



03 March 2017

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

*By E-Lodgement*

**A New Direction – Staged \$5 Million Earn-In Agreement with Eloro Resources Ltd for up to 25% interest in La Victoria Project, Peru**

**Cott Oil and Gas Limited (Cott or Company) (ASX: CMT)** is pleased to announce that it has entered into a letter of intent (**Agreement**) with **Eloro Resources Ltd. (TSX-V: ELO; FSE: P2Q; Eloro)** whereby Cott is to be granted an option to acquire up to a 25% interest in Eloro's wholly-owned La Victoria Gold Silver Project (**La Victoria** or the **Property**). The Agreement is non-binding except for certain provisions including those regarding confidentiality, expenses and exclusivity, as well as covenants requiring Eloro to conduct its business in the ordinary course without disposing of the Property. Cott will have the right to earn its interest in La Victoria by contributing up to C\$5 million in expenditures by July 31, 2018. The Property is located in Huandoval District, Pallasca Province, Ancash Department, in the prolific North-Central Mineral Belt of Peru covering approximately 80.4 square kilometres. It is highly prospective for gold and copper mineralisation.

**The Agreement**

Under the terms of the Agreement, Cott can earn an initial 10% interest in the Property by expending C\$2 million by October 30, 2017 (**Stage 1 Earn-in Period**), and a further 15% interest (**Stage 2 Earn-in Period**) by expending an additional C\$3 million by July 31, 2018. At the end of either the Stage 1 Earn-in Period or the Stage 2 Earn-in Period, a joint venture would be formed between Cott and Eloro, on the basis of their respective interests in La Victoria on the typical terms for a joint venture, with Eloro being the operator.

Eloro and Cott have agreed to proceed to the execution and delivery of a definitive agreement (**Definitive Agreement**), incorporating the terms contained in the Agreement. Execution of the Definitive Agreement is subject to satisfactory completion by Cott of its due diligence investigations of the Property as well as approval by the Boards of Directors of Eloro and Cott. Cott's right to undertake the earn in under the Definitive Agreement is subject to in the case of Cott, the approval of the Australian Securities Exchange Limited (ASX) and shareholders of Cott, and in the case of Eloro, the approval of the TSX Venture Exchange.

**BOARD & MANAGEMENT**

Mr Stephen Dennis  
NON-EXECUTIVE CHAIRMAN

Mr Jeremy King  
NON-EXECUTIVE DIRECTOR

Mr David Bradley  
NON-EXECUTIVE DIRECTOR

Ms Sarah Smith  
COMPANY SECRETARY

**REGISTERED OFFICE**

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**WEBSITE**

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**SHARE REGISTRY**

Automatic Registry Services  
PO Box 223  
West Perth WA 6872

**ASX CODE**

CMT



## **Cott's New Direction**

Following the sale of its oil and gas interests in Papua New Guinea, including PRL 38 (Pandora) which completed on 31 December 2016, Cott has determined that it will seek to build a portfolio of quality mineral resource projects, focussing initially on base metals and gold. The proposed transaction with Eloro is the first step in this new direction.

To facilitate this change, the ASX has indicated that the Company will need to re-comply with Chapters 1 and 2 of the Listing Rules, and obtain shareholder approval as a condition of proceeding with the Agreement with Eloro. This will include Cott issuing a prospectus and undertaking a small capital raising. A Notice of Meeting will soon be dispatched to shareholders, with a shareholders meeting expected to be held in April.

## **Appointment of New Director**

Subject to completion of the Agreement with Eloro, it is intended that Mr Michael O'Keeffe will join the Board of Cott. Mr O'Keeffe is the Company's largest shareholder and holds a 16.79 % interest. Mr O'Keeffe is well known within the resources industry world- wide. He is currently Executive Chairman of Champion Iron Limited (ASX: CIA), and previously was Executive Chairman of Riversdale Mining Limited, prior to that company being acquired by Rio Tinto PLC in April 2011. Mr O'Keeffe was also the Managing Director of Glencore Australia Limited from 1995 to 2004. Mr O'Keeffe will bring a wealth of experience to Cott as it pursues a new direction within the resources sector.

## **Change of Name**

Subject to completion of the Agreement with Eloro, it is expected that, subject to shareholder approval, the Company will change its name to EHR Resources Limited.

## **About Eloro Resources Ltd.**

Eloro is an exploration and mine development company which holds a 100% undivided interest in the La Victoria Gold/Silver Project, located in the prolific North-Central Mineral Belt of Peru. The La Victoria Gold/Silver Project covers 80.4 square kilometers and is within 50 km of several large, low-cost producing gold mines, with three producers visible from the Property. Infrastructure in the area is good with access to road, water, and electricity and is located at an altitude that ranges from 3,100m to 4,200m above sea level.

Commenting on the Agreement with Eloro, Cott's Chairman, Mr Stephen Dennis, said:

*"The proposed farm-in to La Victoria in Peru with Eloro is the first step in our transition to becoming a quality resources company. Our intention is to focus on advanced exploration projects which have high potential for large scale discoveries. La Victoria certainly meets this criteria.*

*We look forward to progressing the necessary shareholder approval for the agreement with Eloro, and also meeting the requirements for re-listing as quickly as possible. I also welcome Mr Michael O'Keeffe joining the Board as soon as we have satisfied these requirements."*



Further details on the Agreement and Eoro are set out in the Annexure to this announcement.

For and on behalf of the Board,

**Stephen Dennis**  
Non-Executive Chairman  
Cott Oil and Gas Limited



## Annexure A: Details of the Agreement and the La Victoria Project

No	Key Information	Details
1.	The parties to, and material terms of, the transaction.	<p>Cott has entered into a non-binding letter of intent (the “<b>Agreement</b>”) with Eoro Resources Ltd. (TSX-V: ELO; FSE: P2Q; “<b>Eoro</b>”) whereby Cott is to be granted an option to acquire up to a 25% interest in Eoro’s wholly-owned La Victoria Gold Silver Project (“La Victoria” or the “Property”).</p> <p>Under the terms of the Agreement, Cott can earn an initial 10% interest in the Property by expending C\$2 million by October 30, 2017 (“Stage 1 Earn-in Period”), and a further 15% interest (“Stage 2 Earn-in Period”) by expending an additional C\$3 million by July 31, 2018. At the end of either the Stage 1 Earn-in Period or the Stage 2 Earn-in Period, a joint venture would be formed between Cott and Eoro on the basis of their respective interests in La Victoria on the typical terms for a joint venture, with Eoro being the operator.</p> <p>Eoro and Cott have agreed to proceed to the execution and delivery of a definitive agreement (“Definitive Agreement”), incorporating the terms contained in the Agreement. Execution of the Definitive Agreement is subject to satisfactory completion by Cott of its due diligence investigation of the Property as well as approval by the Boards of Directors of Eoro and Cott. Cott’s right to undertake the earn in under the Definitive Agreement is subject to in the case of Cott, the approval of the ASX Limited and shareholders of Cott, and in the case of Eoro, the approval of the TSX Venture Exchange.</p>
2.	Information about the likely effect of the transaction on the entity’s consolidated total assets, total equity interests, annual revenue, annual expenditure and annual profit before tax.	<p>The key effects on the Company’s consolidated statement of financial performance for the financial year ended 30 June 2017 will be:</p> <ul style="list-style-type: none"> <li>a) expenditure will be increased by approximately \$1,236,000 comprised principally of expenses related to the Company’s exploration expenditure on the Property (\$986,000) and the costs associated with re-compliance (\$250,000);</li> <li>b) the Company does not expect to generate revenue from operations or sale of assets during the relevant period; and</li> <li>c) net loss is expected to be approximately \$599,000.</li> </ul> <p>The key effects on the Company’s consolidated statement of financial performance for the financial year ended 30 June 2018 will be:</p> <ul style="list-style-type: none"> <li>a) expenditure will be increased by approximately \$3,945,000 comprised principally of expenses related to the Company’s exploration expenditure on the Property;</li> </ul>



		b) the Company does not expect to generate revenues from operations or sale of assets during the relevant period; and c) net loss is expected to be approximately \$410,000.																				
3.	A capital table showing the issued capital of the entity before and after the transaction and explaining any capital restructure that will be conducted.		<table><tr><th></th><th>Shares</th><th>% interest in issued capital</th></tr><tr><td>Shares currently on issue</td><td>76,984,453</td><td>74.27%</td></tr><tr><td>Shares to be issued if the maximum subscription is met under the proposed Public Offer</td><td>26,666,667</td><td>25.73%</td></tr><tr><td>Shares to be issued if the minimum subscription is met under the proposed Public Offer</td><td>6,666,667</td><td>7.97%</td></tr><tr><td>Total Shares on completion of the proposed Public Offer (maximum subscription)</td><td>103,651,120</td><td>100%</td></tr><tr><td>Total Shares on completion of the proposed Public Offer (minimum subscription)</td><td>83,651,120</td><td>100%</td></tr></table>		Shares	% interest in issued capital	Shares currently on issue	76,984,453	74.27%	Shares to be issued if the maximum subscription is met under the proposed Public Offer	26,666,667	25.73%	Shares to be issued if the minimum subscription is met under the proposed Public Offer	6,666,667	7.97%	Total Shares on completion of the proposed Public Offer (maximum subscription)	103,651,120	100%	Total Shares on completion of the proposed Public Offer (minimum subscription)	83,651,120	100%	
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4.	If the entity or the target is proposing to issue securities prior to the entity's re-admission (whether as part of, or in connection with, the transaction or otherwise), the following information about the issue:																					



	i. The nature of the issue (eg placement, pro rata offer or public offer pursuant to a prospectus, PDS or information memorandum).	The Company is proposing to conduct a public offer pursuant to a prospectus. The prospectus will also be issued to allow the Company to re-comply with Chapters 1 and 2 of the Listing Rules.									
	ii. any minimum subscription proposed;	The minimum amount which the Company is proposing to raise is \$500,000 with the proposed maximum subscription amount being \$2 million.									
	iii. whether the issue will be underwritten and, if so, by whom; and	The public offer will not be underwritten.									
	iv. the amount proposed to be raised by the issue and the purposes for which the funds raised will be used.	To assist the Company to re-comply with Chapters 1 and 2 of the Listing Rules (including by providing funds to cover the expenses involved with re-compliance) and to increase the Company's working capital the Company is proposing subject to shareholder approval, to conduct a capital raising to raise at least \$2 million.									
5.	Details of any person who will acquire control of, or voting power of 20% or more in, the entity as a result of the transaction.	No person will acquire control of, or voting power of 20% or more in, the Company as a result of the Agreement.									
6.	If there are any changes proposed to the entity's board or senior management, details of those changes.	Subject to completion of the Agreement with Eloro, it is intended that Mr Michael O'Keeffe will join the Board of Cott. Mr O'Keeffe is the Company's largest shareholder and holds a 16.79 % interest. Mr O'Keeffe is well known within the resources industry world- wide. He is currently Executive Chairman of Champion Iron Limited (ASX: CIA), and previously was Executive Chairman of Riversdale Mining Limited, prior to that company being acquired by Rio Tinto PLC in April 2011. Mr O'Keeffe was also the Managing Director of Glencore Australia Limited from 1995 to 2004.									
7.	The timetable for implementing the transaction, including the process and timetable for seeking the approval of security holders to the transaction and for re-complying with ASX's requirements for admission and quotation.	<table><tr><td colspan="2">Indicative Timetable</td></tr><tr><td>Event</td><td>Date</td></tr><tr><td>Despatch notice of general meeting</td><td>30 March 2017</td></tr><tr><td>Lodge Prospectus with ASIC &amp; ASX</td><td>11 April 2017</td></tr></table>		Indicative Timetable		Event	Date	Despatch notice of general meeting	30 March 2017	Lodge Prospectus with ASIC & ASX	11 April 2017
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		Opening date of Public Offer	18 April 2017
		Hold general meeting	28 April 2017
		Closing date of Public Offer	2 May 2017
		Settlement Date	16 May 2017
		Re-quotation date	23 May 2017
		The timetable above is indicative only and is based on a 7 day exposure period. These dates may be extended due to public holidays.	
8.	A summary of the target's principal activities and the jurisdictions in which it operates.	<p>Eloro is an exploration and mine development company which holds a 100% undivided interest in the La Victoria Gold/Silver Project, located in the prolific North-Central Mineral Belt of Peru. The La Victoria Gold/Silver Project covers 80.4 square kilometers and is within 50 km of several large, low-cost producing gold mines, with three producers visible from the Property. Infrastructure in the area is good with access to road, water, and electricity and is located at an altitude that ranges from 3,100m to 4,200m above sea level.</p> <p>Eloro also holds a portfolio of gold and base-metal properties in northern and western Quebec.</p> <p>Eloro is publicly traded on the TSX Venture Exchange under the symbol ELO and on the Frankfurt Stock Exchange under the symbol P2Q. The company's executive office is in Toronto, Ontario, Canada.</p>	
9.	A description of the target's business model, including any key dependencies and key risks.	<p>Eloro is an exploration and mine development company that owns gold and base metals exploration properties in Quebec and Peru. Exploration is by nature a business attended by considerable risk, and there is uncertainty that the target's activities will result in any commercial discovery of minerals.</p> <p><b>Key risks</b></p> <p>a) Commodity and exchange rate fluctuation</p> <p>The Company is proposing to acquire an interest in a mineral exploration project. This means that the value of the Company and the value of its proposed interest in the Property are dependent on commodity prices and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company including; supply and demand fluctuations, technological advancements and other economic factors.</p>	



	<p>b) Exploration risk</p> <p>The Property which the Company will acquire an interest in is at an advanced stage of exploration. There can however be no assurance that exploration of the Property (or any other tenement or area that may be acquired in the future) will result in the discovery of an economic ore deposit. Even where a viable deposit is discovered there is no guarantee that it can be commercially exploited.</p> <p>c) Economic and government risks</p> <p>The viability of La Victoria and the Company is also dependent on:</p> <ul style="list-style-type: none"> <li>• general economic conditions in Peru;</li> <li>• changes in government policies, taxation and other laws in all applicable jurisdictions i.e. Australia, Peru and Canada;</li> <li>• the strength of equity markets in Australia and around the world and in particular investor sentiment towards the resources sector;</li> <li>• movement in interest rates and inflation rates in all applicable jurisdictions i.e. Australia, Peru and Canada; and</li> <li>• natural disasters, social upheaval or war in all applicable jurisdictions.</li> </ul> <p>d) Environmental risks</p> <p>As with most exploration projects, the activities proposed in relation to the Property are expected to have an impact on the environment. In addition to compliance with applicable environmental laws, efforts will be made to conduct exploration activities in accordance with good industry practice.</p> <p>e) Permit maintenance</p> <p>Mining exploration activities are often dependent on the grant or as the case may be, the maintenance of appropriate licences, permits and regulatory consents which may be withdrawn or subject to certain conditions. There is no assurance that the renewal or grant of permits or licences will be given as a matter of course or that no new conditions will be imposed.</p> <p>f) Additional requirement for capital</p> <p>Additional funding may be required in the event costs exceed Eloro's estimates and to implement any future operational plans to take advantage of other acquisition or joint venture opportunities. While the Company has no immediate plans after the proposed public offer to raise further funds, a failure to obtain financing for future activities or projects may result in the</p>
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		delay of potential development programs. There is a risk that additional financing will not be available when needed or, if available that the terms will not be favourable and may involve dilution to shareholders.
10.	<p>A copy of the target's accounts to be included with the entity's application for re-admission under Listing Rule 1.3.5(b), being:</p> <ul style="list-style-type: none"> <li>i. audited accounts for the last 2 full financial years; and if the last full financial year ended more than 6 months and 75 days; and</li> <li>ii. the audited or reviewed accounts for the last half year from the end of the last full financial year.</li> </ul>	<p>Copies of Eloro's Consolidated Financial Statement for the financial years ending 31 March 2015 and 31 March 2016 as well as Eloro's Condensed Interim Consolidated Financial Statements for the period ending 30 September 2016 are contained in Schedule 1 to this announcement.</p>
11.	<p>Details of any regulatory approvals or waivers required for the consummation of the transaction.</p>	<p>The Company notes that its right to undertake the earn in under the terms of the Definitive Agreement is subject to the following approvals:</p> <ul style="list-style-type: none"> <li>a) shareholder approval under the Listing Rules;</li> <li>b) approval from the TSX Venture Exchange; and</li> <li>c) approval from ASX on whether its requirements for admission and quotation are met.</li> </ul> <p>Therefore, the earn in under the Definitive Agreement may not proceed if these approvals are not obtained.</p> <p>Cott intends to seek a waiver from Listing Rule 2.1 (Condition 2) to enable it to issue securities at a price below the 20 cents stipulated in that rule.</p>
12.	<p>If the entity or the target has issued securities in the 6 months preceding the announcement, the following information about the issue:</p>	<p>Cott has not issued securities in the 6 months preceding this announcement. Details of the securities issued by Eloro during this period are set out below.</p>
	<ul style="list-style-type: none"> <li>i. the nature of the issue (eg placement, pro rata offer or</li> </ul>	<p>Eloro issued:</p> <ul style="list-style-type: none"> <li>a) 1 million common shares and 500,000 share purchase warrants exercisable into one common</li> </ul>



	public offer pursuant to a prospectus, PDS or information memorandum);	share per warrant (with an exercise price of \$0.50) pursuant to a non-brokered private placement on 10 January 2017("Placement"); and b) 6 million common shares and 3 million share purchase warrants exercisable into one common share per warrant (with an exercise price of \$0.40) as partial consideration in connection with the acquisition of La Victoria ("Partial Consideration").
	ii. the consideration provided for the securities; and	The total consideration received by Eloro under the Placement was CAD\$350,000, with the price per unit (comprising of one common share and one half of a share purchase warrant) being CAD\$0.35.
	iii. the purposes for which the funds raised by the issue have been, or are intended to be, used.	The proceeds of the Placement are being used for working capital purposes and to fund the continued exploration of La Victoria.
13.	Cott notes that: <ul style="list-style-type: none"> <li>the transaction (being the earn in under the Definitive Agreement) requires security holder approval under the Listing Rules and therefore may not proceed if that approval is not forthcoming;</li> <li>Cott is required to re-comply with ASX's requirements for admission and quotation and therefore the transaction may not proceed if those requirements are not met;</li> <li>ASX has an absolute discretion in not deciding whether or not to re-admit Cott to the official list and to quote its securities and therefore the transaction may not proceed if ASX exercises that discretion; and</li> <li>investors should take account of these uncertainties in deciding whether or not to buy or sell the entity's securities.</li> </ul>	
14.	ASX takes no responsibility for the contents of this announcement.	
15.	Cott confirms that it is in compliance with its continuous disclosure obligations under Listing Rule 3.1.	