) | (920,469) |

| Segment Performance 31 December 2012 | Exploration Australia \$ | Exploration Papua New Guinea \$ | Total \$ |
|---|--------------------------------|--|-------------|
| Profit/ (Loss) before income tax | (943,136) | (13,904) | (957,040) |

Notes to the Consolidated Financial Statements (Cont)

Note 5 – Segment Information (Cont)

| Segment Assets and Liabilities 31 December 2013 | Exploration Australia \$ | Exploration Papua New Guinea \$ | Total \$ |
|--|--------------------------------|--|------------------|
| Segment assets | | | |
| Cash | 3,403,544 | 73,805 | 3,477,349 |
| Exploration and evaluation | - | 2,600,522 | 2,600,522 |
| Other | 169,450 | - | 169,450 |
| Total segment assets | 3,572,994 | 2,674,327 | 6,247,321 |
| Segment liabilities | | | |
| Creditors | 32,889 | - | 32,889 |
| Other | 51,547 | - | 51,547 |
| Total segment liabilities | 84,436 | - | 84,436 |
| | | | |
| Segment Assets and Liabilities 30 June 2013 | Exploration Australia \$ | Exploration Papua New Guinea \$ | Total \$ |
| Segment assets | | | |
| Cash | 4,793,932 | 73,805 | 4,867,737 |
| Exploration and evaluation | 42,945 | 128,826 | 171,771 |
| Other | 172,086 | - | 172,086 |
| Total segment assets | 5,008,963 | 202,631 | 5,211,594 |
| Segment liabilities | | | |
| Creditors | 57,714 | - | 57,714 |
| Other | 120,812 | - | 120,812 |
| Total segment liabilities | 178,526 | - | 178,526 |

Note 6 – Income Tax

| | 31 December 2013 \$ | 31 December 2012 \$ |
|-------------------------------|------------------------|------------------------|
| (a) Income tax expense | | |
| Current tax | - | - |
| Deferred tax | - | - |
| | - | - |

Notes to the Consolidated Financial Statements (Cont)

Note 6 – Income Tax (Cont)

| | 31 December 2013 | 31 December 2012 |
|---|------------------|------------------|
| | \$ | \$ |
| (b) Reconciliation of income tax expense to prima facie tax payable: | | |
| Profit/(Loss) before income tax | (920,469) | 957,040 |
| Prima facie income tax at 30% | (276,141) | (287,112) |
| Tax effect of amounts not deductible in calculating taxable income (share based payments) | 112,433 | 192,000 |
| Timing differences not recognised | 163,708 | 95,112 |
| Income tax losses / (benefit) | - | - |
| (c) Unrecognised deferred tax assets | | |
| Total unrecognised deferred tax assets | 1,054,177 | 95,112 |

Note 7 – Contributed Equity

(a) Share Capital as at 31 December 2013 was as follows:

| | 31 December 2013 | | 30 June 2013 | |
|------------------------------|-------------------|------------------|-------------------|------------------|
| | No of Shares | \$ | No of Shares | \$ |
| Opening Balance | 66,617,183 | 6,586,220 | - | - |
| Issue of incorporating Share | - | - | 1 | 1 |
| Issue of founder Shares | - | - | 13,250,000 | 1,325 |
| Issue of seed Shares | - | - | 21,411,561 | 1,819,983 |
| Issue of seed broker Shares | - | - | 678,121 | 57,640 |
| Issue of success fee Shares | - | - | 1,250,000 | 250,000 |
| Issue of IPO Shares | - | - | 30,027,500 | 6,005,500 |
| Less: Capital Raising Costs | - | - | - | (1,548,229) |
| Closing Balance | 66,617,183 | 6,586,220 | 66,617,183 | 6,586,220 |

(b) The option Reserve as at 31 December 2013 was as follows:

| | 31 December 2013 | | 30 June 2013 | |
|--|-------------------|-------------------|-------------------------|-------------------|
| | No of Options | Option Reserve \$ | No of Options | Option Reserve \$ |
| Opening Balance | 29,173,437 | 640,000 | - | - |
| Issue of Options to founders directors | - | - | 13,750,000 ¹ | - |
| Issue of seed Options | - | - | 4,417,937 ² | - |
| Issue of broker Options | - | - | 5,000,000 ² | 640,000 |
| Issue of IPO Options | - | - | 6,005,500 ² | - |
| Closing Balance | 29,173,437 | 640,000 | 29,173,437 | 640,000 |

¹ Unlisted Options (4,916,666 exercisable at \$0.20; 4,416,666 exercisable at \$0.25; 4,416,668 exercisable at \$0.30; 31 Dec 2015)

² Listed Options (exercisable at \$0.20; 31 Dec 2015)

Notes to the Consolidated Financial Statements (Cont)

Note 7 – Contributed Equity (Cont)

(c) Shares yet to be issued:

| | 31 December 2013 | | 30 June 2013 | |
|-------------------------------------|-------------------|-------------------------------|--------------|-------------------------------|
| | No of Shares | Shares yet to be issued \$ | No of Shares | Shares yet to be issued \$ |
| Opening Balance | - | - | - | - |
| Share based payments to Directors | 437,270 | 50,286 | - | - |
| Share based payments to consultants | 19,930,000 | 2,000,000 | - | - |
| Closing Balance | 20,367,270 | 2,050,286 | - | - |

The share based payment expense recognised in the statement of profit or loss and other comprehensive income relates only to the share based payments to Directors and is reduced by the accrual of \$56,846 accrued at 30 June 2013. The share based payments to consultants is capitalised as exploration and evaluation expenditure.

Note 8 – Other Payables

| | 31 December 2013 \$ | 30 June 2013 \$ |
|-----------------------------|---------------------------|-----------------------|
| Accrued Directors Fees | 31,999 | 56,846 |
| Accrued expenses | 17,030 | 16,304 |
| PAYG liability | (18,732) | 26,412 |
| Other current liabilities | 21,250 | 21,250 |
| Total other payables | 51,547 | 120,812 |

Note 9 – Other Receivables

| | 31 December 2013 \$ | 30 June 2013 \$ |
|--------------------------------|---------------------------|-----------------------|
| Interest receivable | 10,801 | 44,877 |
| Other receivables | 31,803 | 31,753 |
| Total other receivables | 42,604 | 76,629 |

Note 10 - Exploration and Evaluation Expenditure

| | 31 December 2013 \$ | 30 June 2013 \$ |
|--|------------------------|--------------------|
| Non – Current | | |
| Exploration and evaluation at cost | 600,522 | 171,771 |
| Movement | | |
| Opening Balance | 171,771 | - |
| Exploration and evaluation expenditure capitalised in the period | 981,127 | 566,668 |
| Share based payment to consultants | 2,000,000 | - |
| Exploration and evaluation expenditure impaired in the period | (552,376) | (394,897) |
| Closing Balance | 2,600,522 | 171,771 |

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to carrying value.

Notes to the Consolidated Financial Statements (Cont)

Note 11 – Dividends

No dividend has been declared or paid during the period ended 31 December 2013.

Note 12 – Commitments and Contingent Liabilities

In the opinion of the Directors there are no contingent liabilities or assets as at 31 December 2013 (2012: nil).

The work program for the Company's newly awarded 40% interest in PRL 38 comprises development and commercialisation studies in Years 1-3 (firm commitment of \$US2 million) and a firm commitment well in year 5 (2018).

Note 13 – Asset Acquisition

Summary of acquisition

In the prior year, on 8 October 2012 Cott Oil and Gas Limited, acquired 100% of the issued capital of Cottesloe Oil and Gas Pty Ltd. Cottesloe holds a number of oil and gas opportunities across the Westralian Superbasin including the Carnarvon Basin and Papua New Guinea.

Details of the fair value of the assets and liabilities acquired as at 8 October 2012 are as follows;

Purchase consideration comprises:

| | <u>Number</u> | <u>Price</u> | <u>\$</u> |
|-------------------------|---------------|--------------|-----------|
| Shares issued to vendor | 3 | 1 | 3 |
| | | | <u>3</u> |

¹ Represents payment of an exclusivity fee and reimbursement of tenement costs

Net assets acquired:

| | |
|-----------------------------------|------------------|
| | <u>\$</u> |
| Cash and cash equivalents | 585 |
| Trade and other receivables | 8,635 |
| Exploration and evaluation assets | 645,630 |
| Trade and other payables | <u>(654,847)</u> |
| Net identifiable assets acquired | <u>3</u> |

Note 14 – Fair value of Financial Instruments

The Group does not have any financial instruments that are measured at fair value in the statement of financial position.

Due to their short term nature, the carrying values of current receivables and current payables is assumed to approximate their fair value.

Notes to the Consolidated Financial Statements (Cont)

Note 15 – Related Party Transactions

There has been no change in related party transactions since the last annual reporting date.

Note 16 – Events Subsequent to Reporting Date

On 10 January 2014, the Company issued 9,930,000 fully paid ordinary shares as consideration for services provided to the Company in successfully applying for an interest in PRL 38. On the same date, the Company issued 2,500,000 listed options as consideration for the provision of advice on Government and Cultural issues within PNG.

On 10 January 2014 the Company issued 437,270 shares to non-executive directors in lieu of directors fees as approved at the AGM on 13 November 2013. 191,308 shares were issued to David Bradley and 245,962 shares to Stephen Dennis.

On 20 January 2014, the Company was issued 10,000,000 fully paid ordinary shares in Kina Petroleum pursuant to an assignment deed whereby the Company agreed to assign the right to a 5% interest in PRL 38.

On 14 February 2014 the Company has issued 800,000 performance rights under the Employee Performance Rights Plan approved at the AGM on 13 November 2013.

Except for the above items, there are no other matters or circumstances that have arisen since 30 June 2013 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial periods.

Director's Declaration

In the Directors opinion:

- 1) The financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - (a) comply with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance, for the half-year ended on that date.
- 2) there are reasonable grounds to believe that Cott Oil and Gas Limited will be able to pay its debts when they become due and payable.

This statement is made in accordance with a resolution of the Board of Directors.



Mr Andrew Dimsey
Managing Director

Perth, Western Australia, 14th March 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cott Oil and Gas Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cott Oil and Gas Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising 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 the company 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 internal control 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 half-year financial report based on our review. We conducted our review in accordance with 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 2013 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 Cott Oil and Gas Limited, 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 have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cott Oil and Gas Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



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 Cott Oil and Gas Limited 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 2013 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*

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Peter Toll', with the word 'BDO' written above it in a smaller, blue, sans-serif font.

Peter Toll
Director

Perth, 14 March 2014