CABOT
ENERGY PLC

Cabot Energy Plc
Interim Report and Accounts 2019

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Contents

2019 Interim Highlights

- Net loss reduced by 68% to US$1.3 million versus H1 2018
- Trade creditors reduced by 54% to US$2.6 million versus Year End 2018

Financial Summary

- Net loss of US$1.3 million (H1 2018: US$4.2 million net loss)
- Trade creditors reduced by 54% to US$2.6 million, a reduction of US$3.1 million from the 2018 year end. Historic Canadian outstanding and overdue creditor liability payments have been made on schedule. At 30 June 2019, 78% (30 September 2019, 91%) had been settled with the balance of US$0.25 million scheduled to be paid, on plan, by 31 December 2019
- Revenue of US$4.1 million (H1 2018: US$7.5 million)
- Gross profit of US$0.3 million (H1 2018: US$0.8 million gross profit)
- Adjusted EBITDA at break-even (H1 2018: US$0.8 million)
- Raised US$3.1 million gross proceeds via a combination of share subscriptions and an open offer in March, of which US$2.0 million was contributed by Cabot's majority shareholder, High Power Petroleum ("H2P")
- Completed a share capital reorganisation to consolidate the Company's ordinary shares via a ratio of 100:1 in March 2019
- Group cash balance of US$0.4 million as at 30 June 2019

Production and Operational Highlights

- Maintained approximately US$20/bbl average production costs due to a focus on operational efficiencies and cost controls (full year 2018 approx. US$20/bbl and full year 2017 approximately US$33/bbl)
- Sales price of Edmonton Light Oil ("Edmonton") (after transportation costs and crude oil marketing fees) averaged approximately US$46/bbl (H1 2018: approx. US$53/bbl), including US$48/bbl in Q2 2019
- Gross production averaged 485 barrels of oil per day ("bopd") (H1 2018: 761 bopd), reflecting the fact that, since June 2018, expenditure has only been made on critical items resulting in deferred production increases, in addition to the normal well declines
- Reached agreement with the Department for Energy and Mining of the Government of South Australia to relinquish PEL 629 exploration licence in the Otway Basin, South Australia

Post-period Highlights

- In August 2019, Cabot's wholly-owned Canadian subsidiary, Cabot Energy Inc., entered into a non-binding term sheet for an asset-level loan facility (the "Loan Facility") of up to C$5.0 million with a Calgary-based private energy lender to complete a Winter Work Programme
- Raised US$0.5 million (£0.4m) gross proceeds in July 2019 and a further US$0.35 million (£0.28 million) gross proceeds in September 2019 by way of subscriptions from H2P
- H2P has committed to participating with a second subscription tranche of at least US$0.35 million in October 2019 (totalling a minimum subscription of US$0.7 million in this funding round). The Company intends to enable all shareholders to participate in this funding round via an open offer
- Throughout Q3, the Company continued to progress the planning and procurement for up to ten well workovers and stimulations, ("Summer Work Programme") to be undertaken during October and November. Operational activity sequencing shall be driven by the most cost-efficient logistics and execution opportunities, with respect to well access during periods of heavy rainfall. Once completed using the funds from the proposed subscriptions (see below), this will enable access, subject to certain conditions precedent, to the Loan Facility
- Exit of onshore Italy to re-focus on the high-impact 1 billion barrels of offshore exploration prospects in the Adriatic and Sicily Channel areas
- Group cash balance as at 27 September 2019 of US$0.3 million

Chairman and CEO Comments

James Dewar, Interim Non-Executive Chairman, commented:

"I am pleased to report to shareholders that Cabot is executing on its near-term growth Strategy 2020, as set out in the Annual Report. Strategy 2020 involves simplifying the Company's growth strategy and focussing on Canada, building a track record of project execution and cost control. This is evidenced year to date by the Company:

- *Repositioning the portfolio to focus on 100% owned and operated assets which will enable low-cost onshore Canadian production growth and, in due course, further exploration in offshore Italy;*
- *Strengthening the Canadian balance sheet such that, prior to commencing the Winter Work Programme, the Company will have cash on the balance sheet, positive cashflow, no legacy creditors and no debt;*
- *Agreeing a debt term sheet to fully finance the Winter Work Programme of up to 4 horizontal wells to produce existing proven reserves, subject to completion of the lender's due diligence; and*
- *Obtaining commitment from H2P to support the Summer Work Programme ahead of further strengthening the balance sheet for the remainder of 2019 and for 2020.*

Whilst the fundraisings in recent months and the possibility of commencing a debt-funded Winter Work Programme are significant, positive developments, the Group's financial position remains delicate. Until the Company secures additional equity funding in October 2019 and completes on the new debt to fund the Winter Work Programme (aimed at increasing production levels and operating cashflows), there remains a material uncertainty which would cast significant doubt upon the Group's continued ability to meet its future operating commitments, its corporate obligations or operate as a going concern.

Given the above, the commencement of this year's Summer and Winter Work Programmes are crucial milestones in generating positive cashflow and returning the Company to growth. Our mid-term strategy for 2021 and beyond continues to focus on building the Canadian prospects, generating cashflow to support a move towards a future dividend policy and to explore upside potential in offshore Italy.

I would like to take this opportunity to thank all stakeholders for their continuing support and patience as we make progress in what are challenging times for the whole industry."

Scott Aitken, Chief Executive Officer, commented:

"Our focus in the first half of 2019 was to source short- and long-term finance to rebuild the Company's balance sheet from the cost overruns in 2017 and the first half of 2018 and to fund our strategy for growth. We were able to maintain production costs at approximately US$20/bbl through rigorous cost controls despite being unable to invest in non-safety critical activity to arrest the natural production decline. This cost control, alongside short-term funding from H2P and the return of the Edmonton oil price towards its historic price differential with West Texas Intermediate, gave the Company time to secure longer term debt funding, announced on 2 September 2019.

With a term sheet for asset level funding in place, we have initiated a Summer Work Programme of up to ten well workovers and stimulations, planned to be followed by a Winter Work Programme of drilling up to four new horizontal development wells, totalling a minimum US$7.0 million investment.

The work programmes are in line with our strategy to create predictable production and cashflow growth from the Company's 100% owned and operated Canadian assets, where there is significant potential for incremental production increases at a low operating cost."

Operational Review

The end of the first half 2019 marks approximately a year since the new management team and Board were appointed. It has been a year of transition for Cabot, with substantial operational changes implemented throughout the Group and a renewed focus on financial and operational discipline. The improvements implemented in the business helped to maintain production costs at approximately US$20/bbl and laid the foundation for the Company to source and secure short- and long-term funding, which strengthens the Company's financial position and will support its growth plans to create predictable production and cashflow growth from the Company's 100% owned and operated Canadian assets.

Canadian Operations

The Group's 100% owned and operated production operations in north west Alberta, Canada, extend to nearly 47,000 acres (as at 30 June 2019) and include extensive processing and storage facilities. Management proactively acquires and releases land to optimise ownership in accordance with subsurface analysis. 26 wells are currently in production and a further 19 existing wells have the potential to be returned to production through intervention and workover operations.

The Group averaged gross production of 485 bopd in the first half of 2019 (H1 2018: 761 bopd), reflecting the fact that, since June 2018, expenditure has only been made on critical items resulting in deferred production, in addition to the normal wells and field declines. The Company continued to run a zero-based budgeting structure for new operating and capital expenditures during the period as management maintained its disciplined focus on cost control.

Post period, production in July and August averaged 431 bopd and 426 bopd due to maintenance issues with two key wells, both of which are expected to be resolved as part of the forthcoming workover programme.

Funding secured for Summer and Winter Work Programmes

On 2 September 2019, the Company announced it had secured equity funding from its supportive majority shareholder, H2P, to fund a Summer Work Programme. In addition, it was announced that Cabot's wholly-owned Canadian subsidiary, Cabot Energy Inc., had entered into a non-binding term sheet for the Loan Facility of up to C$5.0 million, with a Calgary-based private energy lender, to fund a Winter Work Programme.

With a term sheet for asset level funding in place, subject to completion of the lenders due diligence, a Summer Work Programme of up to ten well workovers and stimulations will, subject to the satisfaction of the Loan Facility conditions precedent, enable access to the debt facility, which will be used to undertake a Winter Work Programme. The Winter Work Programme, is intended to include the drilling of up to four new horizontal development wells to produce existing proven reserves, and total a minimum US$7.0 million investment.

Having maintained production costs at approximatelyUS$20/bbl, the Company considers the Summer and Winter Work Programmes as crucial milestones in generating positive cashflow and returning the Company to growth.

Italian Assets

The Group has a portfolio of 4 exploration permits and 6 applications which have the potential to generate high returns on investment over the medium- to long-term. The portfolio consists of offshore licenses in the southern Adriatic and Sicily Channel. The Group has recently withdrawn from an onshore exploration permit in the Po Valley.

As previously announced, on 12 February 2019 the Italian government signed a decree enacting the suspension of work on all oil and gas exploration permits or applications for new exploration permits in Italy whilst a review is undertaken (the "Moratorium"). The suspension will be lifted as soon as consensus is reached on the terms under which the different areas will proceed with oil and gas exploration. In the event that no consensus is reached within 24 months of the commencement of the Moratorium, the suspension will be lifted. The legislation enables the Italian government to reappraise the exploration permits it has granted.

Cabot's exploration permits have all been subjected to a rigorous environmental review and the Group is optimistic for a positive outcome that will enable an immediate return to exploration activity. The Group is prepared to rapidly progress its permits as soon as the review is completed, whenever that occurs within the next 17 months.

Operational Review continued

Offshore permits

Adriatic: The Group received approval from the Environmental Impact Assessment to conduct a 3D seismic programme over the permit areas. A positive opinion has been received on the pre-seismic ante-operam work subsequently undertaken. To ensure that the licence is ready to proceed with exploration work as soon as the Moratorium is lifted, additional environmental data is being collected.

Sicily Channel: The EIA and exploration drilling permit have now been received for the Vesta oil prospect.

The Group is in negotiations to secure funding for 100% of the drilling costs for exploration wells in each of the Cygnus and Vesta oil prospects via a farm-out of our permit interests. This would optimise the cost of exploration versus the upside of these prospects.

Onshore permits

Po Valley Cascina Alberto: The Group previously farmed out the Po Valley Cascina Alberto exploration permit to Shell Italia E&P S.p.A. ("Shell"), maintaining a 20% interest.

As stated on 20 August 2019, the Company has been reviewing its Italian licence portfolio during the Moratorium with a view to prioritising the Company's significant offshore opportunities in the Adriatic and the Sicily Channel.

In line with this strategy, Cabot reached an agreement with its partner Shell to jointly withdraw from this licence. This process will be at no cost to Cabot as Shell agreed a payment to cover the associated costs and inconveniences. An RNS announcing this agreement was issued on 26 September 2019.

The withdrawal from the Cascina Alberto licence follows a strategic assessment by the Company of the benefits of divesting its interests in certain non-core assets to generate funds for ongoing working capital requirement to advance the rest of the Group's assets.

Rockhopper: Italian government approval of the potential transaction with Rockhopper plc was not received by the long stop date of 31 December 2018. As announced on 3 January 2019, the Group and Rockhopper plc mutually agreed to not proceed with the proposed transaction.

Australian Assets

As announced on 9 April 2019, Cabot reached an agreement with The Department for Energy and Mining of the Government of South Australia to relinquish PEL 629 onshore exploration licence in the Otway Basin, South Australia in order to focus the Group's financial and operational resources on its core assets. The licence had been in suspension since June 2014 and, as at December 2018, the Net Book Value was zero, with the majority of the asset impairment (US$0.97 million) booked in 2015.

Financial Review

Against naturally declining field production and a lack of available third party development capital, the Group's liquidity was maintained during the Period through a series of fundraisings and H2P financial assistance measures, to fund the partial settlement of outstanding balances with trade creditors in Canada and the UK and to provide short term working capital for the Group's immediate needs. A total of US$3.1 million equity proceeds were raised during the Period via a combination of share subscriptions and an open offer in March, of which US$2.0 million was contributed by H2P; in addition, H2P provided a financial assistance package equivalent to US$0.3 million (a mixture of trade debtors settled in cash and H2P trade liabilities settled by the issue of shares). In February 2019 the Company also completed a share capital reorganisation involving a 100:1 share consolidation. At 30 June 2019 H2P's interest in the Company had increased to 61.8%. Following the additional subscription from H2P on 2 September 2019, H2P now has an interest of 72.2% of the Company's issued share capital.

Despite a year-on-year 13% decrease in the average Edmonton crude sales price (after transport and marketing costs) and a 37% reduction in year-on-year net oil sales volumes, Canada production netback per barrel (crude price less production costs, expressed per barrel of oil produced) before depletion and amortisation only declined by 4% from approximately US$21/bbl to approximately US$17/bbl. This reflected a reduction in Crown royalties per barrel and, most importantly, robust production cost controls which saw year-on-year production costs per barrel maintained at approximately US$20/bbl, despite lower volumes to absorb fixed production costs such as facilities.

The Edmonton Light Oil price recovered during the Period following the sharp drop in Q4 2018 due to extended United States Mid-West refinery shut-ins for maintenance and a resulting glut of local Alberta oil supply, which saw the Edmonton price fall to an average of US$25/bbl in Q4 2018, representing a 45% discount to the WTI crude benchmark price. The H1 2019 average Edmonton price (after transportation costs and crude oil marketing fees) was approximately US$46/bbl (H1 2018: US$53/bbl) and the discount to WTI was approximately 8%, reflecting the restoration of the historic price differential.

Year-on-year adjusted (adjusting for non-recurring and exceptional items) Group earnings before interest, taxation, depletion, depreciation and amortisation ("EBITDA") declined from a profit of US$0.8 million in 2018 to break-even for the Period. Despite the 46% (US$3.4 million) reduction in year-on-year revenues, adjusted EBITDA remained positive, reflecting strong production netbacks and effective administrative expense cost controls.

No impairment triggers were identified during the Period in respect of the Group's Canadian assets and the most recent independent reserves report continues to support the asset carrying values, resulting in no impairment expense being recognised. Based upon the Group's current understanding of new legislation enacted by the Italian government in February 2019, there were also no impairment triggers identified during the Period in respect of the Group's offshore exploration asset carrying values and no impairment expense has been recognised.

The Group's net current liabilities at 30 June 2019 were US$1.7 million, compared with net current liabilities of US$4.5 million at 31 December 2018; the improvement largely reflected the continuing settlement and reduction of significant overdue Canadian trade creditors (being mainly unbudgeted expenditure and legacy cost over-runs incurred from previous work programmes), pursuant to binding agreements reached by the Group in January 2019. Despite profitable Canadian operations and Group net cash inflows from financing activities during the Period of US$2.9 million, the Group cash balance was US$0.4 million at 30 June 2019 (31 December 2018: US$0.9 million), reflecting the settlement of historic creditors and the Group's administrative expenses, which are driven in part by the costs of being a quoted company.

Following negotiations, the Group recently accepted a penalty of US$160,000 imposed by the Alberta Energy Regulator in relation to the 2017 pipeline leak and subsequent salt water contamination of the surrounding soil. The US$90,000 credit to other operating costs in these interim results relates to the partial release of the US$250,000 provision which was made at the end of 2018.

Canada Performance	Unit	6 Months ended 30 June 2019	6 Months ended 30 June 2018	% Change	Year ended 31 December 2018	Year ended 31 December 2017
Average WTI crude price	US$/bbl	57.32	65.5	(12%)	64.73	50.94
Average Edmonton crude price discount to WTI crude price	%	(8%)	(9%)	(11%)	(17%)	(5%)
Average Edmonton crude sales price (after transport & marketing costs)	US$/bbl	45.89	52.83	(13%)	47.21	43.06
Annual gross production	mbbls	88	138	(36%)	256	150
Average gross production per day	bopd	485	761	(36%)	703	410
Annual net production	mbbls	88	137	(36%)	255	112
Annual net sales	mbbls	88	140	(37%)	257	110
	Unit	**$/bbl**	**$/bbl**	**$/bbl Change**	**$/bbl**	**$/bbl**
Production netbacks:*						
Crude sales price	US$/bbl	45.89	52.83	(6.94)	47.21	43.06
Royalties	US$/bbl	(7.04)	(11.46)	4.43	(11.10)	(5.81)
Repairs (excl. regular, planned maintenance)	US$/bbl	(1.41)	(0.77)	(0.64)	(1.43)	(1.11)
Production costs	US$/bbl	(20.44)	(19.87)	(0.58)	(19.99)	(32.70)
Netback before depletion & amortisation	**US$/bbl**	**16.99**	**20.73**	**(3.73)**	**14.69**	**3.43**
	%	**37%**	**39%**	**(2pp)**	**31%**	**8%**
Depletion & amortisation	US$/bbl	(14.28)	(15.67)	1.39	(14.12)	(10.24)
Netback after depletion & amortisation	**US$/bbl**	**2.71**	**5.06**	**(2.35)**	**0.57**	**(6.80)**
	%	**6%**	**10%**	**(4pp)**	**1%**	**(16%)**

* Netback is a measure of profitability which is not specifically defined under IFRS or other generally accepted accounting principles. It is a measure of oil and gas sales revenue net of royalties, production and transportation expenses and is commonly used across the oil and gas industry as a benchmark to compare performance between time periods.

Group EBITDA	6 months ended 30 June 2019 US$'000	6 months ended 30 June 2018 US$'000	6 months ended 30 June Change US$'000	Year ended 31 December 2018 US$'000
Loss from operations	(1,128)	(3,521)	2,393	(5,996)
Add back: depletion, depreciation & amortisation	1,265	2,172	(907)	3,636
EBITDA	**137**	**(1,349)**	**1,486**	**(2,360)**
Adjusting items:				
Gain on step acquisition	-	(2,774)	2,774	(2,649)
Loss on termination of option	-	2,178	(2,178)	2,178
Impairment losses	-	620	(620)	413
Environmental remediation costs	(90)	1,139	(1,229)	1,264
Restructuring expenses	-	859	(859)	1,049
Business acquisition/disposal expenses	-	115	(115)	215
Adjusted EBITDA	**47**	**788**	**(741)**	**110**

* EBITDA is a measure of profitability which is not specifically defined under IFRS or other generally accepted accounting principles. It is a measure of a company's operating performance which can be used to compare profitability among companies, as it eliminates the effects of financing, accounting for capital expenditures and taxation.

Financial Review continued

Post period

Post 30 June 2019, the Group has continued to focus on liquidity and securing finance to implement its growth plans. In July and September 2019, H2P subscribed for additional ordinary shares for total gross proceeds of US$0.8 million, increasing H2P's interest in the Company to 72.2%. In addition, H2P committed to providing a further minimum of US$0.35 million by participating in further subscriptions to be launched in October 2019. This, combined with securing a non-binding term sheet for an asset-level Loan Facility of up to C$5.0 million with a private energy lender, will allow the Group to undertake a Summer Work Programme and a Winter Work Programme, subject to prevailing prices and the satisfaction of certain lender conditions precedent.

Outlook

The last 12 months has seen a period of necessary transition for Cabot, with substantial operational changes implemented throughout the Group and a clear focus on financial and operational discipline. This helped to maintain production costs at approximately US$20/bbl. Encouragingly, the spread between WTI and Edmonton prices returned to normal historical levels from January 2019 onwards. With Alberta government commitments to bolster pipeline capacity, the Group remains reasonably confident in the outlook for the Edmonton Light Oil price.

With a term sheet in place for asset level funding, the Company has a clear route to drive forward its growth strategy and execute a full programme of well recompletions, workovers and new drills to increase production. The Summer Work Programme of up to ten well workovers and stimulations in October and November 2019 shall, subject to the satisfaction of the Loan Facility conditions precedent, enable access to the debt facility to fund a Winter Work Programme of drilling up to four new horizontal development wells totalling a minimum US$7.0 million investment. Following the investment, Management believes that the Summer and Winter Work Programmes will have a positive impact on operations and overall production levels.

Condensed Consolidated Statement of Profit or Loss

for the six months ended 30 June 2019

	Notes	6 months ended 30 June 2019 (Unaudited) US$'000	6 months ended 30 June 2018* (Unaudited) US$'000
Revenue		**4,074**	7,491
Production costs		**(2,545)**	(4,510)
Depletion and amortisation – plant, property and equipment		**(1,254)**	(2,152)
Cost of sales		**(3,799)**	(6,662)
Gross profit		**275**	829
Pre-licence costs		**-**	(7)
Administrative expenses		**(1,493)**	(1,537)
Other operating costs	**2**	**90**	(2,782)
Other operating income		**-**	2,774
Loss on acquisition of subsidiaries and other assets		**-**	(2,178)
Impairment losses		**-**	(620)
Loss from operations		**(1,128)**	(3,521)
Finance income		**-**	29
Finance costs		**(176)**	(29)
Loss before tax		**(1,304)**	(3,521)
Tax charge		**(40)**	(662)
Loss for the period		**(1,344)**	(4,183)
Attributable to			
Equity shareholders of the Company		**(1,342)**	(4,183)
Non-controlling interests		**(2)**	-
		(1,344)	(4,183)
Earnings per share **			
Basic loss per share on loss for the period	**3**	**(5.6 cents)**	(6.6 cents)
Diluted loss per share on loss for the period	**3**	**(5.6 cents)**	(6.6 cents)

All results are from continuing activities.

Notes 1 to 8 form an integral part of this report.

*The 2018 comparatives have been re-presented to reclassify US$749,000 deferred tax previously reported in Other operating income, to be part of the deferred tax charge. In addition, US$859,000 restructuring expenses previously included in Administrative expenses have been reclassified to Other operating costs. These changes are consistent with the classifications in the 2018 Annual Report.
**The comparative numbers for 2018 have been restated following the 1 for 100 share consolidation on 1 March 2019.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2019

	6 months ended 30 June 2019 (Unaudited) US$'000	6 months ended 30 June 2018 (Unaudited) US$'000
Loss for the period	**(1,344)**	(4,183)
Other comprehensive profit / (loss):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**1,154**	(2,302)
Other comprehensive profit / (loss) for the period, net of income tax	**1,154**	(2,302)
	-	
Total comprehensive loss for the period	**(190)**	(6,485)
	-	
Attributable to:		
Equity shareholders of the Company	**(188)**	(6,485)
Non-controlling interests	**(2)**	-
	(190)	(6,485)

Notes 1 to 8 form an integral part of this report.

Condensed Consolidated Statement of Financial Position

as at 30 June 2019

	Notes	At 30 June 2019 (Unaudited) US$'000	At 31 December 2018 (Audited) US$'000
Assets			
Non-current assets			
Intangible assets	*4*	**24,518**	24,502
Goodwill	4	**1,059**	1,019
Property, plant and equipment	*5*	**39,898**	39,309
Deferred tax asset		**4,463**	4,358
		69,938	69,188
Current assets			
Inventories		**113**	86
Trade and other receivables		**985**	698
Cash and cash equivalents		**366**	888
		1,464	1,672
Total assets		**71,402**	70,860
Liabilities			
Current liabilities			
Trade and other payables		**2,640**	5,724
Provisions		**485**	480
		3,125	6,204
Non-current liabilities			
Provisions		**10,693**	10,173
Deferred tax liabilities		**2,526**	2,544
		13,219	12,717
Total liabilities		**16,344**	18,921
Net assets		**55,058**	51,939
Capital and reserves			
Share capital		**16,147**	15,807
Share premium		**44,403**	41,441
Merger reserve		**14,190**	14,190
Share incentive plan reserve		**183**	183
Foreign currency translation reserve		**(7,875)**	(9,029)
Retained earnings and other distributable reserves		**(11,987)**	(10,645)
Equity attributable to owners of the parent		**55,061**	51,947
Non-controlling interests		**(3)**	(8)
Total equity		**55,058**	51,939

Notes 1 to 8 form an integral part of this report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2019

	6 months ended 30 June 2019 (Unaudited) US$'000	6 months ended 30 June 2018 (Unaudited) US$'000
Cash flows from operating activities		
Loss for the period before taxation	**(1,304)**	(3,521)
Depletion and amortisation	**1,254**	2,152
Depreciation – non-oil and gas property, plant and equipment	**11**	20
Impairment losses on intangible assets	**-**	13
Impairment losses on property, plant and equipment	**-**	607
Decommissioning and abandonment expenditure	**(31)**	(501)
Business acquisition expenses	**-**	115
Credit arising from step acquisition revaluation of property, plant and equipment	**-**	(2,774)
Loss on extinguishing option over property, plant and equipment	**-**	2,178
Finance income	**-**	(19)
Finance costs	**122**	29
Foreign exchange loss/ (gain)	**54**	(10)
Share-based payments	**-**	669
Net cash inflow/(outflow) before movements in working capital	**106**	(1,042)
(Increase)/decrease in inventories	**(23)**	243
(Increase)/decrease in trade and other receivables	**(282)**	297
(Decrease)/increase in trade and other payables (i)	**(1,142)**	283
Net cash (outflow)/inflow from changes in working capital	**(1,447)**	823
Taxes paid	**-**	-
Interest received	**-**	19
Interest paid	**-**	(1)
Net cash outflow from operating activities	**(1,341)**	(201)
Cash flows from investing activities		
Investments in property, plant and equipment (ii)	**(1,959)**	(8,690)
Expenditure on exploration and evaluation assets	**(154)**	(575)
Business acquisitions including acquisition costs	**-**	(1,115)
Net cash outflow from investing activities	**(2,113)**	(10,380)
Cash flows from financing activities		
Issue of ordinary shares (iii)	**3,140**	15,544
Share issue expenses	**(226)**	(281)
Capital contributions from non-controlling interests	**7**	2
Net cash inflow from financing activities	**2,921**	15,265
Net (decrease)/increase in cash and cash equivalents	**(533)**	4,684
Cash and cash equivalents at start of period	**888**	1,775
Effect of exchange rate movements	**11**	(219)
Cash and cash equivalents at end of period	**366**	6,240

Notes to the Condensed Consolidated Cash Flow Statement:

i. Excludes settlement of Canadian trade payables in respect of investments in property, plant and equipment (2019: $1,698,000; 2018: ($78,000)) and settlements of trade payables by way of issue of ordinary shares (2019: $388,000; 2018: $nil).
ii. Includes settlement of Canadian trade payables in respect of investments in property, plant and equipment (see i above).
iii. Excludes issue of ordinary shares for non-cash consideration, for example in respect of settlement of trade creditors (see i above).

The Condensed Consolidated Cash Flow Statement presents cash movements and excludes non cash movements in assets and liabilities such as exchange differences on translation of foreign operations.

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2019

	Share capital US$'000	Share premium account US$'000	Merger reserve US$'000	Share incentive plan reserve US$'000	Foreign currency translation reserve US$'000	Retained earnings and other distributable reserves US$'000	Total US$'000	Non - controlling interests US$'000	Total equity US$'000
At 1 January 2019	**15,807**	**41,441**	**14,190**	**183**	**(9,029)**	**(10,645)**	**51,947**	**(8)**	**51,939**
Total comprehensive loss for the period					**1,154**	**(1,342)**	**(188)**	**(2)**	**(190)**
Contributions by and distributions to owners of the Company									
Issue of shares during the period	**340**	**3,188**	-	-	-	-	**3,528**	-	**3,528**
Costs and fees associated with share issue	-	**(226)**	-	-	-	-	**(226)**	-	**(226)**
Equity share warrants exercised	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company	**340**	**2,962**	-	-	-	-	**3,302**	-	**3,302**
Changes in ownership interests in subsidiaries									
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	**7**	**7**
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	**7**	**7**
At 30 June 2019	**16,147**	**44,403**	**14,190**	**183**	**(7,875)**	**(11,987)**	**55,061**	**(3)**	**55,058**

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2018

	Share capital US$'000	Share premium account US$'000	Merger reserve US$'000	Share incentive plan reserve US$'000	Foreign currency translation reserve US$'000	Retained earnings and other distributable reserves US$'000	Total US$'000	Non - controlling interests US$'000	Total equity US$'000
At 1 January 2018	11,110	23,655	14,190	335	(5,162)	(5,191)	38,937	-	38,937
Total comprehensive loss for the period	-	-	-	-	(2,302)	(4,183)	(6,485)	-	(6,485)
Contributions by and distributions to owners of the Company									
Issue of shares during the period	4,559	18,067	-	-	-	-	22,626	-	22,626
Costs and fees associated with share issue	-	(281)	-	-	-	-	(281)	-	(281)
Equity share warrants lapsed or cancelled	-	-	-	(436)	-	394	(42)	-	(42)
Share-based payments	-	-	-	669	-	-	669	-	669
Total contributions by and distributions to owners of the Company	4,559	17,786	-	233	-	394	22,972	-	22,972
Changes in ownership interests in subsidiaries									
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	2	2
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	2	2
At 30 June 2018	15,669	41,441	14,190	568	(7,464)	(8,980)	55,424	2	55,426

Notes to the Condensed Consolidated Interim Financial Statements

for the six months ended 30 June 2019

1. Basis of preparation

This unaudited condensed consolidated interim financial information has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRSs). The principal accounting policies used in preparing the interim results are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2018, save for the new and revised standards noted below. These statutory accounts are available on the Company's website (www.cabot-energy.com) or by application to the Company's registered office.

The financial information for the six months ended 30 June 2019 and 30 June 2018 is unaudited and does not constitute statutory financial statements of Cabot Energy Plc and its subsidiaries. The comparative financial information for the full year ended 31 December 2018 has been derived from the statutory financial statements for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditor reported on those accounts; the report was unqualified and did not contain any statement under section 498(2) or 498(3) of the Companies Act 2006.

Adoption of new and revised standards

The Group has adopted IFRS 16 "Leases" from 1 January 2019 which provides a new model for lease accounting in which all leases, other than short term leases and leases of low value assets, will be accounted for by the recognition on the Statement of Financial Position of a right-of-use asset and a lease liability, and the subsequent amortisation of the right-of-use asset over the lease term. IFRS 16 is effective for annual periods beginning on or after 1 January 2019 and has had a negligible effect on the Group's financial statements. IFRS 16 does not apply to leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources. The Group has decided to apply the exemption contained within IFRS 16 for leases with a lease term of 12 months or less and containing no purchase options. There are no other Standards and Interpretations in issue but not yet adopted that the Directors anticipate will have a material effect on the reported income or net assets of the Group.

Going concern

The Board has reviewed and considered the possible outcomes of future operations and forecast cash flows, in conjunction with accounts, budgets and financial plans, and believe that future external capital could be found to allow the Group to continue. This understanding leads the Directors to believe that the Group has sufficient resources to continue in operation at least until 12 months after the date of this document and are managing the Group's assets to realise further capital to allow the development and growth of the business during that time and beyond. The financial statements are therefore prepared on a going concern basis. However, until the Company secures new equity funding in October 2019 and completes the new debt to fund the Winter Work Programme (aimed at increasing production levels and operating cashflows), there remains a material uncertainty which would cast significant doubt upon the Group's continued ability to meet its future operating commitments, its corporate obligations or operate as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

2. Other operating expenses

	6 months ended 30 June 2019 (Unaudited) $'000	6 months ended 30 June 2018 (Unaudited) $'000
Finance costs		
Share-based payments	-	669
Environmental remediation costs	**(90)**	1,139
Restructuring costs	-	859
Business acquisition expenses	-	115
	(90)	2,782

Environmental remediation costs and penalties

Following negotiations, the Group has accepted a penalty of US$160,000 imposed by the Alberta Energy Regulator in relation to the 2017 pipeline leak and subsequent salt water contamination of the surrounding soil. The US$90,000 credit in 2019 relates to the partial release of the US$250,000 provision made at the end of 2018. In 2018 environmental remediation expenses of US$945,000 were incurred for inspections and repairs to the Group's Canadian pipelines as a consequence of the pipeline leak in the Rainbow area reported in 2017. In addition, the Group incurred US$194,000 expenses to remediate and clean up two oil spills and to extinguish a fire on one of the Rainbow area leases.

3. Earnings per share

Basic earnings per share amounts are calculated by dividing profit or loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares. The calculation of the dilutive potential ordinary shares related to employee and director share option plans includes only those warrants or options with exercise prices below the average share trading price for each period.

	6 months ended 30 June 2019 (Unaudited) US$'000	6 months ended 30 June 2018 (Unaudited) US$'000
Net (loss) / profit attributable to equity holders in basic calculation	**(1,342)**	(4,183)
Net (loss) / profit attributable to equity holders used in dilutive calculation	**(1,342)**	(4,183)
	Number 000s	Number 000s*
Basic weighted average number of shares	**23,891**	6,333
Dilutive potential of ordinary shares:		
Options exercisable under Company schemes	**-**	-
Diluted weighted average number of shares	**23,891**	6,333

As the Group made a loss in the period to 30 June 2019 there is no dilution in the year from potential ordinary shares.

	6 months ended 30 June 2019 (Unaudited) US$	6 months ended 30 June 2018 (Unaudited*) US$
Earnings per share		
Basic loss per share on loss for the period	**(5.6 cents)**	(6.6 cents)
Diluted loss per share on loss for the period	**(5.6 cents)**	(6.6 cents)

*The comparative numbers for 2018 have been restated following the 1 for 100 share consolidation on 1 March 2019.

4. Intangible assets

	30 June 2019 (Unaudited) US$'000	31 December 2018 (Audited) US$'000
Exploration and evaluation assets	**24,494**	24,472
Goodwill	**1,059**	1,019
Computer software	**24**	30
	25,577	25,521

5. Property, Plant and Equipment

	30 June 2019 (Unaudited) US$'000	31 December 2018 (Audited) US$'000
Oil and gas assets	**39,860**	39,265
Computer and office equipment	**38**	44
	39,898	39,309

6. Post balance sheet events

Between the balance sheet date of 30 June 2019 and the date that this 2019 financial information has been published, the following developments have been announced which have a material impact on, or the understanding of, this financial information:

10 July 2019 Share issue

The Company announced that it had entered into an agreement with H2P to raise US$0.5 million, before expenses, by way of a subscription for 4,336,466 ordinary shares of 1 pence each at 9.25 pence per Ordinary Share. The net proceeds of the subscription were used for working capital purposes and to fund the settlement of amounts owed to the Group's creditors, predominantly trade creditors of Cabot Canada. Following the completion of the subscription, H2P were interested in 24,973,503 Ordinary Shares, representing approximately 66.22 per cent of the Company's enlarged issued share capital.

2 September loan term sheet, subscription and open offer

The Company announced that its Canadian subsidiary Cabot Energy Inc. had signed a non-binding term sheet for an asset-level Loan Facility of up to C$5.0 million with a private energy lender to fund a winter work programme. In addition, the Company announced a subscription agreement signed with H2P to subscribe for US$0.3 million to fund the commencement of a Summer Work Programme and an open offer to be launched in October 2019. H2P committed to participate in the open offer for a minimum amount of US$0.7 million.

19 September subscription to raise US$0.35 million

The Company announced that that it has entered into an agreement with H2P to raise US$0.35 million gross (£0.28 million), before expenses, by way of a subscription. The number of new ordinary shares of 1 penny each in the Company to be issued to H2P and the price per Subscription Share, will be determined by the issue price under the Company's open offer to shareholders announced on 2 September, which is to be launched in October 2019. The US$0.35 million forms part of the minimum US$0.7 million commitment announced on 2 September.

26 September update on Italian assets

The Company announced that the Group and Shell Italia E&P S.p.A. (“Shell”), have agreed to withdraw from the Cascina Alberto onshore exploration permit in the Po Valley, northern Italy (the “Withdrawal”). Shell will make a payment to the Group to cover the costs and inconveniences incurred in the process of the Withdrawal. The Withdrawal is subject to the approval of the Italian authorities, which is expected during Q4 2019.

7. Approval by directors

The interim results for the six months ended 30 June 2019 were approved by the Directors on 30 September 2019.

8. Availability of interim report

The interim report will be made available in electronic format on the Company's website, www.cabot-energy.com. Copies will be available on request by application to the Company Secretary at the Company’s administrative office, being 93-95 Gloucester Place London W1 6JQ.