



FOR IMMEDIATE RELEASE

21 January 2020

CAIRN ENERGY PLC
Operational Update
("Cairn" or "the Company")

Ahead of announcing its preliminary results for the year to 31 December 2019 on 10 March 2020, Cairn today provides an update on its operations and trading performance together with guidance for 2020. This information is unaudited and subject to further review.

Simon Thomson, Chief Executive, Cairn Energy PLC said:

"Cairn's strong cash flow generation, active portfolio management and year end net cash provide financial flexibility for continued strategic delivery across our balanced portfolio.

We are delighted to have achieved FID in Senegal and we look forward to the results of our exploration drilling programme in Mexico. The sale of our Norwegian business through two attractively-priced transactions demonstrates the company's continued focus on capital discipline and monetisation."

Production

- Combined oil production net to Cairn from the Catcher and Kraken fields in 2019 averaged ~23,000 bopd, at upper end of guidance of ~21,000 to 23,000 bopd
- Catcher (Cairn 20% WI) averaged ~63,600 bopd (gross)
- Kraken (Cairn 29.5% WI) averaged ~35,600 bopd (gross)
- Full year oil production, net to Cairn, for 2020 is estimated to be 19,000 to 23,000¹ bopd

Corporate and Finance

- Oil and gas sales revenue was US\$504m at an average realised price of US\$64.52/boe (before hedging gains of US\$1.39/boe)
- Average production cost was US\$17.5 per boe
- Group cash at year end was US\$154m², and excludes expected proceeds from the sale of Capricorn Norge of ~US\$100m
- Net oil sales receivable at year end was US\$18m
- Company's US\$575m RBL debt facility was undrawn at year end
- Capital expenditure during the year was ~US\$245m^{3/4}
 - Cash outflows in respect of development and pre-developments activities were ~US\$100m³
 - Cash outflows in respect of exploration and appraisal activities were ~US\$125m⁴
 - There was an increase in working capital relating to capex of ~US\$20m during the year (remaining cash outflows in respect of the previous year's capital programme increased from ~US\$25m at the start of 2019 to ~US\$45m at the start of 2020)

- Capital expenditure for 2020 is currently forecast at ~US\$595m:
 - Kraken and Catcher near field developments of ~US\$60m
 - Senegal of ~US\$400m (based on a 36.4% participating interest in the Sangomar field⁶)
 - Current forecast exploration and appraisal expenditure of ~US\$135m, predominantly related to Mexico, UK, Suriname and Côte D'Ivoire
- To date, Cairn has hedged 2.8m barrels of 2020 oil production, 1.9m barrels using collar structures with a weighted average floor price of US\$62.09/bbl and a weighted average ceiling price of US\$74.89/bbl and 0.9m barrels using swaps with a weighted average strike price of US\$61.85/bbl

Production

- The Catcher Area fields continued to outperform during 2019 achieving excellent operating efficiency from the FPSO. On Kraken, FPSO performance was significantly improved during H2 2019 and this has continued. Planned shut-downs for maintenance and tie-ins of new satellite wells on both Catcher and Kraken will occur during 2020. Both fields continue to realise prices in excess of Brent.

Developments

- In Senegal, the JV has taken FID of the Sangomar Field Development following receipt of the 25-year Exploitation Authorisation from the Government of Senegal. Phase 1 of the development will target estimated 2P recoverable oil reserves of 231mmbbls. Over the life of the field, total recoverable oil resources are estimated to be ~500mmbbls with the development also planning gas export to shore. Operator Woodside has completed the purchase contract for the FPSO facility and issued full notices to proceed for the drilling and subsea construction and installation contracts. The FPSO facility is expected to have a production capacity of ~100,000 bopd with first oil targeted in early 2023.
- In the UK, development of the two Catcher Area satellite oil fields, Catcher North and Laverda, is progressing to plan and scheduled to be drilled mid-2020, along with an additional Vardero production well. First oil from both wells is targeted for H1 2021 and together with the infill well, will help to offset natural decline from the Catcher Area.
- Two wells (a producer and injector pair) are planned to be drilled on the western flank of the Kraken field (Worcester accumulation) and be tied in and onstream before the year end. Drilling operations are expected to commence in H1 2020.

Exploration

- In Mexico, drilling is ongoing on Cairn's operated Bitol-1 well (50% WI⁵) in Block 9 and on the ENI operated Saasken-1 exploration well (Cairn 15% WI⁵) in Block 10 in the Sureste Basin. When these operations are complete, the Ensco 8505 rig will drill the ENI operated Ehecatl-1 well in Block 7 (Cairn 30% WI).

- In Suriname (Cairn 100% WI), the 4,500 km of 2D seismic data acquired in H1 2019 has been fully processed and the products received. Block-wide interpretations and an update of the prospect inventory are ongoing, with a decision on future 3D seismic acquisition to be made later this year and view to potential drilling activity thereafter.

India

- The Arbitral Tribunal has indicated that it expects to be in a position to issue the Award in the summer of 2020. Cairn continues to have a high level of confidence in the merits of its claims in the arbitration and is seeking full restitution for losses of more than US\$1.4 billion.

Norway asset disposals

- Completion of farm-out agreement for the sale of 10% interest in the Nova development to ONE-Dyas AS for US\$59.5m in Q4 2019.
- Agreement to dispose of the entire share capital of Capricorn Norge AS to Solveig Gas Norway AS for US\$100m plus working capital adjustments. The transaction is effective from 1 January 2020 and expected to complete in Q1 2020.

¹ FlowStream's production entitlement in 2019 averaged ~1,600 bopd and is expected to be 1,350 to 1,700 bopd in 2020

² Group cash at year end includes cash held in Capricorn Norge which will be accounted for in the carrying value of assets held-for-sale rather than group cash in the balance sheet

³ Shown net of ~US\$20m received from Dyas in December for their share of 2019 Nova capex

⁴ Shown net of Norway tax rebate

⁵ Farm-in subject to final legal completion

⁶ Cairn currently holds a 40% participating interest in the project, which would reduce to 36.4% if Petrosen, the state oil company, exercises its right to increase its interest from 10% to 18% during 2020

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Cairn is one of Europe's leading independent oil and gas exploration and development companies and has been listed on the London Stock Exchange for 30 years. Cairn has explored, discovered, developed and produced oil and gas in a variety of locations throughout the world as an operator and partner in all stages of the oil and gas lifecycle.

Cairn's exploration activities have a geographical focus in the North Sea, West Africa and Latin America, underpinned by interests in production and development assets. Cairn has its headquarters in Edinburgh, Scotland supported by operational offices in London, [Norway], Senegal and Mexico.

For further information on Cairn please see: www.cairnenergy.com

Glossary

bopd	barrels of oil per day
boepd	barrels of oil equivalent per day
boe	barrels of oil equivalent
mmbbls	million barrels
bbl	barrel of oil
WI	working interest
m	million
FPSO	Fixed Production Storage Offloading
FID	Final Investment Decision
RBL	Reserves Based Lending