



ASX ANNOUNCEMENT

ASX: COD

31 JULY 2014

## COSSACK MOVES TO SETTLEMENT ON ITS POLISH ACQUISITION

### Highlights:

- Cossack has proceeded to Settlement on the Bieszczady Project in Poland.
- Cossack has now diversified its portfolio into two significant projects located in the Carpathian foothills region and is now focused on the development on the most immediate prospects located in Poland.
- Anticipates a near term flow testing program on the Nieb-1 discovery well to prove up existing Contingent Gas Resources to Reserves, followed by a fast track program to production.

### Acquisition of Polish Project Completed

Cossack Energy Limited ("Cossack" or "the Company"), the oil and gas explorer with assets in the world class North Carpathian oil and gas province stretching across the borders of Poland and Ukraine, is pleased to announce that it has executed a Share Purchase Agreement ("SPA") with Iskander Energy Corporation to finalise the purchase the Bieszczady Project in Poland.

### Bieszczady Project Acquisition

As announced at the end of May, Cossack executed a Binding Heads of Agreement ("HoA") with Iskander Energy ("Iskander") to acquire their complete 24% working interest in the Bieszczady Project ("Project") located in south-east Poland. As contemplated in the HoA, the Company paid a non-refundable deposit of US\$200,000 to Iskander in early June and moved into an extended period of exclusivity which afforded the Company further time to conduct more in-depth due diligence on the Project up until early July 2014.

In early July Cossack confirm that it had, with the exception of a couple of minor items, completed its in-depth due diligence within the period of exclusivity and elected to proceed with the acquisition, and delivered to Iskander a Notice to Proceed with the transaction at that time.

Cossack can now further confirm that it has finalised its in-depth due diligence and has completed the necessary formalities, including execution of the SPA, and has proceeded with the acquisition with immediate effect.

These formalities contemplated by the HoA were the negotiation of a formal SPA which was executed with Iskander on 30<sup>th</sup> July after which the Company moved immediately to settlement of the transaction ("Settlement") which was via the acquisition of a Polish holding Company called EuroGas Polska Sp. z o.o., the owner of the 24% working interest in the Joint Operating Agreement ("JOA") for the Project.

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Settlement was concluded as contemplated by the HoA with the payment of US\$500,000 (plus working capital adjustments).

The remaining obligations under the HoA subsequent to Settlement encompass the requirement for Cossack to pay the final instalment of the US\$1 million purchase price being US\$300,000 payable to Iskander (less any adjustments) by 31 December 2014.

### **Bieszczady Project Description**

Cossack has now acquired a 24% working interest in the Bieszczady Project which is made up of eight (8) contiguous licences covering an extensive area of 3,546 km<sup>2</sup> in the far south-east of Poland bordering on Ukraine and Slovakia in the foothills of the Carpathian Mountains.

Polskie Górnictwo Naftowe i Gazownictwo ("PGNiG"), who is the largest oil & gas exploration and production company in Poland, is the 51% JV owner and Operator of the Project with LSE AIM listed San Leon Energy plc as the other 25% JV Partner.

### **Immediate Well Test to prove up Contingent Resources**

The program of works for 2014 proposed by the Operator (PGNiG) is concentrated on a wide perforation and production test of the Niebieszczady-1 ("Nieb-1") discovery well located in the Tarnawa Central prospect containing the contingent resources which was drilled and tested in 2011.

Final timing of the proposed program will be determined at a meeting of the Joint Venture Committee, proposed for the end of July 2014 in Warsaw. It is expected that the program will be initiated in the second half of the 2014 calendar year.

Development scenarios are highly advanced and would be via a dedicated processing facility and a 17km lateral pipeline to interconnect into an existing metering facility located on the high pressure pipeline system.

Please also see ASX Announcement and associated presentation released on 5<sup>th</sup> June for more background information on the Bieszczady Project.

### **Bieszczady Project Contingent & Prospective Resources**

Tarnawa Central, one of five prospective fields identified in the Project area, has been initially flow tested by means of the Nieb-1 discovery well and will be the subject of an extended production test in the upcoming half year with the intention of converting the Contingent Resources into Reserves and is estimated by RPS Canada in their Report with an Evaluation Date of 15 November 2012 to contain the following Contingent Resources:-

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	<b>Cossack 24% Working Interest</b>		
<b>TARNAWA CENTRAL</b>	Contingent Gas Resource [Bscf]		
	1C	2C	3C
<b>Stochastic Total <sup>(1)</sup></b>	<b>4.3</b>	<b>6.4</b>	<b>9.3</b>
	Contingent Liquid Resource [MMstb]		
	1C	2C	3C
<b>Stochastic Total <sup>(1)</sup></b>	<b>0.4</b>	<b>0.6</b>	<b>0.8</b>

The Bieszczady Project also contains five prospective fields identified in the Project area, and is estimated by RPS Canada in this same report to contain the following Prospective Resources:-

	<b>Cossack 24% Working Interest</b>			
<b>BIESZCZADY</b>	Prospective Gas Resource [Bscf]			GCoS
	Low Estimate (P <sub>90</sub> )	Best Estimate (P <sub>50</sub> )	High Estimate (P <sub>10</sub> )	(%)
Tarnawa Central	15	26	48	95%
Tarnawa East	28	50	87	39%
Zarzyn East	5	11	25	32%
Zarzyn West	5	16	41	27%
Rudawaka	48	107	224	27%
<b>Stochastic Total <sup>(2)</sup></b>	<b>153</b>	<b>229</b>	<b>354</b>	-
	Prospective Liquid Resource [MMstb]			GCoS
	Low Estimate (P <sub>90</sub> )	Best Estimate (P <sub>50</sub> )	High Estimate (P <sub>10</sub> )	(%)
Tarnawa Central	1.3	2.4	4.2	95%
Tarnawa East	2.5	4.5	7.8	39%
Zarzyn East	0.4	1.0	2.2	32%
Zarzyn West	0.5	1.4	3.7	27%
Rudawaka	4.3	10	20	27%
<b>Stochastic Total <sup>(2)</sup></b>	<b>14</b>	<b>20</b>	<b>31</b>	-



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The above Contingent and Prospective Resource evaluations have been conducted by RPS using probabilistic methods, where probability distributions of all input parameters are estimated, and the resulting resource volume distribution determined using Monte Carlo simulation methodology.

**Notes:-**

- (1) *Statistical aggregation.*
- (2) *Statistical aggregation assuming that all intervals in all prospects are successful. The probability of this occurring is the product of all risks and is extremely small.*
- (3) *The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

**For more information contact:**

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**About Cossack Energy Limited:**

Cossack Energy listed on the ASX in October 2013. The Company is an oil and gas exploration and development company focussed on advancing highly prospective assets within the world class oil and gas provinces of Poland, Ukraine and Eastern Europe.

Cossack has entered into an agreement to acquire a 24% Working Interest in the Bieszczady Project located in Poland which was completed in July.

The Bieszczady Project is made up of eight (8) contiguous licences and covers an extensive area of 3,546 km<sup>2</sup> in the far south-east of Poland bordering on Ukraine and Slovakia in the foothills of the Carpathian Mountains.

Tarnawa Central, one of five prospective fields identified in the Project area, has been flow tested by means of the Nieb-1 discovery well and contains Contingent Resources of gas and condensate.

Polskie Górnictwo Naftowe i Gazownictwo ("PGNiG"), who is the largest oil & gas exploration and production company in Poland, is the 51% JV owner and Operator of the Project with LSE AIM listed San Leon Energy plc as the other 25% JV Partner.

Cossack also has 100% ownership of the Limnytska Licence, a large onshore oil and gas project spanning some 172km<sup>2</sup> in Western Ukraine. The license is located adjacent to known discoveries and near to existing large producing oil and gas fields, Limnytska is considered a relatively low risk appraisal opportunity with significant upside.

Through its established in-country relationships and management expertise, the Company intends to expand its portfolio throughout the Ukraine and Eastern Europe to develop a diversified exploration and production oil and gas company.