

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. With the publication of this announcement, this information is now considered to be in the public domain.

23 July 2018

**Cabot Energy Plc**  
**("Cabot Energy" or the "Company")**  
**Q2 2018 Operational Update and Outlook**

Cabot Energy (AIM: CAB), the AIM quoted oil and gas company focused on production led growth balanced with high impact exploration and appraisal opportunities, provides an update on the Company's operations for the second quarter ended 30 June 2018.

**Group highlights**

- New executive management team appointed on 18 June 2018 with significant prior experience of working together in operational and senior executive roles in the oil and gas industry
- Management has initiated a comprehensive strategic, operational and financial review whilst implementing essential systems to assess the overall position of Cabot Energy and to deliver the best growth strategy for the benefit of all shareholders (the "Operational Review")
- In advanced discussions to appoint replacement experienced independent non-executive Directors
- Mr Hugo d'Apice appointed as (a non-Board) Business Development Director to increase the Italian focus and strengthen government relationships
- Consolidated group cash balance as at 30 June 2018 of US\$ 6.2 million; only critical operating and capital expenditures are planned for the remainder of 2018 whilst the Company's working capital position is robustly examined as a work stream within the Operational Review

**Group production & activity**

- Production for the second quarter of 2018 averaged 781 barrels of oil per day ("bopd")
- Production for the year to date ending 30 June 2018 averaged 761 bopd
- Canadian activity for the second half of 2018 will be focussed on the following areas:
  - o High-grading sufficient high value sub-surface well targets to enable a cost-efficient 2019 drilling programme
  - o Targeting cost savings of new wells by 30% through simpler designs, lower cost drilling rigs and continuous programme supply chain efficiencies
  - o Implementation of strengthened capital project reporting and control processes
- Italian activity for the second half of 2018 will be focussed on the following areas:
  - o Completion of the Rockhopper transaction, which includes the Civita gas production asset, following confirmation this month from the Italian authorities that all approval submissions had been duly received
  - o Farm-out process for the Adriatic and Sicily Channel prospects (over 1 Bn bbls Prospective Resources), following Environmental Impact Assessment ("EIA") approvals being received for 3-D seismic and drilling, respectively
- Depending on the scope of the 2019 Canada capital programme and outcome of the Operational Review, the Company will evaluate its ongoing capital requirements in Q4 2018

**Operational Review**

Following the appointment of the new executive management team, Scott Aitken, the new Chief Executive Officer, is leading a comprehensive strategic, operational and financial review of the business to generate a deeper and more robust understanding of the business opportunities that are deliverable by Cabot Energy. The objective of the Operational Review is to fully understand the poor performance of the business in order to substantially improve future capital investment decisions and outcomes. Critically, the data collection, analysis, reporting and capital expenditure control functions will be overhauled, to provide the board and shareholders with greater confidence in the forward-looking targets. As part of this, there will be a full review of the balance sheet ahead of the interim results.

Following the completion of the Operational Review, management expects to achieve by the end of Q3:

- A clear and deliverable strategy for its key target regions, Canada and Italy
- Efficient allocation of resources, ensuring tight cost controls, and a clear assessment of capital requirements to fulfil the Company's growth plans

Scott Aitken, Chief Executive Officer, said: "Since my appointment on 18 June, I have visited and worked with our teams and assets in the UK, Italy and Canada. Importantly, in these meetings I have set the tone across the Company and informed everyone that the critical first task is to upgrade the financial planning, reporting and controls procedures to the standard expected by shareholders of a publicly quoted company. Whilst we remain excited by the potential of the Canadian reservoirs, the results of the winter drilling programme were short of our expectations. The new executive management team has therefore implemented more robust work streams in subsurface and operational planning, which we are confident will lead to improved performance of the 2019 work programme activities."

**Appointment of Business Development Director**

Reflecting the importance of the Italian portfolio upside to shareholders, the Board has decided to strengthen the Company's operations with a newly created position of Business Development Director and is pleased to announce the appointment of Hugo d'Apice to the position. Initially, Mr d'Apice will focus on advancing the Company's Italian portfolio opportunities, which the Board views as a key pillar of its future growth prospects.

Hugo has a wealth of experience within the industry and operating in Italy. Hugo, who is fluent in Italian and Spanish, has spent 15 years in the oil and gas industry in senior management positions with an emphasis on country entry, enterprise risk management and operations in complex environments. He has broad international experience with operations delivery in the oil industry, particularly in the Middle East, Africa and the Americas. Prior to that he served seven years as an Officer in the British Army. Hugo graduated from RMA Sandhurst, has a BSc (Hons) in Biology from Exeter University and an MBA from INSEAD.

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In Accordance with AIM Rules - Guidance for Mining and Oil & Gas Companies, the information contained in this announcement has been reviewed and signed off by the CTO of Cabot Energy, Mr Campbell Airlie, who has over 35 years' experience as a petroleum engineer. He has read and approved the technical disclosure in this regulatory announcement. The technical disclosure in this announcement complies with the SPE standard.

**Note to Editors:**

Cabot Energy is an oil and gas company focused on production led growth. The Company is undertaking a redevelopment and production project in north west Alberta (where it owns a 100 per cent. interest in the Rainbow and Virgo assets) and has a broader portfolio of exploration and appraisal opportunities in countries of relatively low political risk, primarily Italy. Comprehensive information on Cabot Energy and its oil and gas operations, including press releases, annual reports and interim reports are available from Cabot Energy's website: [www.cabot-energy.com](http://www.cabot-energy.com)

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