31 July 2014

Manager of Company Announcements
ASX Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

By E-Lodgement

QUARTERLY REPORT
Period Ended 30 June 2014

The Board of Cott Oil and Gas Limited (**Cott** or the **Company**) **(ASX: CMT)** is pleased to provide the following commentary and Appendix 5B for the Quarter ended 30 June 2014.

June 2014 Quarter - Highlights

- **Cott received the Wison Concept Study confirming the Pandora LNG Project in PNG is technically and commercially feasible**
- **Wison proposes a 1 mtpa offshore FLNG vessel which would cost USD900m – USD1,100m**
- **Wison also proposes an alternative 'Near Shore LNG' solution that would cost approx USD600m and would process clean gas at a potential LNG hub**
- **Discussions with potential owner-operators which would provide toll liquefaction services have commenced**
- **Acquisition of the 2D seismic program over the Malisa South prospect in PPL437 commences**

PRL 38 (Cott: 40%)

During the quarter, Cott received the final LNG Concept Study for the Pandora Gas Field from Wison Offshore and Marine Ltd ("Wison"). Wison is an engineering and fabrication company based in Shanghai which designed and is constructing a 0.5 mtpa FLNG vessel for Exmar Marine that will be based off the coast of Colombia from 2015.

The report presented two technical and commercially feasible concepts for the development of the Pandora Gas Fields.

BOARD & MANAGEMENT

Mr Stephen Dennis
NON-EXECUTIVE CHAIRMAN

Mr Andrew Dimsey
MANAGING DIRECTOR

Mr David Bradley
NON-EXECUTIVE DIRECTOR

Ms Sarah Smith
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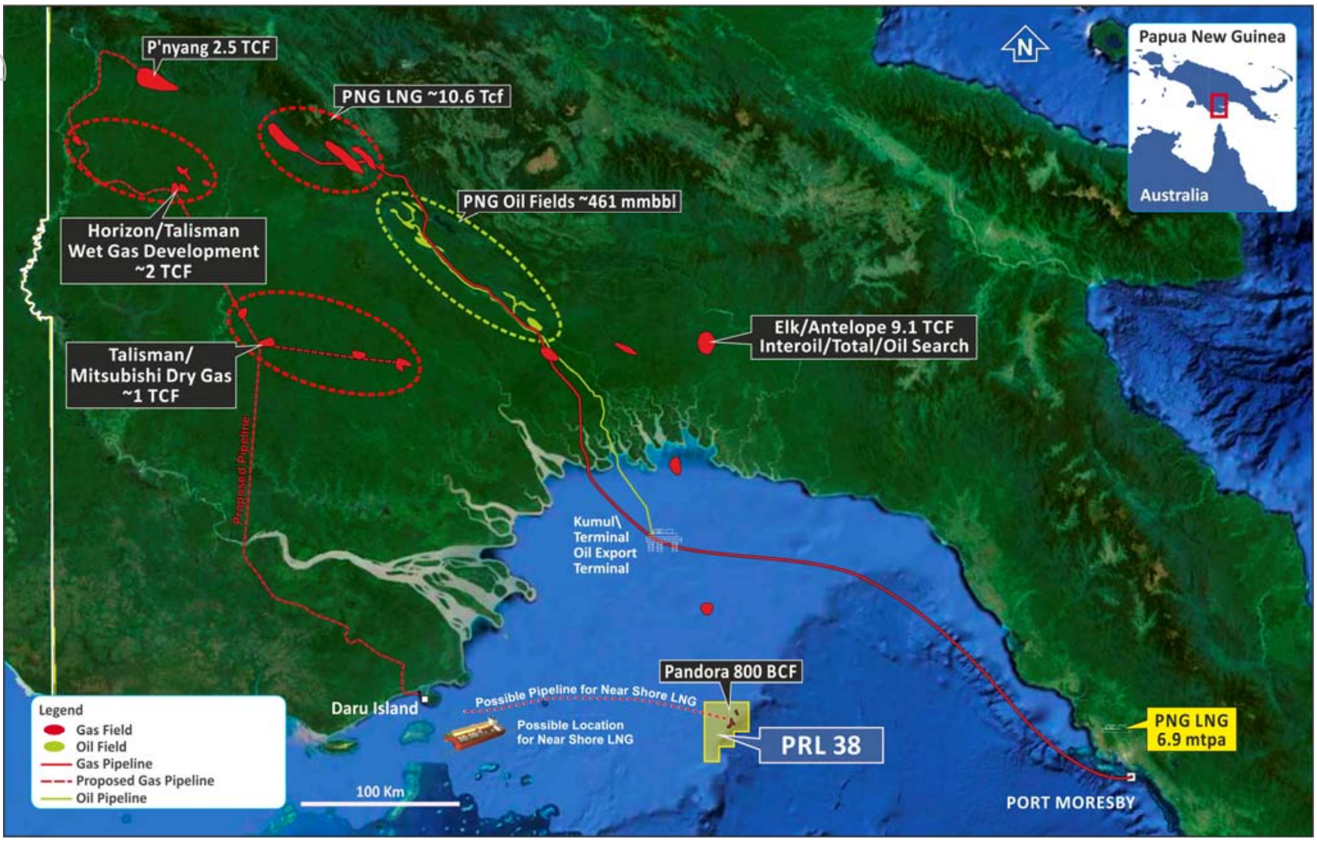
Figure 1: Location of Pandora in relation to other major PNG gas developments



<u>Offshore FLNG</u>

Wison proposes an offshore FLNG vessel that would receive raw gas from a subsea gathering system for onboard processing, liquefaction, storage and offloading. A three-well development would enable the field to produce at 200-250 mmscfpd but it is proposed that the FLNG vessel has 1 mtpa liquefaction capacity in order to maximize the recoverability of the gas resource. The field would need to produce approximately 160 mmscfpd in order to produce 1 mtpa net of fuel gas.

The vessel would have storage for 170,000m^3 of LNG and would utilize Black and Veatch's PTICO Single Mixed Refrigerant liquefaction technology. Gas would be processed on the vessel using a standard suite of gas processing facilities, including an amine tower, and the recovered acid gas would be reinjected back into the reservoir.

Wison has indicated that the cost of such a vessel would be in the order of USD900 million – USD1.1 billion and that the operating cost of the vessel would be between USD2.00 – USD2.50/mmBtu.

<u>Near Shore LNG</u>

Wison also proposes a Near Shore LNG vessel which comprises offshore processing on a platform followed by transport by pipeline to a near shore location for liquefaction, storage and offloading. This is expected to offer a lower cost liquefaction solution due to reduced mooring and offloading costs but would involve additional capital expenditure and processing/pipeline operating costs.

Wison proposes the use of its Buoyant Tower technology which has been designed to operate in water depths of 50-250m and which could accommodate all production facilities. Alternatively, a steel jacket fixed platform could be constructed.

The attraction of this solution is that it would create the opportunity to establish a near shore liquefaction hub that could be utilised by the owners of onshore gas as well as by the PRL38 joint venture.

Wison estimates that the total operating costs of the near shore solution (including the near shore barge and processing platform) would be approximately USD1.50 – USD2.00/mmBtu.

Table 1: Indicative Capital Costs for FLNG (Wison Offshore & Marine Ltd unless indicated) USDMM

	Offshore		Near Shore	
	LOW	**HIGH**	**LOW**	**HIGH**
Field Development [1]	250	250	150	150
1 mtpa FLNG Vessel	900	1,100 [2]	550	650 [3]
Buoyant Tower			300	360 [4]
Pipeline			350	418 [5]
TOTAL	**1,150**	**1,350**	**1,300**	**1,578**

1 Cott estimate - 4 x wells (incl 1 x re-injection well) with subsea completions (offshore) or dry completions (Near Shore)
2 170,000m^3 SPB storage, external turret-moored with tandem offloading, based on US$900-1,100/tonne
3 170,000 m^3 SPB storage, jetty/dolphin-moored with side by side offloading, based on US$550 – 650/ tonne
4 Buoyant Tower incorporating up to 9,000T topside weight (dry trees, gas clean-up and reinjection) - Topside weight subject to review
5 Pipeline estimate based on IntecSea cost estimate for 24" pipe to Daru – subject to review

Commercial Model

Cott has held discussions with a number of parties who have the ability to provide turnkey FLNG services on a build-own-operate basis, including Exmar Marine, Hoegh LNG and Excelerate Energy. The business model of each of these parties is to engage with the resource owners as early as possible and to take the project through Front End Engineering Design (FEED) before selecting the preferred Engineering Procurement Construction Installation and Commissioning (EPCIC) contractor. This is the approach followed by Exmar Marine BV which selected Wison Offshore and Marine to construct a 0.5 mtpa liquefaction vessel that is contracted to Pacific Rubiales in Colombia.

With this approach, a tolling fee is negotiated between the resource owner and the vessel owner/operator that comprises a capacity fee reflecting the cost of ownership as well as operating costs. In determining the capacity fee, the total EPCIC costs, finance costs and return on investment are amortised over the life of the project. The table below estimates the break-even LNG sales price incorporating a return on investment for the vessel owner/operator.

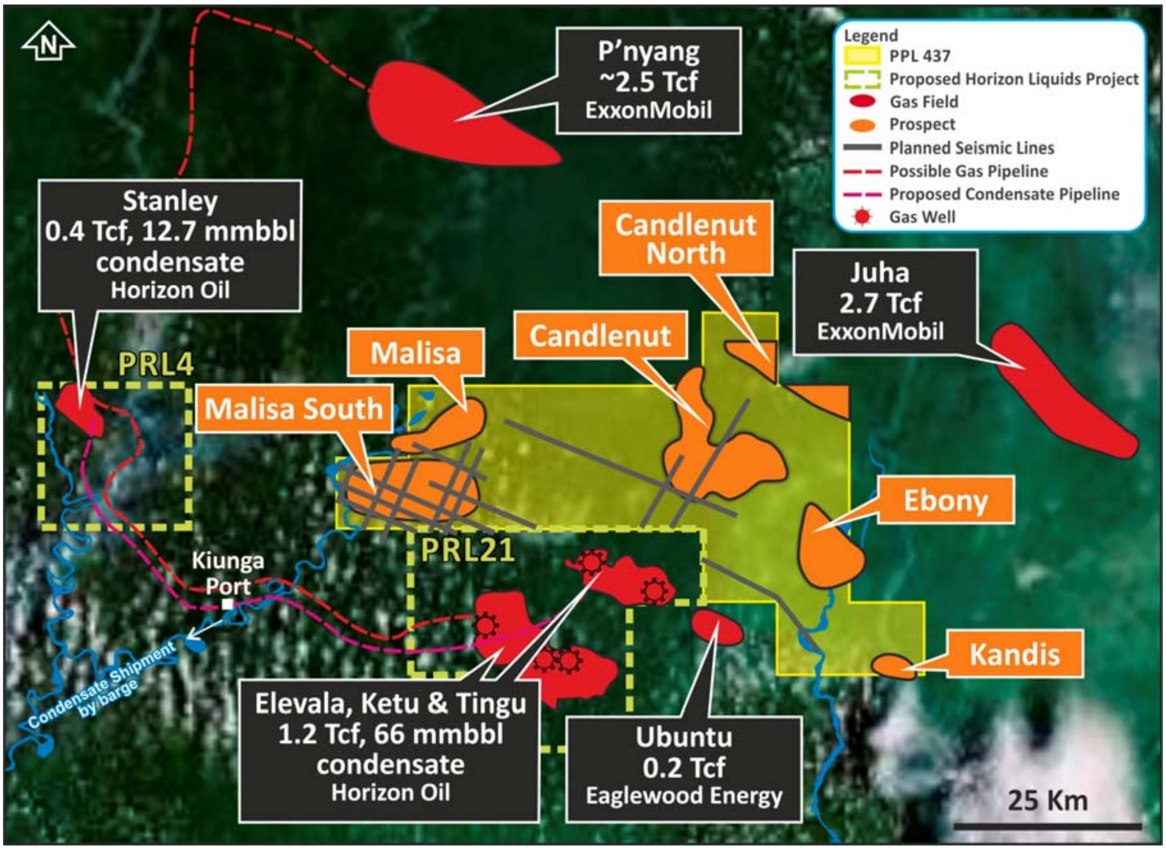
Table 2: Indicative Break Even LNG Sales Price (US$/mmBtu)

	Offshore		Near Shore	
	LOW	**HIGH**	**LOW**	**HIGH**
Production Cost	0.75	0.75	0.75	0.75
Capital Cost	2.80	3.40	3.60	4.50
Operating Cost	2.00	2.50	1.50	2.00
Shipping Cost to North Asia	1.00	1.00	0.85	0.85
TOTAL	**6.55**	**7.65**	**6.70**	**8.10**

The Company is also examining a range of other options for commercializing its interest in PRL 38

PPL 437 Papuan Basin Papua New Guinea (Cott: 20%)

The operator of PPL437, Kina Petroleum, has advised that Heritage Oil has commenced the acquisition of the Gosur 2D seismic over the Malisa South prospect in the southwest corner of the license. The Malisa South structure is on trend to the Tingu-1 discovery that was drilled in 2013 and which was tested at 48 mmscfpd and an average condensate gas ratio of 65 barrels per million cubic feet of gas.



Recording of the seismic survey is expected to be completed in the current quarter before interpretation in the subsequent quarter. In the event that a drillable target is identified, an exploration well will be planned for 2015.

PPL 435 and PPL 436 Papuan Basin, Papua New Guinea (Cott: 50%)

PPL 435 and PPL 436 cover over a total of 18,436km^2 of the western lowland and coastal area of Papua New Guinea. Acquisition of the airborne magnetic and gravity over PPLs 435 and 436 was completed within the quarter and will be integrated with the existing aeromag/gravity database.

Subsequent Events

The Company has decided not to participate in an application for a Production Services Contract over the Joint Study Area in SE West Papua, Indonesia. The decision was taken in order to focus expenditure on development of the Pandora gas field and on Cott's exploration acreage within PNG.

For and on behalf of the Board,

Andrew Dimsey
Managing Director

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About Cott Oil and Gas Ltd

Cott Oil and Gas has a highly experienced management team and holds a strategically prospective suite of oil and gas opportunities across the Westralian Superbasin, which underlies Australia's northwest continental margin.

The Company's current portfolio includes:

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.

Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Cott Oil and Gas Limited

ABN	Quarter ended ("current quarter")
33 160 017 390	30 June 2014

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors		-
1.2	Payments for (a) exploration & evaluation	(395)	(1,628)
	(b) development		-
	(c) production		-
	(d) administration	(230)	(1,230)
1.3	Dividends received		-
1.4	Interest and other items of a similar nature received	32	136
1.5	Interest and other costs of finance paid		-
1.6	Income taxes paid		-
1.7	Other (provide details if material)		-
	Net Operating Cash Flows	(593)	(2,722)
	Cash flows related to investing activities	-	-
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(16)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	-	(16)
1.13	Total operating and investing cash flows (carried forward)	(593)	(2,738)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(593)	(2,738)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(593)	(2,738)
1.20	Cash at beginning of quarter/year to date	2,722	4,867
1.21	Exchange rate adjustments to item 1.20		-
1.22	**Cash at end of quarter**	2,129	2,129

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	65
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

1.2
Payments of Directors fees and remuneration 65

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

+ See chapter 19 for defined terms.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	867
4.2	Development	-
4.3	Production	-
4.4	Administration	243
	Total	1,110

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	2,129	2,722
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	2,129	2,722

Changes in interests in mining tenements and petroleum tenements

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	n/a			
6.2	Interests in mining tenements and petroleum tenements acquired or increased	n/a			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	76,984,453	59,580,686 (17,403,767 subject to escrow)		Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	17,923,437 listed 4,916,666 unlisted 4,416,666 unlisted 4,416,668 unlisted	12,246,633 (5,676,804 subject to escrow)	***Exercise Price*** *20 cents* *20 cents* *25 cents* *30 cents*	***Expiry Date*** *31 Dec 2015* *31 Dec 2015* *31 Dec 2015* *31 Dec 2015*
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ....Date: 31 July 2014
(Managing Director)

Print name: ANDREW DIMSEY
....

+ See chapter 19 for defined terms.

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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