



93-95 Gloucester Place
London • W1U 6JQ

Registered in England & Wales No 02933545

28 July 2020

Dear shareholder

Financial update for Cabot Energy Ltd (the “Company”) and its subsidiaries (together the “Group”)

I would like to provide a further update on the Group’s current financial position in light of the impact of the Covid-19 pandemic on the Group’s operations and financial position. I am pleased to inform you that we continue to have no reported cases of the Covid-19 virus amongst our staff across all locations.

H2P Loan Facility

Thank you to all shareholders who responded to my previous letter dated 19 June 2020 regarding the further loan facility offered by the Company’s majority shareholder High Power Petroleum LLC (“H2P”). This new facility is on similar terms to the previous H2P loan facility which was approved by the Company’s previous non-executive board in December 2019, updated for current market valuations and secured loan interest rates (the “H2P Loan Facility”). The H2P Loan Facility was duly approved by the Company’s shareholders and to date, US\$3.75 million has been advanced by H2P under both the H2P Facility and the previous loan facility. Shareholders should note, however, that further loan advances under the H2P Loan Facility are uncommitted and at the discretion of H2P, dependent in large part upon the Company’s wholly owned Canadian subsidiary Cabot Energy Inc. (“Cabot Inc.”) reaching a satisfactory voluntary arrangement with its creditors in order to maintain business continuity.

Canada

In my last letter I highlighted the urgent need for Cabot Inc. to reach a voluntary arrangement with its creditors during this period of uncertainty and reduced demand for oil. To this end the Board of Cabot Inc. engaged Grant Thornton in Canada in May 2020, however a satisfactory voluntary arrangement was not achieved, placing Cabot Inc. in a precarious financial position.

On 30 June 2020 the Board of Cabot Inc. filed a Notice of Intention to Make a Proposal pursuant to Part III, Division I of the Bankruptcy and Insolvency Act, R.S.C., 1985, c. B-3, and in so doing placed the Company under court protection in order to stay any further creditor actions against Cabot Inc. in Canada whilst it restructures its financial affairs, including the restructuring of its overdue trade creditor obligations and securing interim financing. On 27 July the Court of Queen’s Bench of Alberta granted a stay period until September 11 and the approval of a committed Debtor-In-Possession loan facility from H2P of CAD\$645,000. The Company is reasonably confident that, during this stay period and with the committed interim financing from H2P, Cabot Inc. can reach a satisfactory outcome with its creditors in order for it to continue as a going concern.

However, until such time as the formal creditor process is concluded and the price of oil recovers further, the Board believes that there remains material uncertainty as to the Group’s ability to continue as a going concern.

Cabot Inc. continues to receive minor assistance under certain Alberta provincial government business support and payroll saving programmes and we are also continuing to actively investigate Canadian government loan schemes; however, their availability continues to remain uncertain at this time.



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The Board remains focussed on navigating the Group through these unprecedented times and I will continue to keep you apprised as to the position and prospects of the Group when the Board has further clarity.

I trust that you and your families remain safe in this COVID-19 environment.

Yours Sincerely,

Scott H Aitken
Director & Chief Executive Officer