Annual Report

Cott Oil and Gas Limited
and its Controlled Entities
ABN 33 160 017 390

Annual Report for the year ended 30 June 2014

Contents

Corporate Information

This annual report includes the consolidated financial statements and accompanying notes of Cott Oil and Gas Limited and Controlled Entities (the Group). The Group's functional and presentation currency is AUD ($).

A description of the Group's operations and of its principal activities is included in the Review of Operations in the Directors' Report. The Directors' Report is not part of the financial report.

Directors

Stephen Dennis
Non-Executive Chairman

Andrew Dimsey
Managing Director

David Bradley
Non-Executive Director

Company Secretary

Ms Sarah Smith

Registered Office

945 Wellington Street
West Perth WA 6005

Share Registry

Automic Share Registry
Level 1, 7 Ventnor Avenue
West Perth WA 6872
Tel: 08 9324 2099

Website

www.cottoilandgas.com.au

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Bankers

Westpac Banking Corporation
Level 13, 109 St Georges Tce
Perth WA 6000

Solicitors

Steinepreis Paganin
Level 4, The Reads Building
16 Milligan Street
Perth WA 6000

Stock Exchange

Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
Perth WA 6000

ASX Code: **CMT**

Letter to Shareholders

Dear Shareholder

This year has been a pivotal one for Cott Oil and Gas, with the Company being awarded a 40% interest in PRL38 in Papua New Guinea. PRL 38 incorporates the Pandora Gas Fields which have historic 2C contingent resources of some 800 bcf and which have already demonstrated commercial gas flows when tested.

Our joint venture partners in PRL 38 are Talisman Energy (25% and operator) , Kina Petroleum (25%) , and Santos (10%). Subsequent to the licence being awarded in December 2013, Cott commissioned Wison Offshore and Marine, which is currently constructing the world's first FLNG vessel, to undertake a Concept Study for Pandora based on Offshore FLNG and Near Shore LNG. As a result, we have a high degree of confidence that Pandora can be developed as a successful high margin FLNG or LNG project.

There is no doubt that Pandora is a large scale project and that it will require significant capital investment. For this reason, Cott continues to explore innovative ways in which development of the project might be efficiently structured and financed, such as through the engagement of specialists to Build Own and Operate vessels under tolling arrangements.

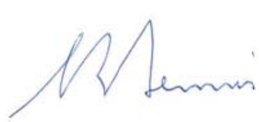
Cott also intends to remain open to alternative methods of commercialising its interest in Pandora, including a sell-down of equity in the project, subject to attractive terms.

With the acquisition of Pandora, Cott's focus has shifted almost entirely to Papua New Guinea where there are many exciting Oil and Gas developments taking place including the first exports of LNG. Our Company holds interests in other onshore acreage in the highly prospective Western Province, and we continue to evaluate ways of commercialising our interests in these projects.

Cott remains a small, strategically focused company, which relies on the technical experience and knowledge of its team to operate in regions like Papua New Guinea. On behalf of all Shareholders, I would therefore like to thank Andrew Dimsey and his team for their efforts over the last 12 months.

Our next challenge is to capitalise on the attractive opportunities we have available to us , particularly Pandora, and it is with confidence that we look forward to advancing these projects

Yours sincerely



Stephen Dennis
Non-Executive Chairman

Directors' Report

Your Directors present the following report on Cott Oil and Gas Limited and its Controlled Entities (the Group) for the year ended 30 June 2014.

Directors

The names of the Directors in office during the financial period and until the date of this report are as follows. All Directors were in office for the entire period unless otherwise stated:

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

Principal Activities

The principal activity of the Group for year ended 30 June 2014 was oil and gas exploration.

There were no significant changes in the nature of the activities of the Group during the year.

Dividends

There were no dividends paid or declared during the period.

Review of Operations

The consolidated statement of profit or loss and other comprehensive income shows a loss attributable to members of $2,299,573 for the financial year ended 30 June 2014 ($2,193,152 for the period 22 august 2012 to 30 June 2013).

Carnarvon Basin, WA

WA-460P(CMT:33.34%)

The Company was advised on 31 July 2013 that the Palta-1 well being drilled by Shell and Mitsubishi immediately to the south of the Company's WA-460P permit had reached total depth and that no commercial hydrocarbons had been encountered. It has subsequently been confirmed that Shell and Mitsubishi will not be undertaking any further work on the permit. As a consequence, the joint venture determined not to incur any further expenditure on WA – 460P which adjoins the Palta permit .

EP325 (CMT:11.1%)

The EP325 permit is currently in its fifth year during which the operator, Strike Energy, planned to undertake a 160km^2 3D seismic survey over the Rivoli gas field to evaluate the Rivoli Deep and Big Horn leads. The proximity of the Ningaloo Marine Park, only 4km to the north of the permit, had increased the level of environmental assessment on any proposed exploration activities and it was therefore considered unlikely that the joint venture would be able to fulfill this work commitment. As a result, the operator was granted a suspension and extension of the Year 5 work commitments and has applied for a retention license over the Rivoli discovery.

Directors' Report (continued)

Review of Operations (continued)

WA-261P(CMT:12.3%)

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

Papua New Guinea

PRL38 (CMT:40%)

In December 2013 , the Company was advised that it had been awarded a 40% interest in PRL38 alongside Talisman Energy Inc (25% and Operator), Kina Petroleum Limited (25%) and Santos Limited (10%). PRL38 incorporates the Pandora Gas Field which 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.

During the first half of 2014, Cott reviewed the data prepared by the previous joint venture including a 515km^2 3D seismic survey, reservoir studies, metocean reports and engineering reports. Cott came to the view that Pandora could be commercially developed using floating liquefied natural gas (FLNG) technology and engaged Wison Offshore and Marine, which is currently constructing a barge that will become the world's first operational FLNG vessel, to undertake a Concept Study.

The study proposed near shore and offshore FLNG concepts and concluded that development of the Pandora gas field using FLNG technology was commercially and technically feasible.

The joint venture continues to evaluate development options and commercialisation pathways for the project.

At the time the Company was awarded an interest in PRL38, the Company also entered into an agreement with International Exploration Services Limited (IES) , a Hong Kong based company, whereby IES were granted certain commercialization rights in respect of a 25% interest in the permit (Refer to Note 26 for details).

PPL437 (CMT: 20%)

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. During the period, the operator, Kina Petroleum Limited, entered a farm-in agreement with Heritage Oil Plc and appointed it as contract operator for a 100km 2D seismic program. Heritage proposed a program that focused on the Malisa South prospect in the south west of the permit and commenced the acquisition of the survey in June 2014. To date, 102km of data had been acquired and is being interpreted with the aim of developing a work program for Years 3 and 4 of the permit.

Directors' Report (continued)

Review of Operations (continued)

PPL435 and PPL436 (CMT: 50%)

The Operator, Kina Petroleum Limited, completed the acquisition of an airborne magnetic and gravity survey over PPL435 and PPL436 permits thereby fulfilling the work commitments for Years 1 and 2. The data has been integrated with the joint venture's existing geotechnical data providing it with a comprehensive database over much of the western province.

Indonesia

South East West Papua Joint Study (CMT: 25%)

The Company participated in a Joint Study over 37,000 km^2 of the Indonesian province of West Papua immediately to the east of the Papua New Guinea border. The study was led by Transform Exploration Limited and earned the participants the right of first refusal to bid for a Production Sharing Contract over a large part of the Study Area. The Joint Study Participants acquired a 13,000km aeromagnetic/ gravity survey over part of the Study Area which formed the basis of a proposed Production Sharing Contract (PSC) that was tendered by the Indonesian Government.

The Company elected not to participate in an application for the PSC in order to prioritise the Company's expenditure on its existing Papua New Guinea licenses.

Corporate

The consolidated statement of profit or loss and other comprehensive income shows a loss attributable to members of $2,299,573 for the financial year ended 30 June 2014 ($2,193,152 for the period 22 August 2012 to 30 June 2013).

At June 30, 2014 , the Company held cash of $2.13 million. At this date, the Company also held 10 million shares in Kina Petroleum valued at $3.7 million. These shares were issued to the Company following the pre-sale of a 5% interest in PRL38 prior to its award to the current permit holders.

On 10 January 2014, the Company issued 9,930,000 fully paid ordinary shares to IES as consideration for services provided to the Company in successfully arranging the acquisition of a significant interest in PRL38.

Significant changes in the state of affairs

There were no significant changes in the Group's state of affairs during the financial year.

Matters subsequent to the end of the financial year

Since 30 June 2014 other than the matters detailed below no matter or circumstance has arisen that has significantly affected, or may significantly affect:

a. the Group's operations in future financial years; or
b. the results of those operations in future financial years; or
c. the Group's state of affairs in future financial years.

On 19 September 2014 the Company announced the sale of 10 million shares in Kina Petroleum and subsequently received net sales proceeds of $3,332,442.

Directors' Report (continued)

Likely developments and expected results of operations

The Group will continue its oil and gas exploration activities, particularly at and around its exploration projects in PNG.

The Group will also continue to identify and assess potential acquisitions to expand its portfolio, and where appropriate will consider farming out interests in existing tenements and licences, and other commercialization options for its projects.

Environmental Regulation

The Group is subject to significant environmental regulation in respect of mineral exploration activities.

The Directors have considered the requirements of the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Group for the current period, or subsequent financial year. The Directors will reassess this position as and when the need arises.

The Group operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers. The Group's exploration activities are currently regulated by significant environmental regulation under laws of the Commonwealth and states and territories of Australia. The Group aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The Directors are mindful of the regulatory regime in relation to the impact of the Group's activities on the environment. There have been no known breaches by the Group during the year.

Directors' Report (continued)

Information on Directors

Stephen Dennis	-	Non-Executive Chairman
Qualifications	-	BCom, BLLB, GDipAppFin (Finsia), CFTP
Appointed	-	22 August 2012
Experience	-	Stephen Dennis has extensive experience within the mineral resources industry, and has held including senior positions at MIM Holdings Limited, Minara Resources Limited and Brambles Australia Limited. Mr Dennis is currently the Managing Director of CBH Resources Ltd which is the Australian subsidiary of Toho Zinc Co Ltd of Japan. Mr Dennis is also a Non- executive Director of Heron Resources Limited.
Interest in Shares and Options	-	1,672,462 ordinary fully paid shares 250,000 unlisted options ($0.20, 31 December 2015) 235,300 listed options ($0.20, 31 December 2015)
Current directorships	-	Managing Director CBH Resources Limited, Non-Executive Director Herron Resources Limited (ASX: HRR)
Former directorships held in past three years	-	None

Andrew Dimsey	-	Managing Director
Qualifications	-	BBus, CPA
Appointed	-	22 August 2012
Experience	-	Andrew Dimsey has over 30 years of financial and commercial upstream experience in senior executive positions for ASX listed oil and gas companies, Beach Petroleum, Alliance Oil Development, Claremont Petroleum, Elders Resources Discovery Petroleum, ARC Energy and Origin Energy. He has expertise in oil and gas strategy and structuring and a strong background in the management of oil and gas projects. Andrew has managed and arranged funding for oil and gas projects including the Jackson-Moonie Pipeline, Drillship Energysearcher, drilling of the first Australian Coal Seam Gas wells at Moranbah in Queensland, Drillsupport as Founder and Managing Director - a subsea robotics installation company, pipelines, gas and oil plant construction in the Perth Basin and major gas sales contracts from Carnarvon Basin to Perth customers. He has been involved in the establishment of a number of successful Australian companies in oil and gas exploration and production, investment and service industries.

Directors' Report (continued)

Information on Directors (continued)

Interest in Shares and Options	-	4,093,139 ordinary fully paid shares 4,000,000 unlisted options (1,333,333 $0.20, 1,333,333 $0.25, 1,333,334 $0.30; 31 December 2015) 35,294 listed options ($0.20, 31 December 2015)
Current directorships	-	None
Former directorships held in past three years	-	None

David Bradley	-	Non-Executive Director
Qualifications	-	MBA, BSc (Hons)
Appointed	-	22 August 2012
Experience	-	David Bradley is an energy industry commercial specialist with over 30 years of business development experience including senior management roles with El Paso Corporation, Epic Energy, and senior managing consulting roles with Wood McKenzie as well as privately advising a broad range of upstream, midstream and downstream energy players in developing and executing commercialisation strategies and business development initiatives. Experience includes significant merger and acquisition coordination roles realising over $2 billion in completed transactions.
Interest in Shares and Options	-	991,308 ordinary fully paid shares 250,000 unlisted options ($0.20, 31 December 2015) 150,000 listed options ($0.20, 31 December 2015)
Current directorships	-	None
Former directorships held in past three years	-	None

Directors' Report (continued)

Information on Directors (continued)

Director Meetings

The number of directors' meetings and number of meetings attended by each of the Directors of the Company during the period are:

	Number of Meetings Eligible to Attend	Number of Meetings directors' attended
Number of Meetings Held	7	7
Number of Meetings Attended		
Director		
Mr Stephen Dennis	7	7
Mr Andrew Dimsey	7	7
Mr David Bradley	7	7

Retirement, election and continuation in office of directors

In accordance with the Constitution, Mr Dennis will retire as a Director at the Annual General Meeting and, being eligible, offer himself for re-election.

Directors' Report (continued)

Company Secretary

Ms Smith is a chartered accountant and an employee of Grange Consulting Group Pty Ltd which provides a range of corporate services to listed and unlisted companies.

Financial Position

The net assets of the consolidated Group were $4,963,940 as at 30 June 2014 (2013: $5,033,068). The Group's working capital, being current assets less current liabilities, was $750,108 as at 30 June 2014 (2013: $4,765,840).

Shares under Option

Unissued ordinary shares of Cott Oil and Gas Limited under option at the date of this report are as follows:

Class	Expiry Date	Issue Price of Shares	Number Under Option
Unlisted	31 December 2015	$0.20	4,916,666
Unlisted	31 December 2015	$0.25	4,416,666
Unlisted	31 December 2015	$0.30	4,416,668
Listed	31 December 2015	$0.20	17,923,437
Total			**31,673,437**

Shares Issued on the Exercise of Options

There were no options exercised during the financial year or to the date of this report.

Insurance of Officers

During the financial year, the Company paid a premium of $8,250 (2013: $4,995) to insure the Directors and Company Secretary of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on Behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

The Group is not party to any other legal proceedings at the present time, not have any significant claims been made against the Group.

Directors' Report (continued)

Non-Audit Services

The Group may decide to employ its auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the period are set out below.

Indemnity and Insurance of Auditor

The Company has not, during the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

The Directors are satisfied that the provision of non-audit services during the financial period by the auditor (or by any related entities), is comparable with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the period the following fees were paid or payable for services provided by the auditor of the Group:

	2014 $	2013 $
Audit services		
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd		
- An audit or review of the financial reports of the entity	47,905	36,287
Non-Audit services		
Amounts received by BDO Audit (WA) Pty Ltd and related entities		
- BDO Tax (WA) Pty Ltd – Taxation Services	10,239	-
- BDO Audit (WA) Pty Ltd - Investigating Accountants Report	-	12,240
Total remuneration for non-audit services	10,239	12,240

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 has been included as part of the financial report.

Directors' Report (continued)

Remuneration Report (audited)

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration.
B Details of remuneration.
C Service agreements.
D Share-based compensation.
E Share and Option holdings of Directors and Key Management Personnel
F Additional information.

A Principles used to determine the nature and amount of remuneration

The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings to determining the appropriate remuneration.

The following items are considered and discussed as deemed necessary at the board meetings:

- remuneration of Directors and senior officers;
- the terms and conditions of employment for the Managing Director;
- undertake a review of the Managing Director's performance, at least annually, including setting with the Managing Director goals for the coming year and reviewing progress in achieving those goals;
- recommendations by the Managing Director on the remuneration of all direct reports; and
- development and facilitation of a process for Board and Director evaluation.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Chair's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in the external market.

Non-Executive Directors do not receive performance-based pay.

Directors' Fees

Non-Executive Directors' fees are determined within an aggregate Non-Executive Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $250,000 per annum.

Non-executive Directors may, at their option, elect to receive shares in the Company in lieu of director fees, with such shares to be issued to them in accordance with the terms of the Company's Director Share Plan.

Directors' Report (continued)

Remuneration Report (audited) (continued)

A Principles used to determine the nature and amount of remuneration (continued)

The following Directors' fees have applied during the financial period:

Base Fees	From 1 July 2013 to 30 June 2014
Non-Executive Chair	$36,000
Non-Executive Director	$28,000
Managing Director	$250,000[1]

[1] Exclusive of superannuation

Additional fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Retirement allowances for directors

Superannuation contributions required under the Australian Superannuation Guarantee Legislation have been made and are deducted from the Directors' overall fee entitlements where applicable.

Executive pay

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent; and
- acceptable to shareholders.

The executive remuneration is comprised of base pay and benefits, including superannuation.

Base pay

Executives receive their base pay and benefits structured as a total employment cost (TEC) package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Directors' Report (continued)

Remuneration Report (audited) (continued)

A Principles used to determine the nature and amount of remuneration (continued)

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executives' contracts, and no performance related cash bonuses.

Benefits

No benefits other than those noted above are paid to Directors or Management except as incurred in normal operations of the business.

Long term incentives

Options are issued at the Board's discretion. Other than options disclosed in section D of the Remuneration Report there have been no options issued to employees at the date of this financial report.

Remuneration consultants

Remuneration consultants have not been used in determining the remuneration paid to either Non-Executive Directors or executives.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the Directors and the Key Management Personnel of the Company and Group are found below. These have been identified as:

Mr Stephen Dennis
Mr Andrew Dimsey
Mr David Bradley

Directors' Report (continued)

Remuneration Report (audited) (continued)

B Details of remuneration (continued)

Key Management Personnel and other executives of the Group

	Short- term employee benefits			Post-employment benefits		Long term benefits	Share-based pay-ments	Total	Total Remun-eration Represen-ted by
30 June 2014	**Cash salary & Fees**	**Other**	**Non-Monetary Benefits**	**Super-annuation Pensions**	**Retire-ment Benefits**				**Options**
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Non-Executive directors									
Stephen Dennis	36,000	-	-	-	-	-	-	36,000	-
David Bradley	28,000	-	-	-	-	-	-	28,000	-
Sub-total Non-Executive directors	**64,000**	-	-	-	-	-	-	64,000	-
Executive Director									
Andrew Dimsey	250,000	-	-	14,375	-	13,698[1]	-	278,073	-
Total Key Management Personnel compensation (Group)	314,000	-	-	14,375	-	13,698[1]	-	342,073	-

[1] Annual leave entitlement

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration 2014	Performance Based Remuneration 2014
Executive Director		
Andrew Dimsey	100%	0%

Directors' Report (continued)

Remuneration Report (audited) (continued)

B Details of remuneration (continued)

	Short- term employee benefits			Post-employment benefits		Long term benefits	Share-based pay-ments	Total	Total Remun-eration Represen-ted by
Period 22 August 2012 to 30 June 2013	**Cash salary & Fees**	**Other**	**Non-Monetary Benefits**	**Super-annuation Pensions**	**Retire-ment Benefits**				**Options**
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Non-Executive directors									
Stephen Dennis	-	31,975	-	-	-	-	-	31,975	-
David Bradley	-	24,870	-	-	-	-	-	24,870	-
Sub-total Non-Executive directors	**-**	56,845[1]	-	-	-	-	-	56,845[1]	-
Executive Director									
Andrew Dimsey	157,698	-	-	14,063	-	-	-	171,761	-
Total Key Management Personnel compensation (Group)	**157,698**	**56,845[1]**	**-**	**14,063**	**-**	**-**	**-**	**228,606**	**-**

[1] Accrued Non-Executive Directors' fees were issued as Shares under Company's Director Share Plan. Refer to Part D of the Remuneration Report for further details.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration	Performance Based Remuneration
	2013	**2013**
Executive Director		
Andrew Dimsey	100%	0%

There are neither long or short term incentives, be they in the form of cash, share based payments or other non-monetary benefits.

Directors' Report (continued)

Remuneration Report (audited) (continued)

C Service agreements

Executive Directors

Name	Term of Agreement	Base Salary excluding Superannuation 2014	Termination Benefit
Andrew Dimsey	Open	$250,000	Relevant notice periods apply, being 1 months' notice with reason or 3 months without reason.

Non-Executive Directors

On appointment to the Board, all Non-Executive Directors enter into a Service Agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the Director.

D Share-based compensation

The Company has adopted a Director Share Plan (Plan) to provide Directors with an opportunity to subscribe for Shares in lieu of Directors' fees. The Plan is administered in accordance with the Director Share Plan Rules, which are summarised below.

Issue of Shares

a) The Board may, from time to time, at its absolute discretion and only where a Director of the Company or one of its subsidiaries (Eligible Participant) continues to satisfy any relevant conditions imposed by the Board (which may include without limitation that an Eligible Participant continues to be a Director of the Company at the relevant time) offer, subject to Shareholder approval, to Eligible Participants to subscribe for Shares in lieu of Directors' fees owing by the Company to the Eligible Participant and upon such additional terms and conditions as the Board determines.

b) An Eligible Participant will not be required to make any payment in return for the Shares as they will be issued in satisfaction of Directors' fees owing by the Company at the time of issue of the Shares, calculated on a quarterly basis.

Directors' Report (continued)

Remuneration Report (audited) (continued)

D Share-based compensation (continued)

c) All Shares issued pursuant to the Plan will be subject to prior Shareholder approval under the Listing Rules and the Corporations Act (if required).

Deemed Issue Price of Shares

The Shares issued pursuant to the Plan will be issued for nil cash consideration as they will be issued in satisfaction of Directors' fees owing by the Company to the Eligible Participant. The Shares will be deemed to have an issue price as determined by the Board at the time of issue of the Shares but such deemed issue price will be no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the relevant Quarter.

Satisfaction of Director Fees Owing

The issue of Shares under the Plan will be deemed to have satisfied the relevant Director fees owing by the Company to the Eligible Participant.

Share Ranking

All Shares allotted under the Plan will rank equally in all respects with the Shares of the same class for the time being on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their allotment.

Listing of Shares on ASX

The Company will apply to the ASX within a reasonable time after the Shares are allotted for the Shares to be listed on ASX.

Transfer Restrictions

Once the Shares have been issued to an Eligible Participant, there are no restrictions on their transfer.

Power of the Board

The Plan is administered by the Board which has power to:

a) determine appropriate procedures for administration of the Plan consistent with these rules; and

b) delegate to any one or more person for such period and on such condition as it may determine the exercise of any of its powers or discretions arising under the Plan.

Except as otherwise expressly provided in this Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan and in the exercise of any power or discretion under the Plan.

Directors' Report (continued)

Remuneration Report (audited) (continued)

D Share-based compensation (continued)

Dispute or Disagreement

In the event of any dispute or disagreement as to the interpretation of the Plan or as to any question or right arising from or related to the Plan, the decision of the Board is final and binding.

Waiver of Terms and Conditions

Notwithstanding any other provisions of the Plan, the Board may at any time waive in whole or in part any terms or conditions imposed on the Shares issued under the Plan.

E Share and Option Holdings of Directors and Key Management Personnel

Options

Options over shares in the Company are granted at the Boards discretion. No options have been issued to Directors or Key Management Personnel as remuneration for services rendered to the Group. Option holdings of the Directors and Key Management Personnel are shown below.

2014 Name	Balance at 1 July 2013	Other	Exercised	Acquired	Balance at end of the period	Vested and exercisable	Unvested
Directors							
Stephen Dennis	485,300	-	-	-	485,300	-	-
Andrew Dimsey	4,035,294	-	-	-	4,035,294	-	-
David Bradley	400,000	-	-	-	400,000	-	-
Total	4,920,594	-	-	-	4,920,594	-	-

2013 Name	Balance at 22 August 2012	Other	Exercised	Acquired	Balance at end of the period	Vested and exercisable	Unvested
Directors							
Stephen Dennis	-	250,000[1]	-	235,300	485,300	-	-
Andrew Dimsey	-	4,000,000[3]	-	35,294	4,035,294	-	-
David Bradley	-	250,000[1]	-	150,000	400,000	-	-
Total		4,500,000	-	420,594[2]	4,920,594	-	-

[1]Free attaching options issued to Directors as part of initial capital raising to seed investors
[2]Listed Options (exercisable at $0.20; 31 December 2015)
[3]Unlisted Options (1,333,333 exercisable at $0.20, 1,333,333 exercisable at $0.25, 1,333,334 exercisable at $0.30; 31 December 2015).

Directors' Report (continued)

Remuneration Report (audited) (continued)

E Share and Option Holdings of Directors and Key Management Personnel (continued)

The Director's option holdings are subject to escrow provisions, and therefore have vested but are not exercisable.

Shareholdings

The numbers of shares in the Company held during the period by each director of Cott Oil and Gas Limited and other Key Management Personnel of the Group, including their personally related parties are set out below. There were no shares granted during the reporting period as compensation.

2014

Name	Balance at 1 July 2013	Acquired	Other	Balance at the end of the period
Directors				
Stephen Dennis	1,426,500	-	245,962	1,672,462
Andrew Dimsey	3,843,139	250,000	-	4,093,139
David Bradley	800,000	-	191,308	991,308
Total	6,069,639	250,000	437,270[1]	6,756,909

[1] Shares issued to Non-executive directors in lieu of director fees for the 2013 year under Director Share Plan. Refer to Part D of the Remuneration Report for details of the Plan.

2013

Name	Balance at 22 August 2012	Acquired	Other	Balance at the end of the period
Directors				
Stephen Dennis	-	1,176,500	250,000	1,426,500
Andrew Dimsey	-	176,472	3,666,667[1]	3,843,139
David Bradley	-	550,000	250,000	800,000
Total	-	1,902,972	4,166,667	6,069,639

[1] Founder Shares issued to Andjen Pty Ltd, a Company controlled by Mr Dimsey

Note the Director shareholdings are subject to varying voluntary and ASX escrow provisions.

Directors' Report (continued)

Remuneration Report (audited) (continued)

F Additional Information

Voting and comments made at the Company's 2013 Annual General Meeting

In accordance with Listing Rule 3.12.2, it is confirmed that the following resolutions put to the AGM of Cott Oil and Gas shareholders, held on 13 November 2013, were unanimously passed on a show of hands:

Resolution 1: Adoption of the Remuneration Report
Resolution 2: Approval of 10% Placement Capacity
Resolution 3: Re-election of Mr David Bradley
Resolution 4: Adoption of performance Rights Plan
Resolution 5: Issue of Shares to Stephen Dennis under Director Share Plan
Resolution 6: Issue of Shares to David Bradley under Director Share Plan
Resolution 7: Appointment of Auditor at first AGM

END OF AUDITED REMUNERATION REPORT.

This report is made in accordance with a resolution of Directors pursuant to section 298(2)(a) of the Corporations Act 2001 on behalf of the Directors.

____
Andrew Dimsey
Managing Director

Perth, Western Australia, 30 September 2014

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Australia

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

As lead auditor of Cott Oil and Gas Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of Cott Oil and Gas Limited

Report on the Financial Report

We have audited the accompanying financial report of Cott Oil and Gas Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Cott Oil and Gas Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Cott Oil and Gas Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll

Director

Perth, 30 September 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	2014 $	Period 22 August 2012 to 30 June 2013 $
Revenue from Continuing Operations			
Revenue and other income	2	2,417,771	111,710
Finance costs		(243)	(431)
Employee and director benefits expense	3	(304,241)	(299,233)
Share Based Payments Expense		(11,777)	-
Share registry fees		(45,650)	(86,815)
Consultants		(51,900)	(14,480)
Depreciation and amortisation		(44,516)	(5,821)
Impairment of exploration and evaluation expenditure	11	(2,659,818)	(394,896)
Pre-exploration expenditure		(108,411)	(1,164,675)
Sales, Marketing and entertainment		(97,778)	(43,846)
Loss in FV of listed entity investment	19(f)	(800,000)	-
Other expenses		(593,010)	(294,665)
(Loss) before income tax from continuing operations	3	**(2,299,573)**	**(2,193,152)**
Income tax expense	4	-	-
(Loss) after income tax for the period		**(2,299,573)**	**(2,193,152)**
Other comprehensive income			
Items that may be classified to profit or loss: Exchange differences on translation of foreign operations		(7,159)	-
Total Comprehensive (Loss) for the period		**(2,306,732)**	**(2,193,152)**
(Loss) attributable to the members of Cott Oil and Gas Limited		(2,299,573)	(2,193,152)
Basic earnings per share (cents per share)	5	(0.032)	(0.043)
Diluted earnings per share (cents per share)	5	(0.032)	(0.043)

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014	2013
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,129,486	4,867,737
Other receivables	8	1,215,495	76,629
Total Current Assets		3,344,981	4,944,366
Non-Current Assets			
Financial asset	19(f)	3,700,000	-
Property, plant and equipment	9	11,254	14,067
Intangible assets	10	93,335	81,390
Exploration and evaluation expenditure	11	409,243	171,771
Total Non-Current Assets		4,213,832	267,228
TOTAL ASSETS		7,558,813	5,211,594
LIABILITIES			
Current Liabilities			
Trade payables	12	80,291	57,714
Other payables	13	2,514,582	120,812
Total Current Liabilities		2,594,873	178,526
TOTAL LIABILITIES		2,594,873	178,526
NET ASSETS		4,963,940	5,033,068
EQUITY			
Issued capital	14	8,636,506	6,586,220
Options reserve	17	827,318	640,000
Foreign exchange reserve	17	(7,159)	-
Accumulated losses		(4,492,725)	(2,193,152)
TOTAL EQUITY		4,963,940	5,033,068

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2014

	Note	2014 $	Period 22 August 2012 to 30 June 2013 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,162,378)	(585,094)
Interest received		97,030	59,231
Net cash flows (used in) operating activities	18	(1,065,348)	(525,863)
Cash flows from investing activities			
Cash acquired on acquisition of subsidiary	16	-	585
Payments for exploration and evaluation expenditure		(1,619,256)	(1,791,840)
Acquisition of property plant and equipment and intangible assets		(53,647)	(14,334)
Net cash flows (used in) investing activities		(1,672,903)	(1,805,589)
Cash flows from financing activities			
Proceeds from issue of shares and options		-	7,826,808
Capital raising costs		-	(627,619)
Net cash flows from financing activities		-	7,199,189
Net (decrease) /increase in cash and cash equivalents		(2,738,251)	4,867,737
Cash and cash equivalents at beginning of period		4,867,737	-
Cash and cash equivalents at end of period		2,129,486	4,867,737

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Issued Capital	Accumulated Losses	Option Reserve	Total
	$	$	$	$
Balance at 22 August 2012	-	-	-	-
(Loss) for the period	-	(2,193,152)	-	(2,193,152)
Other comprehensive income	-	-	-	-
Total Comprehensive Income for the period	-	**(2,193,152)**	-	**(2,193,152)**
Transaction with owners in their capacity as owners				
Contributions of equity	8,134,449	-	-	8,134,449
Share based payment	-	-	640,000	640,000
Share issue costs	(1,548,229)	-	-	(1,548,229)
Balance at 30 June 2013	**6,586,220**	**(2,193,152)**	**640,000**	**5,033,068**

		Issued Capital	Accumulated Losses	Option Reserve	FCTR	Total
		$	$	$	$	$
Balance at 1 July 2013		**6,586,220**	**(2,193,152)**	**640,000**	-	**5,033,068**
(Loss) for the year		-	(2,299,573)	-	-	(2,299,573)
Exchange differences on translation of foreign operations		-	-	-	(7,159)	(7,159)
Total Comprehensive Income for the period		-	(2,299,573)	-	(7,159)	(2,306,732)
Transaction with owners in their capacity as owners						
Shares issued – Director Share Plan		50,286	-	-	-	50,286
Options Issued to consultants	17	-	-	175,541	-	175,541
Performance rights issued	17	-	-	11,777	-	11,777
Share based payment	21	2,000,000	-	-	-	2,000,000
Balance at 30 June 2014		**8,636,506**	**(4,492,725)**	**827,318**	**(7,159)**	**4,963,940**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated. These financial statements are for the consolidated Group consisting of Cott Oil and Gas Limited (the Company or the Parent Entity) and its subsidiaries, together referred to as the Group or the Consolidated Entity.

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. These financial statements also comply with International Financial reporting Standards as issued by the International Accounting Standards Board.

Cott Oil and Gas Limited is a listed public company, incorporated and domiciled in Australia. Cott Oil and Gas Limited is a for-profit entity.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Financial information for Cott Oil and Gas Limited as an individual entity is included in Note 25.

The accounting period is for the period 1 July 2013 to 30 June 2014, whilst the comparatives are for the period 22 August 2012 to 30 June 2013.

Going concern basis

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Notes to the Consolidated Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cott Oil and Gas Limited as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has the rights to variable returns from its involvement with the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group, refer to Note 1(j).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction proves evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are accounted for in the parent entity financial statements at cost less any impairment.

Joint Arrangements

Under AASB 11 *Joint Arrangements,* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint operations only.

Joint Operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in Note 26.

Notes to the Consolidated Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars ($) which is Cott Oil and Gas Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are generally recognised in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

Group companies and joint operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Notes to the Consolidated Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(e) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any Group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the company. As at the date of this report, there are 17,403,767 shares subject to varying escrow periods.

(f) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (Note 5).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the income tax affect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(g) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost amounts, net of their residual values, over their estimated useful lives as follows:

- Computer equipment 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Notes to the Consolidated Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(h) Intangible assets

Costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised. Amortisation is calculated on a straight line basis over the following periods:

- Seismic software licences 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(i) Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(j) Business combinations and asset acquisitions

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre‑existing equity interest in the subsidiary. Acquisition‑related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition‑by‑acquisition basis, the Group recognises any non‑controlling interest in the acquiree either at fair value or at the non‑controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non‑controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Notes to the Consolidated Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(k) Parent entity information

The financial information for the Parent Entity, Cott Oil and Gas Limited, disclosed in Note 25 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) *Investments in subsidiaries*
Investments in subsidiaries are accounted for at cost in the financial statements of the Parent Entity.

(ii) *Financial guarantees*
Where the Parent Entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iii) *Share-based payments*
The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(l) Income tax

The income tax benefit or expense for the period comprises of current income tax benefit or expense and deferred tax benefit or expense.

Current income tax expense or benefit in the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense or benefit is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.
Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Notes to the Consolidated Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(l) Income tax (continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(m) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full to the statement of profit or loss and other comprehensive income in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Notes to the Consolidated Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(n) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(o) Employee benefits

(i) *Wages and salaries, annual leave and sick leave*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Long service leave*
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Share-based payments*
Share-based compensation benefits are provided to employees via the Company's Directors Share Plan and the Performance Rights Plan.

The fair value of options granted by the Company is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes or Monte Carlo option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Notes to the Consolidated Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(o) Employee benefits

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the reporting date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

(p) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even of the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in rate and bank overdrafts.

(r) Revenue recognition

Interest revenue is recognised as interest accrues using the effective interest rate method. This is the method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate which exactly estimates future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. All revenue is stated net of the amount of goods and services tax (GST).

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis.

Notes to the Consolidated Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(t) Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definitions, seldom equal the related actual results.

Key judgment – environmental issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the Directors understanding thereof. At the current stage of the Group's development and its current environmental impact the Directors believe such treatment is reasonable and appropriate.

Key estimate – taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation including to the proposed change to the corporate tax note which is yet to be substantially enacted. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(iii) *Share based payment transactions*

The Group measures the cost of equity-settled transactions with employees and brokers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes or Monte Carlo option pricing models.

(iv) *Exploration and evaluation expenditure*

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. The Company has an interest in EP 325 which is currently under suspension due to environmental issues. The Directors are of the belief that these will be resolved once the environmental requirements are clarified.

(v) *Asset acquisitions and business combinations*

The Group's policy for the accounting of assets acquisitions and business combinations can be found at Note 1 (j).

Notes to the Consolidated Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(u) Segment reporting

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. Refer to Note 19 for details.

(v) Changes in accounting policies

The Group has adopted a number of new or revised accounting standards this year that have resulted in changes in accounting policies.

Consolidated financial statements and joint arrangements

AASB 10 *Consolidated Financial Statements* was issued in August 2011 and replaces guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in interpretation 112 *Consolidation – Special Purpose Entities.*

The Group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of AASB 10.

Under AASB 11 *Joint Arrangements,* investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group's interests in joint arrangements have been accounted for as joint operations under the application of the new standard AASB 11. Details of these joint arrangements are shown in Note 26.

AASB 11 requires the change in accounting policy to be applied retrospectively. This has resulted in no change to the prior years due to the timing of operations in relation to Cott's joint arrangements.

The adoption of the following standards also occurred during the year.

- AASB 13 Fair Value Measurement
- AASB 19 Employee Benefits
- AASB 12-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.

(w) New standards and interpretations not yet adopted

The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future accounting periods is set out below:

Notes to the Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

(w) New accounting standards and interpretations not yet adopted (continued)

Standard	Title	Summary	Effective Date
AASB 9	Financial Instruments	Replaces the requirements of AASB 139 for the classification and measurements of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1/1/2018
AASB 2012-3	Amendments to Australian Accounting Standards-Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities, on the entity's financial position, when the offsetting criteria of ASB 132 are not all met.	1/1/2014
AASB 2013-3	Amendments to AASB 136-Recoverable Amount Disclosures for Non-Financial Assets	Addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 Financial Instruments Presentation. Clarifies the meaning of "Currently has a legally enforceable right of set-off"and "simultaneous realisation and settlement".	1/1/2014
AASB 2013-6	Amendments to AASB 136 arising from Reduced Disclosure Requirements	Amends AASB 136 Impairment of Assets to establish reduced disclosure requirements for Tier 2 entities arising from AASB 2013-3 Amendments to AASB 136-recoverable Amount Disclosures for Non-Financial Assets.	1/1/2014

The Group has elected not to early adopt any of the new and amended pronouncements. The above are not expected to have significant impact on the financial performance or position of the Group upon adoption. All other pending Standards issued prior to the reporting date have no material application to the Group.

The financial report was authorised for issue on 30 September 2014 by the Board of Directors.

(x) Financial Assets at Fair Value through Profit and Loss

At initial recognition, the group measures a financial asset at fair value through profit loss at its fair value. Transaction costs that are directly attributable to the acquisition of the financial asset are expensed to the profit and loss. Gains or losses arising from changes in the fair value of the financial asset are recognised in profit or loss within other income or in other expenses in the period in which they arise.

Notes to the Consolidated Financial Statements (continued)

2. Revenue and Other Income

	2014 $	Period 22 August 2012 to 30 June 2013 $
Other income		
Profit on Sale of PRL 38 (5% interest)	2,309,459	-
Revenue		
Bank Interest	108,312	111,710
Total revenue and other income	**2,417,771**	**111,710**

3. Loss for the year

Loss for the period includes the following items:

	2014 $	Period 22 August 2012 to 30 June 2013 $
Employee salaries	183,732	56,846
Directors fees	64,000	222,936
Superannuation	56,509	19,452
Impairment of exploration and evaluation expenditure	2,659,818	394,896
Pre-exploration expenditure	108,411	1,164,675
Depreciation	2,813	267
Amortisation	41,702	5,554
Financial and company secretarial services	157,509	111,973
Legal fees	68,009	25,948
Travel and entertainment	70,980	47,976

Notes to the Consolidated Financial Statements (continued)

4. Income Tax

	2014 $	Period 22 August 2012 to 30 June 2013 $
(a) Income Tax Expense comprises		
Current Tax Expense	-	-
Deferred Tax Expense	-	-
Under/ (over) provision in prior years	-	-
Total tax expense from continuing operations.	-	-
Decrease/ (increase) in deferred tax assets	-	-
(Decrease)/ increase in deferred tax liabilities	-	-
	-	-
(b) Reconciliation of income tax expense to prima facie tax payable:		
Profit/(Loss) before income tax	(2,299,573)	(2,193,152)
Prima facie income tax at 30%	(689,872)	(657,945)
Tax effect of amounts not deductible in calculating taxable income	258,173	200,744
Timing differences not recognised	1,124,537	457,201
Less:		
Tax effect of derivation of non-assessable income	(692,838)	-
Income tax expense/(benefit)	**-**	**-**
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity.		
Current tax	-	-
Net deferred tax	196,032	-
	196,032	**-**
Tax assets and liabilities		
(d) Deferred tax assets no recognised		
Accruals/ Provisions	45,735	4,891
Business related costs	547,834	521,345
Tax losses	776,436	414,749
Capitalised expenditure	596,875	-
Set-off against deferred tax liabilities	(4,823)	(13,463)
Total unrecognised deferred tax assets	**1,962,057**	**927,522**
(e) Deferred tax assets not recognised		
Receivable	(4,823)	13,463
Set-off against deferred tax assets	4,823	(13,463)
Total deferred tax liabilities	**-**	**-**

Notes to the Consolidated Financial Statements (continued)

4. Income Tax (continued)

In view of the Group's trading position, the Directors have not included this tax benefit in the Consolidated Statement of Financial Position. A tax benefit will only be recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The benefit for tax losses will only be obtained if:

(i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and

(iii) there are no changes in tax legislation in Australia which will adversely affect the Group in realising the benefit from the deductions for the losses.

At 30 June 2014, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiary as the Group has no liability for additional taxation should such amounts be remitted.

5. Earnings per Share

Basic earnings per share amounts are calculated by dividing net loss after income tax for the period attributable to ordinary equity holders of the Parent Entity by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	2014 $	Period 22 August 2012 to 30 June 2013 $
Loss after income tax	(2,299,573)	(2,193,152)
Basic loss per share attributable to equity holders	(0.032)	(0.043)
	No.	**No.**
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	71,307,351	50,513,376

6. Dividends Paid or Proposed

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Notes to the Consolidated Financial Statements (continued)

7. Cash and Cash Equivalents

	2014 $	2013 $
Current		
Cash at bank and in hand	2,129,486	4,867,737
	2,129,486	4,867,737

Cash at bank and in hand earns interest based on daily bank rates.

Refer to Note 19 on financial instruments for details on the Group's exposure to risk in respect of its cash balance.

8. Other Receivables

	2014 $	2013 $
Current		
Receivable in relation to exploration expenditure[1]	1,169,672	-
Interest receivable	16,078	44,877
GST receivable	29,745	31,752
	1,215,495	76,629

[1]Refer to Note 26 for further details

No receivables are past due or impaired.

9. Property, Plant and Equipment

	Computer Equipment $	Total $
As at 22 August 2012	-	-
Additions at cost	14,334	14,334
Depreciation charge	(267)	(267)
Net book value at 30 June 2013	14,067	14,067
As at 1 July 2013	14,067	14,067
Additions at cost	-	-
Depreciation charge	(2,813)	(2,813)
Net book value at 30 June 2014	11,254	11,254

The accumulated depreciation at 30 June 2013 is the same as depreciation charge for the year.

Notes to the Consolidated Financial Statements (continued)

10. Intangible Assets

	Software licenses $	Total $
As at 22 August 2012	-	-
Additions at cost	86,944	86,944
Amortisation charge	(5,554)	(5,554)
Net book value at 30 June 2013	81,390	81,390
As at 1 July 2013	81,390	81,390
Additions at cost	53,647	53,647
Amortisation charge	(41,702)	(41,702)
Net book value at 30 June 2014	93,335	93,335

Assets acquired in the year are licences in relation to software used in the interpretation of seismic data.

11. Exploration and Evaluation Expenditure

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.

The Company has determined to impair the capitalised exploration expenditure in PPL 435, PPL 436 and PPL 437 following a review of outcomes of that exploration activity. This is demonstrated below.

	Note	2014 $	2013 $
Non – Current			
Exploration and evaluation at cost		409,243	171,771
Movement			
Opening Balance		171,771	-
Exploration and evaluation expenditure capitalised in the period		2,912,290	566,668
Share based payment to consultants	21	2,175,541	-
Exploration and evaluation expenditure impaired in the period		(2,659,818)	(394,897)
Disposal of capitalised exploration and evaluation expenditure in the period	18	(2,190,541)	-
Closing Balance		409,243	171,771

The Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

The impairment expense recognised in the year relates to areas of interest where the directors have assessed that there is doubt as to the Group's ability to recover its investment.

Notes to the Consolidated Financial Statements (continued)

12. Trade Payables

	2014 $	2013 $
Current		
Trade payables	80,291	57,714

Trade payables are non-interest bearing and are normally settled on 30-day terms. All amounts are expected to be settled within 12 months. Please refer to Note 19 on financial instruments for further discussion on risk management.

13. Other Payables

	2014 $	2013 $
Accrued Directors fees	64,000	56,846
Accrued expenses	77,451	16,304
PAYG liability	21,396	26,412
Exploration expenditure liabilities[1]	2,323,564	-
Other current liabilities	28,121	21,250
	2,514,532	**120,812**

[1]Refer to Note 26 for further details

All amounts are expected to be settled within 12 months and are non-interest bearing.

14. Issued Capital

Date	Details	No. of Shares	Issue Price	$
22 August 2012	Issue of incorporating share	1	$1.00	1
27 August 2012	Issue of founder shares	13,250,000	$0.0001	1,325
25 September 2012	Issue of seed shares	21,411,561	$0.085	1,819,983
8 October 2012	Issue of seed broker shares	678,121	-	57,640
10 December 2012	Issue of success fee shares	1,250,000	$0.20	250,000
19 December 2012	Issue of IPO shares	30,027,500	$0.20	6,005,500
	Less: capital raising costs			(1,548,229)
30 June 2013		**66,617,183**		**6,586,220**

Date	Details	No. of Shares	Issue Price	$
1 July 2013	Opening Balance	66,617,183		6,586,220
10 January 2014	Shares issued to Directors under Director Share Plan	437,270	-	50,286
17 January 2014	Shares issued to Consultants	9,930,000	-	2,000,000
30 June 2014		**76,984,453**		**8,636,506**

Notes to the Consolidated Financial Statements (continued)

14 Issued Capital (continued)

The share based payment expense recognised in the statement of profit or loss and other comprehensive income relates to the share based payments to Non-Executive Directors of $50,286 issued in lieu of Director Fees under the Director Share Plan (Refer to Part D of the Remuneration Report for details of the Plan). The share based payments to consultants is capitalised as exploration and evaluation expenditure.

The share capital of the Company as at 30 June 2014 was 76,984,453 ordinary shares (2013: 66,617,183) with 17,403,767 shares subject to various escrow provisions (2013: 19,445,967).

At Shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

15. Share Options and Performance Rights

Unissued ordinary shares of Cott Oil and Gas Limited under option at 30 June 2014 are as follows:

Class	Expiry Date	Issue Price of Shares	Number Under Option
Unlisted	31 December 2015	$0.20	4,916,666
Unlisted	31 December 2015	$0.25	4,416,666
Unlisted	31 December 2015	$0.30	4,416,668
Listed	31 December 2015	$0.20	17,923,437
Total			**31,673,437**

At 30 June 2013:

Class	Expiry Date	Issue Price of Shares	Number Under Option
Unlisted	31 December 2015	$0.20	4,916,666
Unlisted	31 December 2015	$0.25	4,416,666
Unlisted	31 December 2015	$0.30	4,416,668
Listed	31 December 2015	$0.20	15,423,437
Total			**29,173,437**

During the year, the Company issued 2,500,000 31 December 2015 listed options with an exercise price of $0.20 as consideration for services provided to the company pursuant to a consulting agreement.

During the period, the Company issued 800,000 performance rights under the Employee Performance Rights Plan.

Notes to the Consolidated Financial Statements (continued)

16. Asset Acquisition

Summary of acquisition

On 8 October 2012 the Parent Entity, acquired 100% of the issued capital of Cottesloe Oil and Gas Pty Ltd (Cottesloe). 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:

	Number	Price	$
Shares issued to vendor	3	1	3
			3

Net assets acquired:

	$
Cash and cash equivalents	585
Trade and other receivables	8,635
Exploration and evaluation assets	645,630
Trade and other payables	(654,847)
Net identifiable assets acquired	3

17. Reserves

	2014 $	2013 $
Reserves		
Option Reserve	827,318	640,000
Foreign currency translation reserve	(7,159)	-
	819,979	640,000

Option reserve

The option reserve recognises options and performance rights issued as share based payments. The following options and performance rights were issued during the period:

Options	Issue Date	Ex Price	Expiry	Number	Reserve $
Opening Balance				29,173,437	640,000
Consultant Options	17 January 2014	$0.20	31/12/2014	2,500,000	175,541
Total options				**31,673,437**	**815,541**
Performance Rights	14 February 2014	n/a	n/a	800,000	11,777
Total performance rights				**800,000**	**11,777**
Total					**827,318**

[1] Refer to Note 21 for details on valuation of options and performance rights

Notes to the Consolidated Financial Statements (continued)

17 Reserves (continued)

30 June 2013

Options	Issue Date	Ex Price	Expiry	Number	Reserve $
Founder Options	6 May 2011	$0.20, $0.25, $0.30	31 Dec 2013	13,250,000	-
Director Options	6 October 2011	$0.20	31 Dec 2013	500,000	-
Seed Options	8 October 2012	$0.20	31 Dec 2013	4,417,937	-
Broker Options	10 December 2012	$0.20	31 Dec 2013	5,000,000	640,000
IPO Options	4 January 2013	$0.20	31 Dec 2013	6,005,500	-
			Total	29,173,437	640,000

[1] All Options vested immediately

Foreign currency translation reserve

The Foreign Currency Translation Reserve records exchange differences arising on the translation of a foreign controlled subsidiary.

	2014 $	2013 $
Foreign Currency Translation Reserve		
Balance at beginning of year	-	-
Currency translation differences arising during the year	(7,159)	-
Balance at the end of the year	(7,159)	-

18. Operating Cash Flow Reconciliation

	2014 $	Period 22 August 2012 to 30 June 2013 $
Reconciliation of operating cash flows to profit		
(Loss) for period	(2,299,573)	(2,193,152)
Depreciation, amortisation and Impairment	2,704,334	400,717
Movements in trade and other payables	70,156	178,526
Movements in trade and other receivables	(30,806)	(76,629)
Pre-exploration Expenditure	-	1,164,675
Loss on listed investment	800,000	-
Profit on sale of PRL 38	(2,309,459)	-
Cash flow from operations	**(1,065,348)**	**(525,863)**

During the year the Group received shares in a listed entity valued at $4,500,000 in consideration for 5% in PRL 38. This resulted in a gain in the statement of profit or loss and other comprehensive income of $2,309,459.

Notes to the Consolidated Financial Statements (continued)

19. Financial Instruments

Financial Risk Management

The Group's activities expose it to a variety of financial risks including interest rate and foreign exchange risk, price risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments; however the Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external and internal advisors. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group operates pre-dominantly in Australia in the period ended 30 June 2014 and had minimal exposure to foreign exchange risk.

The acquisition of Cott PNG Limited (formerly Wondecla Limited) in Papua New Guinea has exposed the Group to foreign exchange risk as a result of the expenditure requirements on the PNG permits which are denominated in USD and PNGK. There are no liabilities in these currencies at 30 June 2014 and the foreign exchange risk surrounding the balance of the PNG bank account is minimal. The Board has discussed risk management policies in respect of this exposure, and the risk may change in the future years.

(i) Price risk

The Group's exposure to equity securities price risk arises from investments held by the group and classified in the statement of financial position as fair value through profit or loss, of $3,700,000 (2013; nil). $800,000 was recognised in the statement of profit or loss and other comprehensive income in the year. This investment was sold post year end, refer to Note 30.

(ii) Cash flow and fair value interest rate risk

The Group's only interest rate risk arises from cash and cash equivalents. Term deposits and current accounts held with variable interest rates expose the Group to cash flow interest rate risk.

Consolidated	2014 Weighted average interest rate	2014 Carrying Amount $	2013 Weighted average interest rate	2013 Carrying Amount $
Financial assets				
Cash	3.45%	2,129,486	3.94%	4,867,737
Total		**2,129,486**		**4,867,737**

Notes to the Consolidated Financial Statements (continued)

19 Financial Instruments (continued)

(a) Market risk (continued)

Interest rate sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and equity prices. The tables indicates the impact of how profit and equity values reported at 30 June 2014 would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

2013	**Change in profit/ (loss)** **$**
Increase in interest rate by 75 basis points	36,504
Decrease in interest rate by 75 basis points	36,504
2014	**Change in profit/ (loss)** **$**
Increase in interest rate by 75 basis points	15,971
Decrease in interest rate by 75 basis points	15,971

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis. The Group does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings:

	2014 **$**	**2013** **$**
Cash and cash equivalents AA-	2,129,486	4,867,737
Total	**2,129,486**	**4,867,737**

Notes to the Consolidated Financial Statements (continued)

19 Financial Instruments (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group therefore had no credit standby facilities or arrangements for further funding in place.

The financial liabilities of the Group at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30 day terms of creditors.

2013		**Fixed Interest rate maturing in**					
Financial Instrument	**Floating interest rate**	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non-interest Bearing**	**Remaining Contractual Maturities**	**Weighted average effective interest rate**
Financial Assets							
Cash	367,736	4,500,000	-	-	1	4,867,737	3.94%
Receivables – other	-	-	-	-	76,629	76,629	
Total financial assets	367,736	4,500,000	-	-	76,630	4,944,366	
Financial Liabilities							
Trade payables	-	-	-	-	57,714	57,714	
Other payables	-	-	-	-	120,812	120,812	
Total financial liabilities	-	-	-	-	178,526	178,526	

2014		**Fixed Interest rate maturing in**					
Financial Instrument	**Floating interest rate**	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non-interest Bearing**	**Remaining Contractual Maturities**	**Weighted average effective interest rate**
Financial Assets							
Cash	199,458	1,930,027	-	-	1	2,129,486	3.45%
Receivables – other	-	-	-	-	1,215,495	1,215,495	
Total financial assets	199,458	1,930,027	-	-	1,215,495	3,344,981	
Financial Liabilities							
Trade payables	-	-	-	-	80,291	80,291	
Other payables	-	-	-	-	2,514,582	2,514,582	
Total financial liabilities	-	-	-	-	2,594,873	2,594,873	

Notes to the Consolidated Financial Statements (continued)

19 Financial Instruments (continued)

(d) Capital Risk

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital includes ordinary share capital and financial liabilities, supported by financial assets.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The net working capital position of the Group at 30 June 2014 was $750,108 (2013: $4,765,840) and the net decrease in cash held during the period was $2,738,251 (2013: increase of $4,867,737).

The Group currently has $2,129,486 of cash and cash equivalents (2013: $4,867,737) and no debt which is sufficient working capital to fund its exploration commitments in the near future.

(e) Fair value of financial instruments

The group has classified financial assets at fair value through profit or loss if they are acquired principally for the purposes of selling.

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

(f) Recurring fair value measurements

The only financial instrument that is recorded at fair value is the investment in listed shares of $3,700,000 at 30 June 2014 (2013: nil). This is a level 1 financial instrument. Level 1 financial instruments are traded in active markets (such as publically traded securities). $800,000 has been taken to the statement of profit or loss and other comprehensive income in the year.

20. Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its exploration and corporate activities. Operating segments are therefore determined on the same basis. Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics. The Group operates as two segments which are mineral exploration within Australia and PNG. The Group is domiciled in Australia.

Notes to the Consolidated Financial Statements (continued)

20 Operating Segments (continued)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- intangible assets; and

Segment Performance 30 June 2013	**Exploration Australia $**	**Exploration Papua New Guinea $**	**Total $**
(Loss) before income tax	(2,185,180)	(7,972)	(2,193,152)
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**

Notes to the Consolidated Financial Statements (continued)

20 Operating Segments (continued)

Segment Performance 30 June 2014	Exploration Australia $	Exploration Papua New Guinea $	Total $
Profit (Loss) before income tax	(1,556,696)	(742,877)	(2,299,573)
Segment assets			
Cash	2,055,681	73,805	2,129,486
Exploration and evaluation	-	409,243	409,243
Other	4,452,805	567,279	5,020,084
Total segment assets	6,508,486	1,050,327	7,558,813
Segment liabilities			
Trade creditors	80,291	-	80,291
Other	266,630	2,247,952	2,514,582
Total segment liabilities	**346,921**	**2,247,952**	**2,594,873**

21. Share-Based Payments

Fair value of options and performance rights granted

The fair value of options at grant date is independently determined using a either Black-Scholes or Monte Carlo option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The share based payment is recognised in equity as it relates to the issue of capital.

The following amounts arose through share based payments in the year, the majority of this was capitalised as exploration expenditure in the period.

	2014 $	2013 $
2,500,000[1] Options issued to Consultants	175,541	640,000
800,000[2] Performance Rights issued to Employees	11,777	-
9,930,000 shares issued to consultants[3]	2,000,000	
	2,187,318	640,000

[1] Listed Options exercisable at $0.20 on or before 31 December 2015
[2] Performance Rights issued in accordance with the Company's Performance Rights Plan approved by shareholders at the AGM held on 13 November 2013. On vesting, one performance right converts to one fully paid ordinary share.
[3]Shares issued to consultants in consideration for services performed.

The model inputs for the options granted to consultants include:

Dividend yield (%)	-
Expected volatility (%)	100
Risk-free interest rate (%)	2.56
Expected life of options (years)	3.6
Underlying share price ($)	0.12
Exercise price ($)	0.20
Value of option ($)	0.07

Notes to the Consolidated Financial Statements (continued)

21 Share-Based Payments (continued)

Principal Terms of Performance Rights

- Shares issued only when rights vest and are subject to continuing employment at vesting dates
- Vesting conditions:
  - 75% of each tranche vest if the 20 day moving average share price exceeds price targets (below) and 25% vest on satisfactory performance of the Executive at the discretion of the Board
  - 150,000 vest if the 20 day moving average exceeds $0.20 on or before 1 January 2015
  - 150,000 vest if the 20 day moving average exceeds $0.30 on or before 1 January 2016
  - 300,000 vest if the 20 day moving average exceeds $0.40 on or before 1 January 2017

The performance rights granted are valued in three tranches and the model inputs are as follows:

Tranche 1

Number of Rights	150,000
Valuation Date	14/2/2014
Underlying Spot ($)	0.12
Risk free rate (%)	2.7
Barrier Price ($)	0.20
Expiry	1/1/2015
Value per right ($)	0.088
Volatility (%)	100

Tranche 2

Number of Rights	150,000
Valuation Date	14/2/2014
Underlying Spot ($)	0.12
Risk free rate (%)	2.7
Barrier Price ($)	0.30
Expiry	1/1/2016
Value per right ($)	0.088
Volatility (%)	100

Tranche 3

Number of Rights	300,000
Valuation Date	14/2/2014
Underlying Spot ($)	0.12
Risk free rate (%)	2.7
Barrier Price ($)	0.40
Expiry	1/1/2017
Value per right ($)	0.092
Volatility (%)	100

Notes to the Consolidated Financial Statements (continued)

22. Commitments and Contingent Liabilities

Exploration expenditure

In order to maintain exploration licences, the Group is committed to meet the prescribed conditions under which licences were granted. These commitments may be met in the normal course of operations and are detailed below. These commitments may be subject to renegotiation or may be farmed out or the licences may be relinquished

	2014 $	2013 $
Exploration and evaluation expenditure commitments payable:		
- not later than 12 months	-	3,100,720
- between 12 months and 3 years	4,400,000	444,444
- greater than 3 years	32,000,000	-
	36,400,000	3,545,164

The Group has no commitments to acquire property, plant and equipment. There is an agreement in place with International Exploration Services Limited (Refer to Note 26 for details). Other than this, the Group has no contingent liabilities as at the date of report (2013: nil).

23. Related Party Disclosure

The consolidated financial statements include the financial statements of Cott Oil and Gas Limited and the subsidiaries listed in the following table.

	Country of Incorporation	% Equity Interest 2014	% Equity Interest 2013
Cottesloe Oil and Gas Pty Ltd	Australia	100	100
Cott Oil & Gas PNG Limited (formerly Wondecla Limited)	PNG	100	100

(a) Parent entities

Cott Oil and Gas Limited is the ultimate Australian parent entity.

(b) Subsidiaries

Interests in subsidiaries are set out above.

(c) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in Note 25 and the Remuneration Report in the Director’s Report.

(d) Loans to/ from related parties

There were no loans to/from related parties during the period ended 30 June 2014 (2013: Nil).

Notes to the Consolidated Financial Statements (continued)

23 Related Party Disclosure (continued)

(e) Transactions with related parties

There were no payments to related parties other than those to Key Management Personnel shown in Note 24.

24. Directors and Key Management Personnel

(a) Directors

The following persons were Directors of Cott Oil and Gas Limited during the period ended 30 June 2014:

Name	**Position**
Stephen Dennis	Non-Executive Chairman
Andrew Dimsey	Managing Director
David Bradley	Non-Executive Director

(b) Other Key Management Personnel

There were no further Key Management Personnel of the Group.

(c) Key Management personnel compensation

	2014 $	2013 $
Short-term employee benefits	314,000	214,543
Long-term employee benefits	13,698	-
Other employee expense (superannuation)	14,375	14,063
Total	342,073	228,606

Detailed relevant information can be found in sections A-C of the remunerations report.

(d) Loans to Key Management Personnel

There were no loans made or outstanding to Directors of Cott Oil and Gas Limited and other Key Management Personnel of the Group, including their personally related parties (2013: nil).

(e) Other transactions with Key Management Personnel

There were no other transactions made or outstanding to Directors of Cott Oil and Gas Limited and other Key Management Personnel of the Group, including their personally related parties (2013: nil).

Notes to the Consolidated Financial Statements (continued)

25. Parent Entity Information

The following details information related to the Parent Entity, Cott Oil and Gas Limited, as at 30 June 2014. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2014 $	2013 $
Current assets	2,092,870	4,861,340
Non-current assets	3,142,328	350,256
Total assets	5,235,198	5,211,596
Current liabilities	271,258	178,528
Total liabilities	271,258	178,528
Contributed equity	8,636,506	6,586,220
Accumulated losses	(4,499,884)	(2,193,152)
Option reserve	827,318	640,000
Total equity	4,963,940	5,033,068
Loss after income tax	(2,306,732)	(2,193,152)
Other comprehensive income/ (loss) for the period	-	-
Total comprehensive loss for the period	(2,306,732)	(2,193,152)[1]

[1] The loss of $2,193,152 in the period ended 2013 includes a $1,605,882 provision against intercompany balances in the current year the expense relating to this provision is $1,370,062. This provision has been raised due to the Group's decision to write off assets in the subsidiaries for which the parent company loaned the funds to purchase. This is eliminated on consolidation.

Guarantees

The Company has not entered into any guarantees in relation to the debts of its subsidiary.

26. Joint Arrangements

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Company has joint operations and recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in Note 27.

Notes to the Consolidated Financial Statements (continued)

27. Interest in Joint Operations

The consolidated entity has recognized its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the consolidated entity are set out below:

Name	Principle place of business/ Country of incorporation	Ownership interest 2014 %	2013 %
Petroleum Prospecting Licence 435	Papua New Guinea	50.00%	50.00%
Petroleum Prospecting Licence 436	Papua New Guinea	50.00%	50.00%
Petroleum Prospecting Licence 437	Papua New Guinea	20.00%	20.00%

28. Agreement with International Exploration Services

On the award of the PRL 38 Licence the Company granted certain commercialisation rights to International Exploration Services Limited (IES), a Hong Kong based company in respect of a 25% interest in PRL38 (Commercialisation Interest) subject to agreed caps. In the event that Company sells or transfers part or all of its interest in PRL 38 or agrees a payout value, IES will be entitled to receive agreed value from any transaction of the Commercialisation Interest up to a maximum of US$1m per percentage point less costs. The Company will retain the proceeds of the sale of the Commercialisation Interest above this cap.

29. Auditor's Remuneration

	2014 $	2013 $
Audit services		
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd		
- An audit or review of the financial reports of the entity	47,905	36,287
Non-Audit services		
Amounts received by BDO Audit (WA) Pty Ltd and related entities		
- BDO Tax (WA) Pty Ltd – Taxation Services	10,239	-
- BDO Audit (WA) Pty Ltd - Investigating Accountants Report	-	12,240
Total remuneration for non-audit services	**10,239**	**12,240**

30. Events subsequent to the year end

Since 30 June 2014 other than as noted below no matter or circumstance has arisen that has significantly affected, or may significantly affect:

a. the Group's operations in future financial years; or
b. the results of those operations in future financial years; or
c. the Group's state of affairs in future financial years.

On 19 September 2014 the Company announced the sale of 10 million shares in Kina Petroleum and subsequently received net sales proceeds of $3,332,442.

Directors' Declaration

The Directors declare that:

(a) the attached financial statements and accompanying notes, are in accordance with the Corporations Act 2001 including:

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

   (ii) giving a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Group;

   (iii) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements; and

(b) in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(c) the Directors have been given the declarations by the CEO and CFO as required by section 295A of the Corporations Act 2001.

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:

____

Andrew Dimsey
Managing Director

Perth, Western Australia, 30 September 2013

Corporate Governance Statement

Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of Cott Oil and Gas Limited ("Company" or "Group"). The Board of Directors ("Board") supports a system of corporate governance to ensure that the management of the Group is conducted to maximise shareholder wealth in a proper and ethical manner.

ASX Corporate Governance Council Recommendations

The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* ("ASX Principles and Recommendations 2nd Edition") where considered appropriate for the Group's size and nature. Such policies include, but are not limited to the Board Charter, Board Committee Charters, Code of Conduct, Trading in Securities, Continuous Disclosure, Shareholder Communication and Risk Management Policies. Further details in respect to the Group's corporate governance practises are summarised below and copies of Group's corporate governance policies are available of the Group's web site www.cottoilandgas.com.au

The Board sets out below its "if not why not" approach where the Group's practice departs from the Recommendations. All Recommendations have been applied for the period ended 30 June 2013 unless set out below:

Principle 2 Recommendation 2.4:

Notification of Departure: A separate nomination committee has not been formed.

Explanation of Departure: This Principle requires listed entities to establish a nomination committee. Given the current size of the Board and the Group, the Board considers that this function is efficiently achieved by the Board, in accordance with the guidelines set out in the Board's Charter.

Principle 4 Recommendation 4.1 and 4.2

Notification of Departure: A separate audit committee has not been formed.

Explanation for Departure: Principle 4 requires listed entities to establish as separate audit committee. Given the current size of the Group, the Board considers that this function is efficiently achieved by the full board in accordance with the guidelines set out in the Board's Charter. The full Board conducts a review of the Group's financial statements at each reporting date and liaises with the Group's auditors as necessary.

Principle 8 Recommendation 8.1

Notification of Departure: There was no separate remuneration committee.

Corporate Governance Statement (continued)

Explanation for Departure: Recommendation 8.1 requires listed entities to establish a nomination committee. Given the current size of the Board and the Group, the Board considers that this function is efficiently achieved by the Board, in accordance with the guidelines set out in the Board's Charter.

In addition, all matters of remuneration will continue to be determined in accordance with *Corporations Act 2001* requirements, especially in respect of related party transactions. That is, no directors participate in any deliberations regarding their own remuneration or related issues.

Roles of the Board and Management

The Board considers that the essential responsibilities of the Directors are to oversee the Group's activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value.

The Board has a Charter, which clearly establishes the relationship between the Board and management and describes their functions and responsibilities.

The key responsibilities of the Board include:

- contributing to the development of and approving corporate strategy;
- appoint and review the performance of the Executive Director/ Chief Executive Officer;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- arrange for effective budgeting and financial supervision;
- ensure that effective and appropriate reporting systems in place will, in particular, assure the Board that financial, operational, compliance and risk management controls function adequately;
- ensure that appropriate audit arrangements are in place; and
- reporting to shareholders.

Board Structure

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- the Board shall comprise at least 3 Directors, increasing where additional expertise is considered desirable in certain areas;
- the Chairman should be a Non-Executive;
- the Board should comprise a majority of Non-Executive Directors' and
- Directors should bring characteristics which allow a mix of qualifications, skills and experience.

The terms and conditions of the appointment and retirement of Directors are set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

Meetings of the Board

The Board meets as and when required to consider the business of the Group, its financial performance and other operational issues.

Corporate Governance Statement (continued)

Nomination and Appointment of New Directors

Recommendations and appointments of candidates for new Directors are made by the Board as a whole.

Review of Performance

The Board reviews its performance and composition on an annual basis to ensure that it has the appropriate mix of expertise and experience. Given the size and nature of the Group's activities the Board reviews the performance of Directors and the composition of the Board, at regular intervals during the period, or as deemed necessary.

Directors' Remuneration

The remuneration of Non-Executive Directors is different to that of executives. Executive Directors receive a salary and may receive other benefits.

Non-Executive Directors receive a set fee per annum, the maximum as approved by shareholders at the AGM, in addition to their statutory superannuation entitlements, and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties. When reviewing Director's fees the Board takes into account any changes in the size and scope of the Group's activities. Currently the Non-Executive Directors have a $28,000 set fee and the Non-Executive Chairman has a $36,000 set fee, by way of their letters of appointment.

The Board reviews the remuneration and policies applicable to all Directors on an annual basis.

Remuneration levels will be competitively set to attract the most qualified and experienced Directors and senior executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages.

The structure and disclosure of the Group's remuneration policies for Directors are set out in the Directors Report.

Board Access to Information

All Directors have unrestricted access to all employees of the Group and, subject to the law, access to all Group records and information held by an employees and/or external advisers. The Board receives regular detailed financial and operational reports to enable it to carry out its duties.

Each Director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. The Group will reimburse the Director for the reasonable expense of obtaining that advice.

Board Committees

The Board, where appropriate, may establish a number of committees to assist in carrying out its responsibilities in an effective and efficient manner. The Board has not established an audit committee, remuneration committee or a nomination committee.

Corporate Governance Statement (continued)

1. Nomination Committee

The full Board carries out the role of the nomination committee. The full Board did not officially convene as a nomination committee during the reporting period, however nomination related discussions occurred from time to time during the period as required.

2. Audit Committee

The full Board carries out the role of an audit committee. The full Board did not officially convene as an audit committee during the reporting period, however audit related discussions occurred from time to time during the period as required. Details of each of the director's qualifications are set out in the Director's Report.

All of the directors consider themselves to be financially literate and have industry experience.

2.1. Audit Process

As part of the Group’s commitment to safeguarding integrity in financial reporting, the Group’s accounts are subject to annual audit by an independent, professional auditor, who also reviews the half-yearly accounts. The Auditor attends and is available to answer questions at, the Group’s annual general meetings.

2.2. Auditor Independence

The Group has implemented procedures to monitor the independence and competence of the Group’s external auditors. Details of the amounts paid for both audit work and non-audit services are set out in this annual report.

The Board requires that adequate hand-over occurs in the year prior to rotation of an audit partner to ensure an efficient and effective audit under the new partner.

3. Remuneration Committee

The full Board carries out the role of the remuneration committee. It did not officially convene as a remuneration committee during the reporting period, however remuneration related discussions occurred from time to time during the period as required.

Details of remuneration, including the Group’s policy on remuneration, are contained in the “Remuneration Report” which forms of part of the Directors’ Report.

Share Trading

Under the Group’s Share Trading Policy, all employees and Directors of the Group and its related companies are prohibited from trading in the Group’s shares or other securities if they are in possession of “inside information”. Subject to this condition and in light of the ASX’s continuous disclosure requirements, trading can occur at any time but subject to conditions surrounding periods prior to the publication of financial results and disclosure documents.

Corporate Governance Statement (continued)

Share Trading (continued)

The Group understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the ASX's securities market and has adopted a comprehensive policy covering announcements to the Australian Securities Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings, media communications, commenting on expected earnings, communications black-out periods and review of briefings and communications. The policy is reviewed periodically and updated as required.

The Company Secretary has responsibility for overseeing and coordinating disclosure of information to the Australian Securities Exchange. The Company Secretary also liaises with the Managing Director in relation to continuous disclosure matters. The Managing Director is responsible for overseeing and coordinating disclosure of information to analysts, brokers and shareholders.

Ethical Standards

All Directors, executives and employees are charged with the responsibility to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

It is the Board's responsibility to ensure that all staff are aware of the Group's Code of Conduct and to ensure that any individual who does not adhere to these ideals is dealt with appropriately by executive management. Appropriate action may be counselling, disciplinary action or termination of employment.

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Group is considered reputable by the industry and other outside entities. This involves considering the impact of the Group's decisions on the industry, colleagues and the general community.

Communications with Shareholders

The Board aims to ensure that shareholders are kept informed of all major developments affecting the Group. Information is communicated to shareholders through the distribution of annual reports; and by presentation to shareholders at the Annual General Meeting, which they are encouraged to attend.

In addition, all reports, including quarterly reports and releases made by Cott Oil and Gas Limited throughout the period with respect to its activities are distributed widely via the Australian Securities Exchange and posted on the Group's website located at www.cottoilandgas.com.au.

Corporate Governance Statement (continued)

ASX Best Practice Recommendations

Principles of Good Corporate Governance and Best Practice Recommendations
("ASX Principles and Recommendations 2nd Edition")

The table below identifies the ASX Corporate Governance Principles and Recommendations (Principles) and whether or not the Company has complied with the recommendations during the reporting period:

	Recommendation	Complied	Note
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions	✓	
1.2	Disclose the process for evaluating the performance of senior executives	✓	
1.3	Provide the information indicated in the Guide to reporting on Principle 1	✓	
2.1	A majority of the board should be independent directors	✓	
2.2	The chair should be an independent director	✓	
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual	✓	
2.4	The board should establish a nomination committee	✕	Note 1
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors	✓	
2.6	Provide information indicated in the Guide to reporting on Principle 2	✓	
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: ▪ the practices necessary to maintain confidence in the company's integrity ▪ the practices necessary to take into account heir legal obligations and the reasonable expectations of their stakeholders ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	✓	
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	✓	Note 2
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	✕	Note 2
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	✕	Note 2
3.3	Provide information indicated in the Guide to reporting on Principle 3	✓	
4.1	Establish an audit committee	✕	Note 3
4.2	Structure the audit committee so that it: ▪ consist only of non-executive directors ▪ consists of a majority of independent directors ▪ is chaired by an independent chair, who is not chair of the board ▪ has at least three members	✕	Note 3
4.3	The audit committee to have a formal charter	✓	
4.4	Provide the information indicated in the Guide to reporting on Principle 4	✓	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies	✓	
5.2	Provide the information indicated in the Guide to reporting on Principle 5	✓	

Corporate Governance Statement (continued)

ASX Best Practice Recommendations (continued)

	Recommendation	Complied	Note
6.1	Design communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	✓	
6.2	Provide the information indicated in the Guide to reporting on Principle 6	✓	
7.1	Establish policies for oversight and management of material business risks and disclose a summary of those policies	✓	
7.2	Require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. Disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✓	
7.3	Disclose whether assurance has been received from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	
7.4	Provide information indicated in the Guide to reporting on Principle 7	✓	
8.1	Establish a remuneration committee	✕	Note 1
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	✓	
8.3	Provide the information indicated in the Guide to reporting on Principle 8	✓	

Note 1:

The Principles recommend that companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and that companies should have a structure to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

(a) <u>Recommendation 2.4 – Nomination Committee</u>

Recommendation 2.4 of the Principles states that the board should establish a nomination committee that should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

The Board does not have a separate nomination committee. The Board, as a whole, serves as a nomination committee and acts in accordance with the Nomination and Remuneration Committee Charter. The Board does not believe any efficiency or other benefits would currently be gained by establishing a separate nomination committee.

The responsibility for the selection of potential directors lies with the full Board of the Company. A separate nomination committee has not been constituted because the Board considers that the size of the current full Board permits it to act as the nomination committee and to regularly review membership. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance and consideration of appointments and approvals.

Corporate Governance Statement (continued)

When a Board vacancy occurs, the Board acting as the nomination committee, identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

Directors are not appointed for specific terms, as their periods in office are regularly reviewed as part of annual performance evaluation processes and they are subject to re-election every three (3) years.

(b) <u>Recommendation 8.1 – Remuneration Committee</u>

Recommendation 8.1 of the Principles states that the board should establish a remuneration committee that should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

The Board does not have a separate remuneration committee. The Board, as a whole, serves as a remuneration committee and acts in accordance with the Nomination and Remuneration Committee Charter. The Board does not believe any efficiency or other benefits would currently be gained by establishing a separate remuneration committee.

The responsibility for remuneration of Directors and senior management lies with the full Board of. A separate remuneration committee has not been constituted because the Board considers that the size of the current full Board permits it to act as the remuneration committee and will review remuneration issues at regular Board meetings.

Given the size of the Board and the Group, the Board considers that this function is efficiently achieved by the full Board. In circumstances where the size of the Board is expanded as a result of the growth or complexity of the Group, the Board will reconsider the establishment of a remuneration committee to ensure compliance with the Principles where possible.

Note 2:

The Principles recommends that companies should actively promote ethical and responsible decision-making.

(a) <u>Recommendation 3.3 – Measurable Objectives for Achieving Gender Diversity</u>

Recommendation 3.3 of the Principles states that the board should disclose in each annual report the measurable objective for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Given the size of the Group, no measurable objectives have yet been set for achieving gender diversity.

(b) <u>Recommendation 3.4– Annual Report Disclosure</u>

Recommendation 3.4 of the Principles states that the board should disclose in each annual report:

- the proportion of women employees in the whole organisation;
- women in senior executive positions; and
- women on the board.

Corporate Governance Statement (continued)

The Group does not currently have any women in senior executive positions and there are no women on the board.

Note 3:

The Principles recommend that companies should have a structure to independently verify and safeguard the integrity of their financial reporting. Recommendation 4.1 of the Principles states that the board should establish an audit committee.

Recommendation 4.2 of the Principles states that the audit committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent chair, who is not chair of the board
- has at least three members.

The Board does not have a separate audit committee. The Board, as a whole, serves as an audit committee. The Board does not believe any efficiency or other benefits would currently be gained by establishing a separate audit committee. The responsibility for preparation of financial statements and their audit lies with the full Board. A separate audit committee has not been constituted because the Board considers that the size of the current full Board permits it to act as the audit committee and will review audit issues at regular Board meetings.

Given the size of the Board and the Group, the Board considers that this function is efficiently achieved by the full Board. In circumstances where the size of the Board is expanded as a result of the growth or complexity of the Group, the Board will reconsider the establishment of an audit committee to ensure compliance with the Principles where possible.

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

1. Shareholdings

The issued capital of the Company as at 30 September 2014 is 76,984,453 ordinary fully paid shares, 13,750,000 unlisted options and 17,923,437 listed options (details below). All issued ordinary fully paid shares carry one vote per share.

Ordinary Shares

Shares Range	Holders	Units	%
1-1,000	3	23	0.00%
1,001-5,000	11	45,752	0.06%
5,001-10,000	43	415,730	0.54%
10,001-100,000	146	7,182,741	9.33%
100,001-9,999,999	99	69,340,207	90.07%
Total	**302**	**73,984,453**	**100.00%**

Unmarketable parcels

There were 23 holders of less than a marketable parcel of ordinary shares.

Listed Options ($0.20; Expiry 31 December 2015)

Option Range	Holders	Units	%
1-1,000	1	571	0.00%
1,001-5,000	61	190,203	1.06%
5,001-10,000	37	345,265	1.93%
10,001-100,000	90	3,216,977	17.95%
100,001-9,999,999	32	14,170,421	79.06%
Total	**221**	**17,923,437**	**100.00%**

2. Top 20 Shareholders as at 30 September 2014

	Name	Number of Shares	%
1	International Exploration Services Ltd	9,930,000	12.90
2	National Nominees Limited	5,925,000	7.70
3	Wmo Welcome Pty Ltd <The O'keeffe Super Fund A/C>	5,289,000	6.87
4	Longshot Oil And Gas Pty Ltd <Longley Super Fund A/C>	3,786,402	4.92
5	Andjen Pty Ltd <Dimsey Super Fund A/C>	4,093,138	4.89
6	Mr Clifford Couchman & Mrs Jennifer Rose Ford <The Cc & Jr Ford S/F A/C>	3,666,666	4.76
7	Fitel Nominees Limited	3,142,500	4.08
8	Mrs Bronwyn Davis	2,240,000	2.91
9	Hsbc Custody Nominees (Australia) Limited	1,600,000	2.08
10	Wmo Welcome Pty Ltd <The O'keeffe Super Fund A/C>	1,391,000	1.81
11	Bushwood Nominees Pty Ltd	1,201,103	1.56
12	Kmpc Investments Pty Ltd	1,200,000	1.56
13	Mr Michael Shaun Reddie	1,066,230	1.38
14	J P Morgan Nominees Australia Limited	1,000,100	1.30
15	Man Holdings Pty Limited <Nelson Hybrid A/C>	1,000,000	1.30
16	Uob Kay Hian Private Limited <Clients A/C>	910,000	1.18
17	Mr Ian Longley	750,000	0.97
18	Bnp Paribas Nominees Pty Ltd <Jarvis A/C Non Treaty Drp>	705,250	0.92
19	J Poynter Holdings Pty Ltd <Helliel Super Fund A/C>	690,000	0.90
20	Mr Stephen Bruce Dennis & Mrs Alison Jill Dennis <Dennis Super Fund A/C>	676,488	0.88
	Total	**49,937,877**	**64.87%**
	Total Remaining Holders Balance	**27,046,576**	**35.13%**

3. Top 20 Listed Option holders as at 30 September 2014 ($0.20; Expiry 31/12/2014)

	Name	Number of Shares	%
1	Ralisona Pty Ltd	2,500,000	13.95
2	National Nominees Limited	1,185,000	6.61
3	Wmo Welcome Pty Ltd <The O'keeffe Super Fund A/C>	1,000,000	5.58
4	Wmo Welcome Pty Ltd <The O'keeffe Super Fund A/C>	1,000,000	5.58
5	First Investment Partners Pty Ltd	811,500	4.53
6	Grange Capital Partners Pty Ltd	700,000	3.91
7	Bushwood Nominees Pty Ltd	622,721	3.47
8	National Nominees Limited	615,000	3.43
9	Mr Michael Julian Frayne	500,000	2.79
10	Hd Capital Partners Llp	500,000	2.79
11	Stanton Investments Limited	500,000	2.79
12	Fitel Nominees Limited	478,500	2.67
13	Mrs Bronwyn Davis	446,000	2.49
14	Jim Nominees Limited	300,000	1.67
15	Philuchna Pty Ltd <Pm & Na Warren Family A/C>	300,000	1.67
16	Hsbc Custody Nominees (Australia) Limited	270,000	1.51
17	Kmpc Investments Pty Ltd	240,000	1.34
18	J Poynter Holdings Pty Ltd <Helliel Super Fund A/C>	240,000	1.34
19	Cornela Pty Ltd <The Macliver Family A/C>	200,000	1.12
20	Man Holdings Pty Limited <Nelson Hybrid A/C>	200,000	1.12
	Total	**12,608,721**	**70.35%**
	Total Remaining Holders Balance	**5,314,716**	**29.65%**

4. Unlisted Options

There are 13,750,000 unlisted options over shares in the Company as at 30 September 2014 as follows:

	Unlisted options $0.20 31 December 2015	Unlisted options $0.25 31 December 2015	Unlisted options $0.30 31 December 2015
Andrew Dimsey	1,333,333	1,333,333	1,333,334
Longshot Oil and Gas	1,333,333	1,333,333	1,333,334
CC & JR Ford Super Fund	1,333,334	1,333,334	1,333,334
Holders less than 20%	916,666	416,666	416,666
	4,916,666	**4,416,666**	**4,416,668**

There are 17,923,437 listed options over shares in the Company as at 30 September 2014 as follows:

Grant Date	Expiry Date	Exercise Price	Number of options
25 September 2012	31 December 2015	0.20	4,417,937
10 December 2012	31 December 2015	0.20	5,000,000
19 December 2012	31 December 2015	0.20	6,005,500
17 January 2014	31 December 2015	0.20	2,500,000
		Total	**17,923,437**

5. Voting Rights

Class of security	No. of Holders	Voting Rights Attached
Ordinary Shares	302	Each shareholder is entitled to one vote per share held.
Listed Options ($0.20, 31/12/15)	221	There are no voting rights attached to these options.
Unlisted Options ($0.20;$0.25;$0.30) 31/12/15	10	There are no voting rights attached to these options.

6. Substantial Shareholders as at 30 September 2014

	Name	Number of Shares	% Holding
1	International Exploration Services Ltd	9,930,000	12.90
2	National Nominees Limited	5,925,000	7.70
3	WMO Welcome Pty Ltd <The O'keeffe Super Fund A/C>	5,289,000	6.87

7. Restricted Securities subject to escrow period

Securities subject to escrow are:

Category	Number of Shares	Number of Options	Period of Escrow
Related Parties and Promoters	17,403,768	19,426,804[1]	24 months from 2 January 2013
Total	**17,403,768**	**19,426,804[1]**	

[1] 4,916,666 unlisted options ($0.20; 31 December 2015), 4,416,666 unlisted options ($0.25; 31 December 2015), 4,416,668 unlisted options ($0.30; 31 December 2015), 5,676,804 listed options ($0.20; 31 December 2015).

8. On-market Buy Back

There is currently no on-markey buyback program for any of Cott Oil and Gas's listed securities

9. Group cash and assets

In accordance with Listing Rule 4.10.19, the Group confirms that it has been using the cash and assets it had acquired at the time of admission and for the period ended 30 June 2014 in a way that is consistent with its business objective and strategy.

The Company has an interest in the following projects:

Papua New Guinea

- PRL 38 (40%) – a 765km^2 license containing the Pandora Gas Fields which have a historic 2C contingent resource of 792 bcf (CMT: 320 bcf)
- PPL 437 (20%, KPL 80%) – an advanced permit adjacent to the Elevala, Ketu and Tingu gas discoveries.
- PPL 435 and PPL 436 which constitute large underexplored, strategic onshore acreage, held in 50/50 JV partnership with PNG specialist Kina Petroleum Limited (ASX:KPL).

- Cott's granted interests in PNG cover over 10,750km^2 (2.65m acres) on a net basis.

Carnarvon Basin

- Shallow drilling targets in the Rivoli gas field.

The technical information on the oil and gas projects including in relation to prospective resources is based on information compiled by Mr Marc Jamet. Mr Jamet is an experienced senior oil and gas executive having worked globally over the past 30 years and has consented in writing to the inclusion of the information stated in the form and context to which it appears.