
COTT OIL AND GAS LTD

ACN 160 017 390

NOTICE OF ANNUAL GENERAL MEETING

TIME: 2:30pm (WST)

DATE: Thursday 20th November 2014

PLACE: The Celtic Club, 48 Ord Street, West Perth, WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 7600.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 2:30pm (WST) on 20 November 2014 at:

The Celtic Club, 48 Ord Street, West Perth WA 6005

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (WST) on **18 November 2014**.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and

- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting, and must vote as directed.

BUSINESS OF THE MEETING

AGENDA

Financial Statements and Reports

To receive and consider the Annual Financial Report of the Company for the financial year ended 30 June 2014 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the Auditor's Report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2014.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities,

if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR STEPHEN DENNIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Stephen Dennis, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

Short Explanation: In accordance with ASX Listing Rule 14.4 (rotation of Directors) and the Company's Constitution, one third of the Directors must retire by rotation at every Annual General Meeting. Accordingly, Mr Dennis retires by rotation and being eligible for re-election, offers himself for re-election at the Meeting.

4. RESOLUTION 4 – CHANGE OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the resignation of the current auditor of the Company, for the purposes of Section 327B of the Corporations Act, RSM Bird Cameron having consented to act as the Company's auditor, be appointed as auditor of the Company with effect from the passing of this Resolution.”

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 9,930,000 Shares on 17 January 2014 on the terms and conditions set out the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,500,000 Listed Options on 17 January 2014 on the terms and conditions set out the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

DATED: 17 OCTOBER 2014

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'S. Smith', written in a cursive style.

SARAH SMITH
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2014 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

The Company will not provide a hard copy of the Company's Annual Financial Report to Shareholders unless specifically requested to do so. The Company's Annual Financial Report is available on its website at <http://www.cottoilandgas.com.au/>.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

1.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

1.3 Previous voting results

At the Company's previous Annual General Meeting the votes cast against the Remuneration Report considered at that Annual General Meeting were less than 25%. Accordingly the Spill Resolution is not relevant for this Annual General Meeting.

1.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

¹ Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

² Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

³ Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

⁴ The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

2. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

2.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve this Resolution, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 2.2 below).

The effect of this Resolution will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

This Resolution is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of this Resolution for it to be passed.

2.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its Annual General Meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant Annual General Meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$8,468,290 (assuming a share price of \$0.11).

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 3 classes of Equity Securities on issue, being the Shares (ASX Code: CMT), Options (ASX Code: CMTO) and Performance Rights.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

2.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section (i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If this Resolution is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Shares on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	50% decrease in Issue Price \$0.055	Issue Price \$0.11	100% increase in Issue Price \$0.22
76,984,453 (Current Variable A)	Shares issued - 10% voting dilution	7,698,445	7,698,445	7,698,445
	Funds raised	\$423,414	\$846,829	\$1,693,658
115,476,680 (50% increase in Variable A)	Shares issued - 10% voting dilution	11,547,668	11,547,668	11,547,668
	Funds raised	\$635,122	\$1,270,243	\$2,540,487
153,968,906 (100% increase in Variable A)	Shares issued - 10% voting dilution	15,396,891	15,396,891	15,396,891
	Funds raised	\$846,829	\$1,693,658	\$3,387,316

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 76,984,453 Shares on issue as at the date of this Notice of Meeting.

2. The issue price set out above is the closing price of the Shares on the ASX on 14 October 2014.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current permits and general working capital; or
- (i) as non-cash consideration for the acquisition of new resources, assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the Company's previous annual general meeting of 13 November 2013 (**Previous Approval**).

The Company has issued 2,500,000 Options pursuant to the Previous Approval. During the 12 month period preceding the date of the Meeting, being on and from 13 November 2013, the Company also issued a further 10,367,270 Shares and 800,000 Performance Rights which represents approximately 14.3% of the total diluted number of Equity Securities on issue in the Company on 13 November 2013, which was 95,790,620.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in the table below:

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 10 January 2014	437,270	Shares ²	245,962 Shares to Mr Stephen	Deemed issue price of \$0.13 per Share	Non-cash Issued in satisfaction of

Appendix 3B – 10 January 2014			Dennis 191,308 Shares to Mr David Bradley		Non-executive director fees owing under Director Share Plan approved at AGM held 13 November 2013. Current value ⁵ = \$48,100
Issue – 17 January 2014 Appendix 3B – 17 January 2014	9,930,000	Shares ²	International Exploration Services Limited (IES)	Deemed issue price of \$0.20 per Share	Non-cash Issued as consideration for services provided to the Company in successfully applying for an interest in PRL 38. Current value ⁵ = \$1,092,300
Issue – 17 January 2014 Appendix 3B – 17 January 2014	2,500,000	Options ³	Reiher & Associates Limited	Deemed issue price of \$0.4 per Option. 15 Day VWAP was \$0.04682	Non-cash Issued as consideration for Government Liaison and Cultural services provided to the Company. Current value ⁵ = \$50,000
Issue – 14 February 2014 Appendix 3B – 14 February 2014	800,000	Performance Rights ⁴	Employees in accordance with Plan terms	Nil.	Non-cash Issued under Performance Rights Plan. Current value ⁶ = \$88,000

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: CMT (terms are set out in the Constitution).
3. Quoted Options, exercisable at \$0.20 each, on or before 31 December 2015, ASX Code: CMTO.
4. Performance Rights under Performance Rights Plan approved at the Company's previous annual general meeting being 13 November 2013.
5. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.11) or Options (\$0.02) as the context requires on the ASX on the trading day prior to the date of this Notice.
6. In respect of the Performance Rights issued, the value is based on the closing price of the Shares (\$0.11) as the context requires on the ASX on the trading day prior to the date of this Notice, and assumes the Performance Rights have vested and have been converted to Shares.

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

2.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on this Resolution.

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR STEPHEN DENNIS

Clause 13.2 of the Constitution provides that:

- (a) At the Company's Annual General Meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) The Directors to retire at an Annual General Meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and
- (d) In determining the number of Directors to retire, no account is to be taken of:
 - (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or
 - (ii) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has 2 Non-executive Directors and accordingly 1 must retire.

Mr Dennis is the Director longest in office since his last election and therefore retires by rotation and seeks re-election.

4. RESOLUTION 4 – CHANGE OF AUDITOR

The Company's current auditor, Mr Peter Toll of BDO Audit (WA) Pty Ltd, has given notice to the Board of his intention to resign as auditor of the Company, pursuant to sub-section 329(5) of the Corporations Act 2001.

Sub-section 329(5) of the Corporations Act 2001 provides that an auditor of a company may, by giving notice in writing, resign as auditor of the company if

- A. the auditor has, by notice in writing given to the Australian Securities and Investments Commission (**ASIC**), applied for consent to the resignation and;
- B. the consent of the ASIC has been given.

Mr Toll has applied to ASIC for its consent to his resignation as auditor of the Company. The application for consent lodged with ASIC by Mr Toll indicates that he wishes his resignation to take effect on the date of the Company's Annual General Meeting.

If prior to the time of the Annual General Meeting, ASIC gives its consent to the resignation of Mr Toll as the Company's auditor, his resignation will take effect from the date of the Annual General Meeting. Upon Mr Toll's resignation, it will be necessary for the Company to appoint a new Company auditor pursuant to sub-section 327(B)(2) of the Corporations Act 2001. Section 327(B)(2) provides that a company shall at each Annual General Meeting, if there is a vacancy in the office of auditor of the company, appoint a person, firm or company to fill the vacancy.

Mr Jeremy King, a member of the Company, has nominated the firm RSM Bird Cameron Partners as auditor of the Company, pursuant to sub-section 32B(1) of the Corporations Act 2001. RSM Bird Cameron Partners are eligible and have consented to being appointed auditor of the Company as required by sub-section 328A(2) of the Corporations Act 2001. Pursuant to sub-section 328B(3) of the Corporations Act 2001, the written notice nominating RSM Bird Cameron Partners as auditor is attached to this Explanatory Memorandum as an annexure.

The Board recommends the appointment of the firm RSM Bird Cameron Partners as the auditor of the Company.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES

5.1 General

As announced on 17 January 2014, the Company issued 9,930,000 fully paid ordinary shares to International Exploration Services Limited (**IES**) as consideration for services provided to the Company in successfully applying for an interest in PRL 38 as announced on 23 December 2013.

The Shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification the subject of Resolution 5:

- 5.2.1 9,930,000 Shares were issued;
- 5.2.2 the Shares were issued at a deemed issue price of \$0.20 per share in satisfaction for services provided to the Company in successfully applying for an interest in PRL 38;
- 5.2.3 the Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- 5.2.4 the Shares were issued to International Exploration Services Limited (**IES**), who is not a related party of the Company; and
- 5.2.5 no funds were raised from this issue as the Shares were issued at a deemed price of \$0.20 per share.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

6.1 General

As announced on 17 January 2014, the Company issued 2,500,000 Listed Options (**Options**) exercisable at \$0.20 on or before 31 December 2015, to Reiher & Associates Limited as consideration for the provision of advice on Government liaison and cultural issues in PNG to the Company.

The Options were issued under ASX Listing Rule 7.1A in accordance with the ASX Listing Rule 7.1A approval of Shareholders at the Company's Annual General Meeting held on 13 November 2013 (**Company's 7.1A Approval**).

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options issued under ASX Listing Rule 7.1A.

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an eligible entity to seek shareholder approval at its annual general meeting to issue equity securities in addition to those under the eligible entity's 15% annual placement capacity. The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$8,468,290 at 14 October 2014.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1A those securities will from that date be included in Variable "A" in the formula in ASX Listing Rules 7.1 and 7.1A.2 for the purpose of calculating the annual placement capacity of the Company under both ASX Listing Rules 7.1 and 7.1A.

By ratifying the issue the subject of Resolution 6, the Company will retain the flexibility to issue equity securities in the future up to the 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

6.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification the subject of Resolution 6:

- 6.2.1 2,500,000 Listed Options exercisable at \$0.20 on or before 31 December 2015 were issued;
- 6.2.2 the Options were issued for a deemed price of \$0.04 per Option in satisfaction for consulting services provided;
- 6.2.3 the Options issued were Listed Options exercisable at \$0.20 on or before 31 December 2015, issued on the same terms and conditions as the Company's existing Listed Options;
- 6.2.4 the Options were issued to Reiher & Associates Limited, who is not a related party of the Company; and
- 6.2.5 no funds were raised from this issue as the Options were issued in consideration for consulting services provided by Reiher & Associates Limited.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in section 2.2 of the Explanatory Statement.

Annual General Meeting or Meeting means the meeting convened by the Notice

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Cott Oil and Gas Ltd (ACN 160 017 390).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for

planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Meeting or Annual General Meeting means the meeting convened by the Notice.

Notice or Notice of Meeting means this notice of meeting including the Explanatory Statement and the Proxy Form.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Trading Day means as defined in the ASX Listing Rules.

Variable A means "A" as set out in the calculation in section 2.1 of the Explanatory Statement.

WST means Western Standard Time as observed in Perth, Western Australia.

Annexure A – Letter of Nomination to Appoint Auditor

Nomination from a Shareholder for the appointment of
RSM Bird Cameron as Auditor

Jeremy King
8 St Leonards Avenue
WEST LEEDERVILLE WA 6007

13 October 2014

The Company Secretary
Cott Oil and Gas Limited
945 Wellington Street
WEST PERTH WA 6005

Nomination of Auditor

In accordance with the provisions of Section 328 of the Corporations Act 2001, I, Jeremy King, being a member of Cott Oil and Gas Limited, hereby nominate RSM Bird Cameron Partners for appointment as auditor of that Company.

Yours faithfully

A handwritten signature in black ink, appearing to read 'JOK', written over a horizontal line.

JEREMY KING

APPOINTMENT OF PROXY FORM