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Corporate Governance Statement

Dear Shareholder,

From 28th September 2018, as an AIM company, the Company will maintain on its website, details of its recognised corporate governance code, how the Company complies with this code and an explanation of any departure from the code. The information will be reviewed at least annually by the Board and the website will be updated to include the date on which the information was last reviewed. Going forward, this is likely to be reviewed at the same time as the Annual Report and Accounts are prepared.

The Directors have sought to address these new requirements in a timely manner and have set out below Cabot Energy Plc Corporate Governance Statement. As a company whose shares are traded on AIM, the Board has concluded that it will seek to comply with the Quoted Companies Alliance's Corporate Governance Code ("the QCA Code").

It is important to recognise that the Board of Directors is currently in a transition period and the interim independent non-executive Chairman is leading the recruitment process to recruit a new independent non-executive Chairman and a further independent non-executive Director. This process is expected to be complete in 4Q 2018. Nevertheless, the existing Directors, individually and collectively, recognise the importance of sound corporate governance. James Dewar, in his capacity as interim Chairman, has assumed responsibility for ensuring that the Company has developed this corporate governance statement and has agreed with the Board this will be underpinned by appropriate, fit for purpose internal controls, processes and procedures that are, or will be in place, and will be complied with within the Company going forward once these are again reviewed and endorsed by Board, once it has its full composition of non-executive Directors in place.

In addition, the Directors have adopted a code of conduct which addresses dealings with external partners, how we operate with each other within the Company, including promoting standards of respect and dignity, diversity and inclusion, plus providing clear guidance on dealings in the shares of the Company for Directors and employees. The corporate governance arrangements that the Board has adopted are designed to support the Company delivering long term value to its shareholders, plus that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages transparency and an open dialogue with the Board. The Board clearly recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company.

The Board is aware that the "tone from the top" and the culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. Accordingly, part of the Company's activities is centred upon fostering an open and respectful dialogue with employees, customers, advisors and other stakeholders to underpin this importance, and regularly re-emphasise the importance of this from the Board.

The Board of Directors, Cabot Energy Plc

September 28th, 2018

Corporate Governance Report

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

Principle One

Business Model and Strategy

Cabot Energy seeks to deliver shareholder value growth through a portfolio approach to low-risk production growth and high impact exploration. Predictable production and cash flow growth is generated from the company's existing 100% owned and operated Canadian land position which the Directors believe has up to 10,000 barrels of oil per day capacity production facility, creating a future funding source or dividend potential. Shareholder returns are sought to be further amplified through creating high-impact exploration events in the company's leading licence position with 1 Billion barrels identified prospects, generated over a 10 year exploration effort. Seismic and Exploration drilling funding has been secured for the Po Valley exploration licence via a farm-in from Shell Italia, whilst farm-in offers are being developed for the 100% owned and operated Adriatic and Sicily Channel light oil prospects. This highly unique country-leading exploration portfolio of 3 multi-hundred million barrel exploration targets offers the opportunity for further swaps to expand the number of high-impact value events for shareholders.

Principle Two

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having an ongoing, constructive dialogue with its shareholders, including Company strategy, plans, actual operational and financial performance, statutory financial results and forecasts, risk management, director's remuneration, press releases and other areas of shareholder interest. The Company endeavours to have a close and ongoing relationship with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at individual meetings with the Company, involving executive and non-executive directors. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors, or potential investors, also have access to current information on the Company through its website, www.cabot-energy.com, and via Sarah Bell, Business Development Manager, Cabot Energy Plc, who is available to answer specific investor relations enquiries on a timely and transparent manner. Investor relations enquiries may be sent by email to info@cabot-energy.com or directed to Luther Pendragon, Cabot's Investor and Public Relations advisers.

Principle Three

Considering wider stakeholder and social responsibilities

Cabot Energy believes that it is possible to conduct its business in a sustainable and responsible way and avoid, minimise and mitigate environmental impacts wherever the Group operates. The Company also believes it is fundamental to conduct business with zero harm to people and that everyone involved in the Group's business is able to leave the workplace and return safely to their families.

The Board recognises that the long term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders including the communities where we operate our businesses and with investors, potential investors, our Nomad and other advisors. The Board has put in place a range of feedback and engagement control processes and systems to ensure that there is close oversight and contact with these key resources and relationships are in place that allow a transparent, open dialogue. The first line of communication and engagement is typically with the executive management team (CEO, CFO, CTO or Country presidents/VP's), but where required, the interim chairman engages with stakeholders. These engagement and feedback processes help to ensure that the Company can respond to new issues and opportunities as they arise, then address these in a timely and professional manner.

Principle Four

Risk Management

In addition to its other roles and responsibilities, the audit committee is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. Currently, the Company has identified the key risks which are reviewed annually by the Audit Committee and the Board, together with the actions planned or in place to help mitigate the likelihood or impact of these risks, where possible. These key risks currently are:

- Health Safety & Environment risk – e.g. a major incident impacting either the environment, infrastructure or personnel.
- Financial risk – e.g. liquidity, capital discipline, commodity prices, exchange rates.
- Technical risk – e.g. operational risks, subsurface and reserves.
- Other risk – e.g. political or country regulatory or legislative changes.

The most recent Annual Report of the Company (year ended December 31st 2017), provides a more detailed description of the specific risks and the mitigation actions planned or in place. With the recent changes in the Board and the audit committee in July 2017, plus recognising there are two further appointments of non-executive directors planned to take place during 4Q 2018, it is important to note that Risk Management will be revisited in early 2019 when there will be a fresh look at the key risks, their potential impact and

likelihood, plus consideration of the appropriate mitigation actions and plans. The 2018 Annual Report will provide a further update, which will also be reflected in this statement at that time.

Principle Five

A Well-Functioning Board of Directors

As at the date hereof, the Board is in transition and is currently recruiting two new independent non-executive directors. The intention is to have all positions sourced by the end of December 2018, resulting in an equal number of independent non-executive and executive directors. Once the recruitment is complete, the Company will have an independent non-executive Chairman, a senior independent non-executive director, plus a further independent non-executive director, who will be board members and will either chair, or be members of the three board sub committees. Currently, there is only one independent non-executive director, James Dewar, plus three executive directors, namely the Chief Financial Officer - Petro Mychalkiw, the Chief Technical Officer - Campbell Airlie, plus President - Paul Lafferty. Biographical details of the current Directors are set out within principle 6 below.

Executive and non-executive directors are subject to re-election at intervals of no more than three years. The letters of appointment of all Directors will be available for inspection at the Company's registered office during normal business hours, by request, once the board is fully constituted.

The Board plans to meet formally typically 6 times per annum, and this is supplemented by board telephone calls as and when required. Minutes are recorded and approved for each formal meetings and action summaries agreed for ad hoc calls. The Board meeting agendas are approved by the Chairman, who then chairs the meetings. The Company has established board committees which are discussed further in principal 9, particulars of which appear hereafter. James Dewar is considered to be an independent non-executive director. The Board notes that the QCA recommends a balance between executive and non-executive directors which the Company currently does not have, but it is working diligently to have this in place during 4Q 2018.

Attendance at Board and Committee Meetings

The Company reports annually on the number of Board and board committee meetings held during the year and the attendance record of individual director at each.

Principle Six

Appropriate Skills and Experience of the Directors

As noted above, the board currently comprises of four directors, three of which are considered executive directors and one is the interim chairman who is considered an independent non-executive director. Search processes are in place and well advanced to recruit two further independent non-executive directors, one of which will become the new Chairman. The Board then will consist of six Directors and, in addition, the Company employs the Group Financial Controller to act as the Company Secretary.

The Company believes that once the recruitment of two further non-executive directors is complete, the balance of skills on the Board and the board committees, will reflect an appropriate balance of skills necessary to address the financial, commercial, technical, HR/remuneration, risk management, public market governance and investor relations requirements for the Group, across the geographies we operate in and we plan to operate in. The Board recognises that it currently has limited diversity, but this is being addressed in the current board recruitment process.

The current board skills and experience is summarised below.

James Dewar

Interim Independent Non-Executive Chairman

James joined Cabot Energy in July 2018 as interim non – executive chairman. James has over 35 years of international business, finance, accounting and commercial experience. His career included senior roles at Ambit Energy Corporation, Viking services Ltd, Energy World Corporation, Equus Petroleum, Atlantic Energy, East West Petroleum, Dana Gas and BP. James currently serves as an independent non-executive director and audit committee chair for Lamprell Plc, PICO International Petroleum and Cheiron Petroleum Corporation. James is a Chartered Accountant having qualified with EY.

Petro Mychalkiw

Chief Financial Officer

Petro Mychalkiw joined Cabot Energy as a Non-executive Director in January 2018 and was appointed Chief Financial Officer in June 2018. Petro has 28 years' experience as a Chartered Accountant and over 12 years' experience in the natural resources industry. His career has included roles as Chief Financial Officer of Oriel Resources, Equus Petroleum, Orsu Metals Corporation and most recently at I-Pulse Inc., the parent company of H2P. Petro has extensive experience of project financing including resource development projects, acquisition fundraising, debt refinancing and private placings.

Petro also represents the interests of High Power Petroleum, the Company's largest shareholder.

Paul Lafferty

President, Cabot Energy Inc., Canada

Paul joined Cabot Energy in September 2014 as Chief Operating Officer and moved to Calgary in April 2017 after being appointed as President of Cabot Energy Inc. He has a facilities engineering background and has an extensive background in oil and gas operations having previously held management positions with Consort Resources, Caledonia Oil and Gas and most recently as General Manager, Operations for E.ON Exploration and Production Ltd. Paul has experience of working in the UK North Sea, North Africa, Norway, and North America and is a Member of the Institute of Measurement and Control and the Engineering Council in the UK.

Campbell Airlie

Chief Technical Officer

Campbell Airlie was appointed as a Non-executive Director in December 2016 and was appointed as Chief Technical Officer in June 2018. Campbell has 36 years' experience as a petroleum engineer with extensive time spent in upstream field development strategy and implementation. His career has included reservoir and production management and technical excellence roles with Schlumberger, BP, Edinburgh Petroleum Services and, most recently, as founder and Chief Technical Officer of Seven Energy. Campbell has been a Distinguished Lecturer in Asset Management with the Society of Petroleum Engineers and a visiting lecturer in reservoir engineering and production optimisation at Heriot Watt University.

Campbell also represents the interests of High Power Petroleum, the Company's largest shareholder.

Principle Seven

Evaluation of Board Performance

Once the new Board is fully in place, there will be an annual, independent effectiveness review completed to review and report to the Board what is working well, what opportunities exist to further improve effectiveness, as well as assess the non-executive directors continued independence. This plus will also consider the overall mix of skill sets on the Board and board committees. As part of that, the Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal, for individual directors, for the board committees and for the main Board.

Principle Eight

Corporate Culture

The Board recognises that it sets the "tone from the top" and that this tone should positively influence the corporate culture of the Group and support the delivery of superior performance for the benefit of shareholders, management, employees and other parties we do business with. The Board is very aware that the "tone from the top" will greatly impact all aspects of how the Company operates as a whole, but also the way that employees behave in their day to day business with others, internally and externally. We expect the Board and the employees to act with the highest level of personal and professional integrity in these activities which is recognised and valued internally within the Company, but also should be respected externally by all our stakeholders. Our code of conduct and higher level corporate governance arrangements that the Board has designed and approved are aimed at supporting the delivery of long term value to its shareholders through ethical behaviours. We also want to encourage a culture that facilitates a transparent and open dialogue that allows shareholders to have the opportunity to express their views and expectations for the Company and be heard by the executive management team and the Board. They should also have specific access to the Chairman or other non-executive directors, as required. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for AIM and which is in accordance with the requirements of the Market Abuse Regulation, which came into effect in 2016.

Part of the focus of the management team is also centred upon what needs to be an open and respectful dialogue with employees, customers, suppliers and other stakeholders. Our code of conduct and other key control and operating policies is an important part of how we do business, via sound ethical values and behaviours. The audit committee also reviews the adequacy of control processes and procedures, it reviews whistleblowing arrangements, plus it assesses the Group's procedures to prevent or detect bribery and corruption. To date, the Company has a positive track record in this area.

Principle Nine

Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board and those delegations of authorities (DOA's) to the executive directors and management team. There is a clear delegation of authority between (i) the Non-Executive Chairman, who is responsible for the effectiveness of the Board and, (ii) the Chief Executive Officer, who is responsible for the management of the Company's business and who is primary contact with shareholders and other financial institutions.

The Directors have previously established and approved processes and procedures to provide an adequate system of internal for the Company. Once the new Board is complete by the end of 2018, they will assess the need for any amendments, improvements or additional processes and procedures. Currently, an internal audit function is not considered necessary or practical due to the size of the Company, but that will be revisited in early 2019, together with the need for any additional resources in other key functions. The Board, the audit committee and the CFO work closely with and have a regular, open dialogue with the Group financial controller, which will continue going forward.

Audit Committee

Currently, James Dewar leads the Audit Committee, which will be supplemented by at least one new non-executive director once the recruitment of the two new non-executive directors is complete in 4Q 2018. This committee has primary responsibility for (i) monitoring the integrity of the published financial information of the Group, (ii) monitoring the Group's internal control procedures and risk management system, (iii) making recommendations to the Board regarding external auditors and (iv) reviewing whistleblowing arrangements and procedures to prevent or detect bribery and corruption. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors and management.

Remuneration Committee

Currently, James Dewar leads the Remuneration Committee, which will be supplemented by at least one new non-executive director once the recruitment of the two new non-executive directors is complete in 4Q 2018 and a decision will also be made on which non-executive director will chair this committee from January 2019. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their short and long term remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

Nominations Committee

The Board has agreed that going forward, appointments to the Board will be made by the Nominations Committees in line with recommendations of the Code, to facilitate the business of the Board. The chairman of this committee and the membership will be determined once the recruitment of the two new non-executive directors is complete in 4Q 2018.

Health, Safety and Environment (HSE) Committee

As of this date, the HSE Committee will no longer be a formal board committee, but will be continued as a management committee, chaired by the CTO, reporting to the CEO, who in turn will update the Board.

Principle Ten

Shareholder Communication

The Board is committed to maintaining effective and transparent communication and having constructive dialogue with all of its shareholders. The Company has close ongoing relationships with its private shareholders who can have access to the executive management team or to the non-executive directors, as required. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company, which are typically organised via the Nomad or via our investor relations advisers. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and meet with the full board to discuss any matters of interest or concern.

Investors also have access to current information on the Company through its website, www.cabot-energy.com, and via Sarah Bell – Business Development Manager, who is available to answer investor relations enquiries.