



30 April 2014

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

*By E-Lodgement*

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## QUARTERLY REPORT

### Period Ended 31 March 2014

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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 31 March 2014.

#### March 2014 Quarter - Highlights

- **Cott undertakes review of technical data and prepares desktop study and financial model for FLNG development**
- **Cott receives Expression of Interest from Wison Offshore & Marine and engages it to prepare an FLNG Concept Study for a FLNG vessel for the Pandora gas fields**
- **HD Capital prepares an Institutional Research Report which values the company at \$0.86 per share**
- **Cott issued with 10,000,000 shares in Kina Petroleum Ltd (ASX: KPL) as settlement for the assignment of 5% of PRL 38**

#### PRL 38 (Cott: 40%)

During the quarter, Cott continued its evaluation of the development options for PRL38 with a particular focus on the use of Floating LNG technology. Cott has undertaken a technical review of the data and reports prepared by the previous joint venture. Cott has also prepared desktop studies and financial models based on this technical data and publicly available information on FLNG projects.

#### BOARD & MANAGEMENT

Mr Stephen Dennis  
NON-EXECUTIVE CHAIRMAN

Mr Andrew Dimsey  
MANAGING DIRECTOR

Mr David Bradley  
NON-EXECUTIVE DIRECTOR

Ms Sarah Smith  
COMPANY SECRETARY

#### REGISTERED OFFICE

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#### CONTACT DETAILS

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#### SHARE REGISTRY

Security Transfer Registrars  
770 Canning Highway  
Applecross WA 6153

#### ASX CODE

CMT



Cott was approached by Wison Offshore & Marine Ltd (Wison) and received an Expression of Interest indicating Wison's belief that the Pandora field could be developed using FLNG technology. Wison is an engineering and fabrication company based in Shanghai which designed and is constructing a 0.5 mtpa Floating Liquefaction Storage and Regasification Unit (FLRSU) for Exmar BV that will be based off the coast of Colombia from 2015.

Cott subsequently engaged Wison to prepare a Concept Study for an FLNG vessel that could be used to develop Pandora. The study will take advantage of Wison's existing knowledge of FLNG technology and developments but will also reflect the issues specific to the Pandora gas fields including reservoir characteristics, gas composition, metocean conditions and water depths.

The report will be completed in the second quarter of 2014 and will include high level estimates of construction and operating costs.

#### **PPL 437 Papuan Basin Papua New Guinea (Cott, 20%)**

Cott attended technical committee meetings with Kina Petroleum and Heritage Oil plc to discuss the proposed seismic plan for PPL 437. It expects to finalise the seismic program in the current quarter and that the program will commence in the second half of 2014.

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

PPL 435 and 436 cover over a total of 18,436km<sup>2</sup> of the western lowland and coastal area of Papua New Guinea.

Acquisition of the airborne magnetic and gravity over PPLs 435 and 436 has been further delayed due to delays in renewing/extending the aircraft's permit and inclement weather conditions. The survey is approximately 42% complete and we are optimistic that it will be completed in the current quarter.

#### **Joint Study in South East Papua, Indonesia (Interest 25%)**

The Joint Study participants are awaiting notification from the Indonesian regulators regarding the Production Sharing Contract bidding and award process.

#### **WA-460-P Carnarvon Basin, Western Australia (Cott, 33.34%)**

No further work was undertaken on this permit during the quarter. The Company noted the announcement from Octanex Ltd that neither Octanex nor Shell would be applying to renew the WA-384P permit on which the Palta well was drilled in 2012-3. Consequently, it will be reviewing its plans for WA-460-P with regard to its remaining work commitments.

### **Corporate Activities**

#### **Institutional Research Report**

The Company commissioned HD Capital, based in London, to prepare an Institutional Research Report on the Company. The report is available on the Company's website and focuses on both the current value and



the potential value of the Company's PRL38 and PPL437 assets. HD Capital valued the Company's shares at \$0.86 on a sum-of-parts basis.

### **Excellence in Oil and Gas Conference**

Cott Managing Director, Andrew Dimsey, presented at the Excellence in Oil and Gas conference in Sydney.

### **Completion of Assignment of 5% Interest in PRL 38**

On 17 January 2014, the Company's subsidiary, Wondecla Ltd, was issued with 10,000,000 fully paid ordinary shares in Kina Petroleum Ltd as consideration for the assignment of the right to a 5% interest in PRL 38. The Company also issued 9,930,000 shares to International Exploration Services Ltd in satisfaction of a services agreement.

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<sup>2</sup> license containing the Pandora Gas Fields which have a historic 2C contingent resource of 892 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<sup>2</sup> (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.*

## 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

33 160 017 390

Quarter ended ("current quarter")

31 March 2014

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(490)   (279)	(1,233) - - (1,000)
1.3 Dividends received		-
1.4 Interest and other items of a similar nature received	54	104
1.5 Interest and other costs of finance paid		-
1.6 Income taxes paid		-
1.7 Other (provide details if material)		-
<b>Net Operating Cash Flows</b>	<b>(715)</b>	<b>(2,129)</b>
<b>Cash flows related to investing activities</b>		
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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(16)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(715)</b>	<b>(2,145)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(715)	(2,145)
	<b>Cash flows related to financing activities</b>		
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)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(715)	(2,145)
1.20	Cash at beginning of quarter/year to date	3,437	4,867
1.21	Exchange rate adjustments to item 1.20		-
1.22	<b>Cash at end of quarter</b>	2,722	2,722

### 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
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### 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

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+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

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- 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

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**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	1,460
4.2 Development	-
4.3 Production	-
4.4 Administration	213
<b>Total</b>	<b>1,673</b>

**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	2,722	3,437
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,722</b>	<b>3,437</b>

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+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### 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	<b>Preference securities</b>			
	<i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	66,617,183	49,213,416 (17,403,767 subject escrow) to	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	<b>+Convertible debt securities</b>			
	<i>(description)</i>			

+ See chapter 19 for defined terms.

## Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted					
7.7	<b>Options</b> (description and conversion factor)	15,423,437 listed 4,916,666 unlisted 4,416,666 unlisted 4,416,668 unlisted	9,746,633 (5,676,804 subject escrow)	to	<b>Exercise Price</b> 20 cents 20 cents 25 cents 30 cents	<b>Expiry Date</b> 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	<b>Debentures</b> (totals only)					
7.12	<b>Unsecured notes</b> (totals only)					

## Compliance statement

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

Sign here: .....  
(Managing Director)

30 April 2014  
Date: .....

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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