

REPORT FOR THE QUARTER ENDED 31 MARCH 2014

Highlights:

- **Acquisition of 120 km 2D Seismic program.**
 - Field acquisition stages being finalised and complete report due soon
 - It is anticipated the seismic data will lead to resource upgrade
- **Assessment of additional exploration, production and reserves based opportunities progressing.**
- **Appointment of two highly experienced oil & gas non-executive Directors to strengthen the Board and the resignation of an existing non-executive Director.**
- **Appointment of specialist Government Relations Advisor to the Company in Ukraine who has extensive industry experience and strong central and regional connections.**
- **Two Tranche Placement completed raising a total of A\$861,173.**
- **Cash balance \$1.4m as at end of March 2014.**
- **Appointment of BBY Limited (“BBY”) as exclusive ECM Advisor in Australia.**
- **Change of Company Secretary & Registered Office.**

ACQUISITION OF LIMNYTSKA LICENSE

On 18th October 2013, Cossack Energy Limited’s (“Cossack” or the “Company”) shares were reinstated to official quotation having completed the acquisition of a highly prospective gas project in Ukraine and following compliance with listing rule 11.1.3 and chapters 1 and 2 of the ASX listing rules.

Limnytska Licence

The Company’s headline project is the Limnytska licence in the Ivano Frankivsk Oblast to the south of Lviv in Western Ukraine. The Limnytska licence is a large onshore gas prospect. Located close to existing discoveries and producing fields, Limnytska is considered a relatively low risk, appraisal type opportunity due to encouraging data from two historic wells. An independent geologist’s report by RPS Energy has estimated a total mean recoverable prospective gas resource in excess of 800 Bscf¹ highlighting the tremendous upside potential of this project for investors.

Country and Licence Update

The Ukraine saw increased activity in 2013, including the entry of oil and gas “Super Majors” entities including Chevron, Shell and ExxonMobil which have resulted in multi-billion dollar transactions.

Cossack’s 100% owned Limnytska Licence is located in the western Oblast of Ivano Frankivsk directly to the south of Ukraine’s westernmost city of Lviv. The region around Lviv has been and continues to be staunchly pro-western and views the current political changes as extremely favourable to their

cause. Lviv borders on the pro-western Visegrád Group, or V4 which is an alliance of four Central European states – Czech Republic, Hungary, Poland and Slovakia. This group was formed for the purposes of cooperation and furthering their European integration by means of military, economic and energy cooperation.

Cossack's strategy has been to acquire 100% owned licences that do not form a part of any Joint Activity Agreements and this remains unchanged. This strategy was implemented to mitigate exposure of the Company's operations to a change of government or geopolitical instability.

Ukraine Presidential Election

The Company believes investors should be aware that a Presidential election is proposed to be held in Ukraine on 25 May 2014 and it is anticipated that this should lead to more stability in country. The current poll favourite is entrepreneur Petro Poroshenko who is an experienced MP and the only oligarch to have supported the pro-European stance from the start. His election as President would be seen by many as a step in the right direction in terms of Ukraine aligning itself more closely with Western Europe.

The location of the main incursion by Russia is in the Crimea which was previously an autonomous parliamentary republic within Ukraine of predominantly Russian speakers and is some 1,100 km from the Cossack Licence area. Recently other geopolitical issues have arisen in the predominantly Russian speaking southeast of the country.

OPERATIONS

Cossack is continuing, without interruption from the political situation, to complete the acquisition of 120 line kilometers of 2D seismic over the southern portion of the Limnytska Licence.

Seismic Program Update

Cossack announced in mid-April that its 120 line kilometer 2D seismic program has continued unabated over the southern portion of its Limnytska Licence area and that the field activities were almost complete (100 km fully acquired with 20 km remaining to be shot).

Processing of the data is continuing in Ukraine and Perth and has been occurring concurrent to the field activities with 2/3 of the field data initially processed by the contractor and transmitted to the Company and which is currently undergoing quality control and technical review by Cossack utilizing our own in house contract seismic processing expertise located in Perth.

Initial review of the completed lines shows that the data quality is good and potentially will show additional details of subsurface structures that will be provided to RPS Energy with a view to

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providing Cossack with a resource upgrade as part of the current farm-out initiative and proposed drilling program.

The acquisition of new, modern seismic data will be of significant value to the Company in its ongoing farm-out discussions and it will also assist with defining the exact alignment of the proposed new exploration well into the shallow reservoir which is anticipated to be drilled in the second half of 2014. The Company anticipates that the enhanced seismic data will also lead to a resource upgrade due to the formation being better defined.

Petroleum Tenements and Potential Acquisitions

Licence	Licence #	Location	Acquired During the Quarter & Location	Disposed During the Quarter & Location	Beneficial Interest Held at end of the Quarter
Limnytska	2971	Ukraine	100%	Nil	100%

The Company is currently progressing discussions with more than one entity that holds assets outside of Ukraine that will enable country and geopolitical diversification at minimal cost to Cossack Energy. These assets have reserves and near term production possibilities. The Company will inform shareholders and the ASX if and when these discussions reach finalisation.

Farmin Arrangements

The Company did not hold a beneficial interest in any farm-in or farm-out agreements at the end of the quarter and did not acquire or dispose of any interests in any farm-in or farm-out agreements during the quarter.

The Company has been approached by multiple third parties that have shown interest in farming into its 100% owned Limnytska Licence in the Ukraine. However, the recent geopolitical situation in Ukraine has resulted in any discussions being placed on hold for the time being. The Company is confident that it will be able to reinstate discussions on a potential farm out after the processing of the recent seismic program is complete and following the Presidential elections in Ukraine to be held in May. Because Cossack owns 100% of the Limnytska Licence the Company expects it will be able to farm out its work commitments while still retaining a significant interest.

Licence Work Program Changes

The Company announced in April that it has agreed changes with the State Geology Department in Ukraine to amend the conditions of the work program contained as part of its 100% owned Limnytska Licence.

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Importantly, these amendments defer the obligation to commence preparation activities related to the drilling of the initial exploration well on the identified shallow (circa 3,550 m) structure until the third quarter 2015 and are conditional on a positive geological outcome from the seismic program. The Company then has until the fourth quarter 2018 to complete the drilling and testing program if required.

Furthermore, the obligation to commence activities on the drilling of the follow-up well on the deep (6,000 m) structure have been deferred until the second quarter 2020 and are conditional both on positive results from the seismic and success with production from the initial shallow drilling program.

As a result of the above, the Company will have additional time to execute its plan of securing a farm-in partner to finance drilling of the shallow and deep wells.

These changes were agreed in a cooperative way with the State Geological Department and recognize the continuing operational activities being conducted by Cossack on the licence in regard to the current seismic program and importantly demonstrate the excellent and proactive working relationship that the local Cossack staff in Lviv have fostered with both the state and federal government authorities at the highest of levels.

CORPORATE

Appointment of two new Directors to bolster the Board

The Company was pleased to secure the services of Messrs Robert Bensch and Stuart Brown as Non-Executive Directors of the Company, effective in January 2014.

Both Mr Bensch and Mr Brown are highly regarded and significantly experienced, with Mr Bensch having specific Ukraine political and capital raising experience and Mr Brown having specific technical experience. These appointments will complement the existing team and assist the company in driving a farm out of its existing licence and acquiring additional licences.

Backgrounds on each of Mr Bensch and Mr Brown are set out below.

Robert J. Bensch

Mr Bensch has been involved in various roles in finance, capital markets, acquisitions and government for the past 25 years and has over 13 years of experience leading companies in Ukraine. He is the Managing Director and partner of Pelicourt LLC, a private equity firm and the largest shareholder of Cub Energy Inc. (TSX-V: CUB), a Black Sea Region focussed upstream oil and gas company with 760,000 net acres in Ukraine and Turkey which has successfully grown from a TSX junior to now commanding a CAD\$60m market capitalisation

and production of 2,060 bopd.

Mr Bensch was also a vendor of KUB Gas, an entity that he and his team grew privately to become one of Ukraine's highest gas producing gas companies and was eventually acquired by Serinus Energy (TSX & WARSAW-SEN), an entity with a market capitalisation of circa CAD\$265m.

Mr Bensch is an energy adviser to the government of Ukraine and brings many relationships to Cossack that will provide political and financial support to the Company.

Stuart Brown

Mr Brown is a proven oil and gas professional with extensive international industry experience at technical, managerial, executive and Board levels. He has been involved in all areas of the upstream oil and gas industry with demonstrated success in the areas of strategic, business, technical and human resource management.

Mr Brown has significant experience in Kazakhstan, Syria and Turkey, with global super major Shell for 20 years. Post his career at Shell, he joined Woodside Petroleum for ten years where he held the position of International Business Development Manager and more recently Vice President Strategic Planning for Woodside Energy Ltd.

Mr Brown is currently the Managing Director of International Oil and Gas Strategies Pty Ltd and he will provide technical consultancy advice to Cossack on an as required basis.

Resignation of Michael Davy

As part of the Company's strategic review process initiated by the new Board in March Mr. Michael Davy elected to resign his position on the Board effective in early April being cognisant of the optimal size of the Board for the Company in its current situation. The Board wishes to express its gratitude to Michael for his crucial support during the early stages of the development of the Company.

Appointment of BBY

In February the Company announced the appointment of BBY as exclusive ECM Advisor in relation to the Company's equity capital markets initiatives in Australia. The appointment was effective immediately for a minimum period of six months.

BBY is Australia and New Zealand's largest non-bank owned stockbroker with \$2.1 billion per month ASX equities turnover with a vision to remain in this position by providing the very best capital markets and investment solutions for their clients. BBY specialises in servicing the local and international needs of Australian and New Zealand high growth companies and has been involved in transactions raising in excess of \$2 billion in new equity since 2007. Cossack looks forward to working with BBY to advance the profile of the Company within the investment community.

Appointment of Ukraine Government Relations Advisor

At the same time the Company also announced the appointment of Mr Vasyl Svarychevskyy as the Company's Government Relations Advisor in Ukraine, effective immediately. Mr Svarychevskyy has a higher education in economics with a specialisation in the Geology of Oil and Gas. He has been involved in supporting multiple large scale construction projects and is currently based in the same city as Cossack's regional office in Lviv, Western Ukraine.

Mr Svarychevskyy has strong relationships with government agencies, departments and licensing authorities and his skills in legislation and rule making are sought out to assist with conflict resolution at both the central and regional levels. He is an active board member in multiple public organisations such as the "Vector of European Development" and the regional branch of the "Ukrainian Cultural Fund" up to and including the positions of Honorary President and Chairman.

Strategic Review

The Board completed a strategic review of the Company's position in early April 2014 with regard to the geopolitical situation in Ukraine. Whilst development of the existing Limnytska asset in Ukraine is still the main focus of the Company, with planning on track for a farm-out campaign commencing shortly after completion of the seismic program, the Company recognises that an outcome to this process may take a little longer than would normally be the case due to perceived heightened country risk at present.

The Board and its advisors have hence stepped up their efforts to identify and acquire further suitable assets outside Ukraine that fulfil the Company's previously stated preferred criteria of being 100% owned and with all or most of the consideration being payable in shares, thus aligning the interests of all parties to the success of the development. Cossack's extensive in-house expertise in Perth and in Eastern Europe will help to identifying and complete a transaction as quickly as possible.

Interim Cost Reduction Focus

As part of this strategic review conducted in April the Board initiated extensive measures to manage the ongoing expenses of the Company which include the Managing Director electing to receive half salary and the Directors agreeing to accept reduced monthly fees and further to allow these to be accrued until the Company is in a more stable financial position to pay in either cash or potentially in shares, which if the latter is required, will be submitted to shareholders for approval at the appropriate time.

These cost control measures, primarily in regard to the Company's Australian expenditures, will result in significant short term savings to cash whilst not compromising the integrity of the current seismic program or our operations in Ukraine.

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The directors of Cossack will continue to closely monitor the situation in Ukraine and our cash situation and will provide updates to shareholders as required.

Appointment of New Company Secretary

The Company announced the appointment of Sarah Smith as Company Secretary effective on 14th April 2014. Sarah specializes in corporate advisory, company secretarial and financial management services. She is a Chartered Accountant and has acted as the Company Secretary of a number of ASX listed companies.

The appointment followed the resignation of Ms Lisa Wynne as Company Secretary with the Board keen to recognize Lisa's service and contribution to the Company.

Change of Registered Office

As part of the process for the changeover of Company Secretary the registered office and postal address of the Company changed respectively to:-

945 Wellington Street WEST PERTH WA 6005	PO Box 1263 WEST PERTH WA 6872
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FUNDING – TWO STAGE PLACEMENT

The Company commenced a Placement in December 2013 which, due to the extended Christmas break, was completed in two tranches in December/January and February/March. A total of A\$861,173 was raised via the issue of 6,151,233 shares priced at A\$0.14 with the majority of the share allocations to strategic, experienced oil and gas investors who have invested for the long-term strategy of Cossack.

Tranche One of Placement

The first tranche raising A\$413,152 closed 14 January 2014 and resulted in 2,951,090 shares being issued at the Placement price of \$0.14.

Tranche Two of Placement

The completion of tranche two of the Placement was completed at the end of February 2014 raising A\$448,020 and resulted in an additional 3,200,143 shares being issued at A\$0.14 in early March.

BBY Limited was the Lead Manager to tranche two of the Placement.

The Company is funded for its current exploration program (2D seismic) that is near completion on its 100% owned and operated Limnytska Licence in western Ukraine.

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Cash

At the end of the March 2014, the Company had a closing cash balance of A\$1,433,641.

¹ Refer to the Independent Geologist's Report compiled by RPS Energy Services Pty Ltd as announced on 11 July 2013 which can be found on the Company's website under the "News & Media/Company Reports" tab at www.cossackenergy.com. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement or the material assumptions and technical parameters underpinning the estimates in RPS's report.

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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 the Ukraine and Eastern Europe.

Cossack has 100% ownership of the Limnytska Licence, a large onshore oil and gas project spanning some 172km² 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.