



27 October 2014

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

By E-Lodgement

Reorganisation of PNG Interests – Strategic Focus on Pandora (PRL 38)

Cott Oil and Gas Ltd (ASX: CMT) ("**Cott**" or "**Company**") is pleased to announce that it has entered into the following agreements relating to its interests PPL 437 and PRL 38 in Papua New Guinea .

Withdrawal from PPL 437 (Cott 20%)

Cott advises that it has reached agreement with Kina Petroleum Ltd ("Kina") and Heritage Oil Plc ("Heritage"), to surrender its interest in PPL 437 in exchange for an undertaking that Cott will not be required to meet further contributions to joint venture expenditure.

Cott presently holds a 20% interest in PPL 437 in joint venture with Kina, and Heritage is earning an interest in the permit through a farm-in arrangement with Kina.

The undertaking relating to joint venture expenditure applies to both past and future financial commitments, and includes cash calls to date relating to the recently completed seismic program, that Cott would otherwise be required to meet.

Cott believes that the terms of the agreement under which it is withdrawing from PPL 437 are favourable, particularly in light of the work commitments expected during the remainder of the license period.

PRL 38- Pandora (Cott 40%)

On 23 December 2013, Cott announced that it had been awarded a 40% interest in PRL 38 and that it had assigned a 5% interest in PRL 38 to Kina in exchange for 10 million Kina shares. These shares were sold by the Company for A\$3.33 million in September this year (refer ASX Release 19 September 2014).

Cott also announced on 23 December 2013 that it had entered an agreement with International Exploration Services Ltd ("IES") to provide IES with certain rights in the event of Cott commercialising up to 25 percentage points of PRL 38.

BOARD & MANAGEMENT

Mr Stephen Dennis
NON-EXECUTIVE CHAIRMAN

Mr Andrew Dimsey
MANAGING DIRECTOR

Mr David Bradley
NON-EXECUTIVE DIRECTOR

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CMT



This agreement provides that, if Cott commercialises part or all of its interest in PRL 38, IES will be entitled to receive value up to a maximum of USD1m per percentage point less any costs from the sale of up to 25 percentage points of the License. The agreement with IES does not apply to Cott's earlier sale of a 5% interest in PRL 38 to Kina.

Following the recent sale of Kina shares and Cott's withdrawal from PPL 437, the Company has elected to pay IES A\$1.66m in return for reducing IES's commercialisation rights to 23.3 percentage points of the License. Cott retains a 40% interest in PRL38, and IES's rights apply only in the event of a transaction that commercialises Cott's interest in the License.

Commenting on these developments, Managing Director Mr Andrew Dimsey said "Our withdrawal from PPL 437 on favourable terms provides Cott with the opportunity to focus on PRL 38 where we believe there is a significant opportunity to achieve a positive outcome for Cott shareholders. The agreement to reduce IES's commercialisation rights over PRL 38 is consistent with this strategy".

Andrew Dimsey
Managing Director

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About Cott Oil and Gas Ltd

Cott Oil and Gas has a PNG-focussed exploration and development company with a highly experienced management team.

The Company's current portfolio includes:

Papua New Guinea

- 40% interest in PRL38 comprising the Pandora 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 9,234km² on a net basis.

Carnarvon Basin

- Shallow drilling targets in the Rivoli gas field.