



Half-Year Results Presentation

Cairn Energy PLC

September 2018



A large offshore oil rig is silhouetted against a dramatic sky at sunset or sunrise. The rig's complex lattice structure and tall cranes are prominent. The sun is low on the horizon, creating a bright glow and reflecting on the calm water. In the foreground, the silhouette of a worker wearing a hard hat and safety vest is visible on the right, looking out towards the rig. The overall mood is industrial and serene.

Introduction

Simon Thomson

Chief Executive Officer

Delivering Long Term Value Creation

Current Production



Future Production



Exploration



Norway



UK



Mexico



Senegal



Ireland



Suriname



Cote d'Ivoire



Mauritania



Finance

James Smith

Chief Financial Officer

Financial Overview

Production

- Oil sales revenue: \$172m
- Average realised sales price: \$66.97/boe (net of hedging cost)
- H1 2018 operating cashflow: \$112m (adjusted for oil sales receivable)
- Hedging strategy:
 - H2 2018 hedging: 7,231 bopd between \$57/bbl and \$70/bbl*
 - H1 2019 hedging: 8,050 bopd between \$66/bbl and \$81/bbl*
 - Q3 2019 hedging: 7,444 bopd between \$68/bbl and \$84/bbl*

2018 H1 actuals	H1 2018	H2 2018
Net production (kboepd)	14.4	20.5 – 22.0
Production cost \$/boe	24.3	~20.0
Production net of FlowStream** (kboepd)	13.0	18.5 – 20.0



Kraken / Catcher

(Net to Cairn 20,500 to 22,000 bopd in H2 2018)



Nova

(Net to Cairn ~10,000 bopd on plateau)



Senegal

(Net to Cairn up to ~40,000 bopd on plateau)

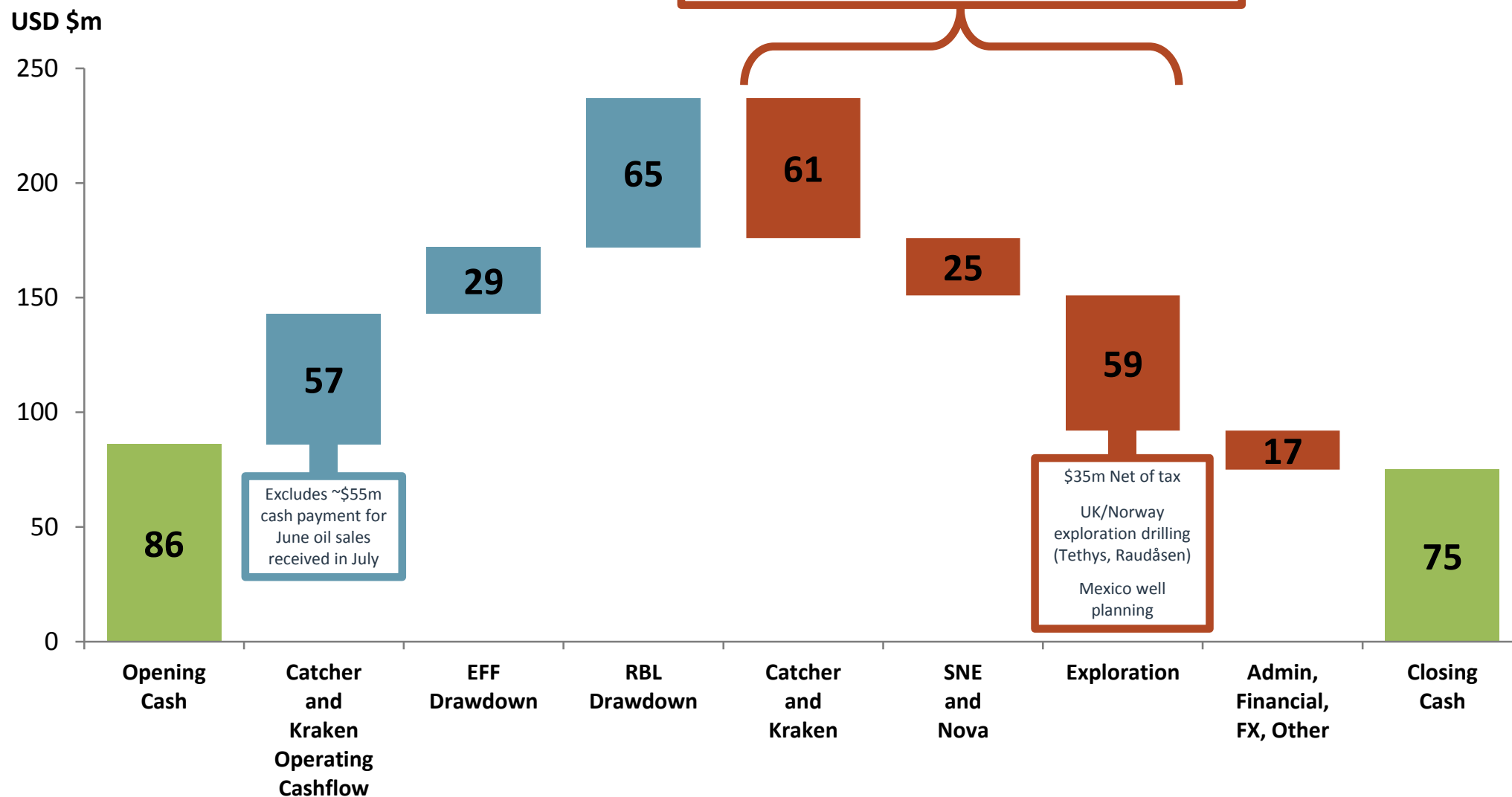
Funding position

- Cash at 30 June 2018: \$75m
- Oil sales receivable: \$55m
- Norwegian tax receivable: \$62m
- RBL facility: \$65m drawn
- Norwegian EFF: \$59m drawn
- \$575m RBL maturity extended to 2025 to support Nova development and maximise availability
- Senegal / SNE Project Finance expected Q4 2018 in readiness for 2019 FID
- Business plan fully funded without resolution of India arbitration

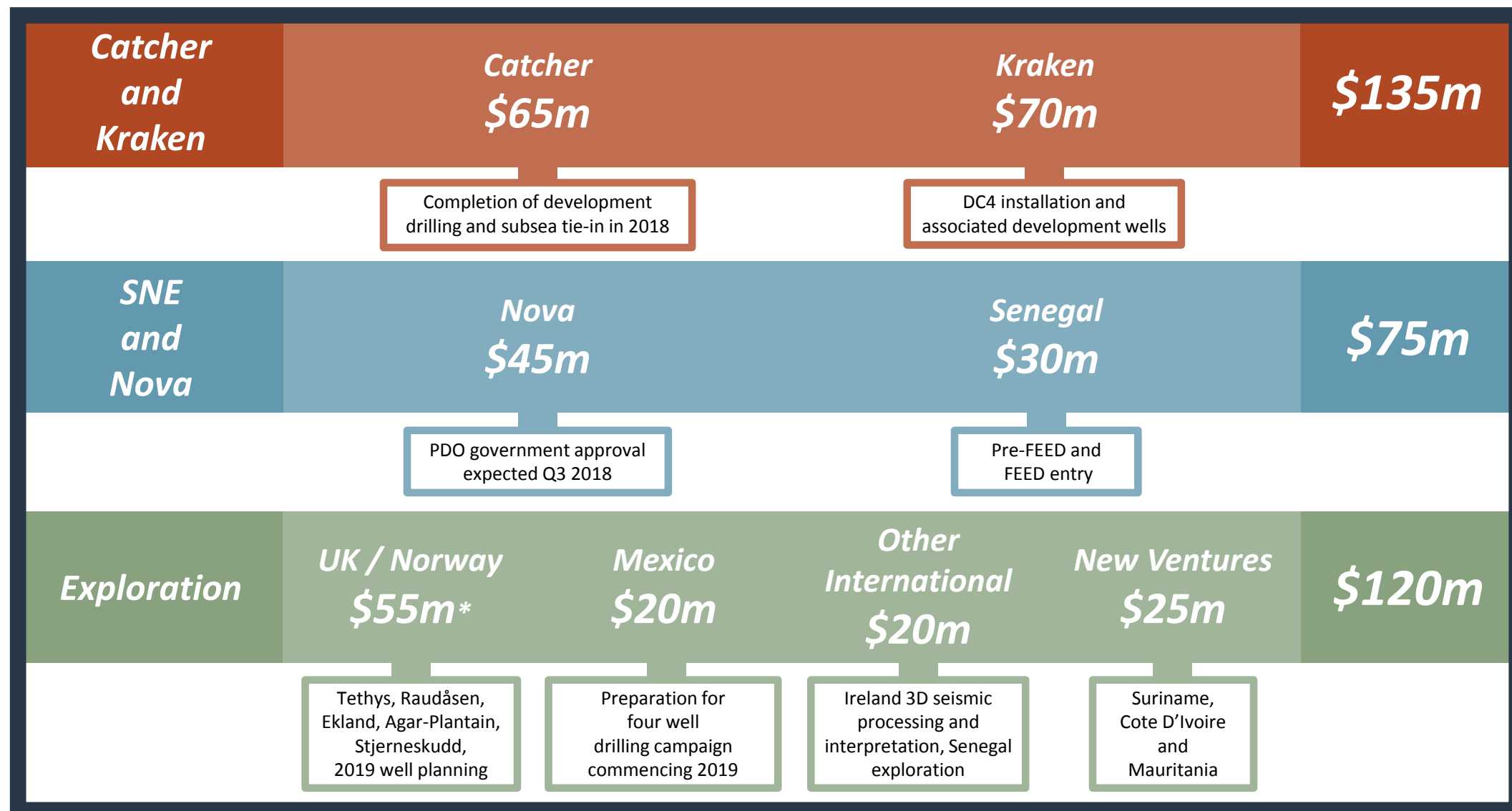
* Weighted average floor and ceiling prices

** Production net of the FlowStream rights to production, currently at 4.5% Kraken volumes

H1 2018 Cashflow



2018 Capital Expenditure Full Year Guidance



*Net of Norwegian exploration tax rebate



Production and Development

Paul Mayland
Chief Operating Officer

Current Production – UK

Catcher

- Current production 50,000 bopd – 60,000 bopd
- Catcher (Cairn 20% WI) averaged ~27,000 boepd (gross) in H1 2018
- Production constrained in H1: gas commissioning/export was completing; testing of wells and ramp-up continued
- Production capacities from Catcher Area fields (Catcher, Varadero and Burgman) in excess 60,000 bopd
- Drilling on all three fields (18 wells total) is nearing completion – further activity likely in 2020
- Total of 8.1 mmbbls (gross) produced* and successfully offloaded
- Pricing close to Brent

Kraken

- Current production 35,000 bopd – 40,000 bopd
- Kraken (Cairn 29.5% WI) averaged ~30,700 bopd (gross) in H1 2018
- Lower production in H1 due to planned and unplanned downtime
- First production from DC4 now expected early 2019
- Additional potential on western flank being reviewed for further drilling options 2020
- Total of 10 million barrels (gross) produced* and successfully offloaded
- Pricing continues to be healthy reflecting strong global interest in Kraken crude

* Up to end August 2018

BW Catcher FPSO



Armada Kraken FPSO

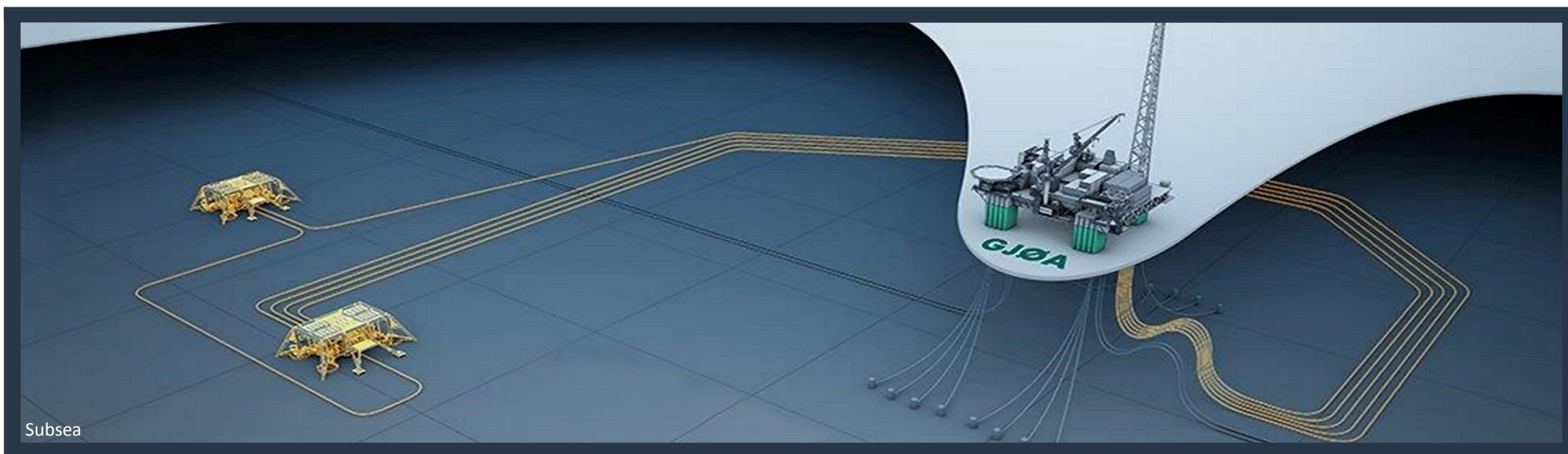


Advancing Norway – Nova Development

- Plan for Development and Operation (PDO) - Approval expected Q3 2018 from Norwegian Ministry of Petroleum and Energy
- Rig contract, SPS/SURF and Facilities contracts awarded H1 2018
 - Six subsea wells on the field commencing in H1 2020
 - Offshore modifications commence summer 2019
- First PDO submitted on the NCS in 2018 with First oil target 2021

- Field ~16 km south west of Gjøa field
- Reserves 80 mmboe*
- Peak production (net to Cairn) ~10,000 bopd with associated gas
- Third operated subsea development by Wintershall in Norway

- Project capex \$1.2bn
- Two subsea templates tied back to Gjøa platform for processing and export
- Gjøa will provide lift gas and also water injection for pressure support



* Operator estimates

Advancing Senegal – Oil and Gas Development

2018

2019

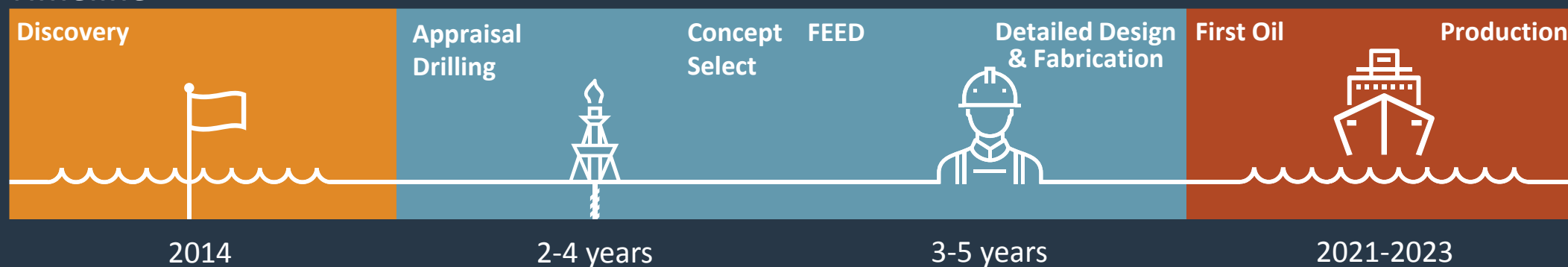


- SNE Field Development key milestones delivered:
 - Environmental and Social Impact Assessment (ESIA)
 - SNE Evaluation Report outlining basis of commerciality to Government of Senegal
- Evaluating tender responses for FPSO, MODU and subsea infrastructure (SPS/SURF) ahead of front end engineering (FEED) and sign Q4 2018
- Detailed work underway on project financing for the JV

- Consultation on ESIA ongoing during H2 2018
- JV targeting submission and approval of the Development and Exploitation Plan in H2 2018:
 - Phase 1 ~240 million barrels
 - Subsequent phases >250 million barrels
 - FPSO production capacity 100,000 bopd gross
 - Early gas export envisaged

- 2019 Final Investment Decision (FID)
- JV considering further 3D seismic in 2019
- First Oil 2021-2023, most likely 2022:
 - Gas likely to form part of Phase 1 after ~2 years
 - Subsequent phases anticipated 2-4 years after Phase 1

Timeline



Advancing Senegal Development – Evaluation Report

Phase 1 240 mmbbls

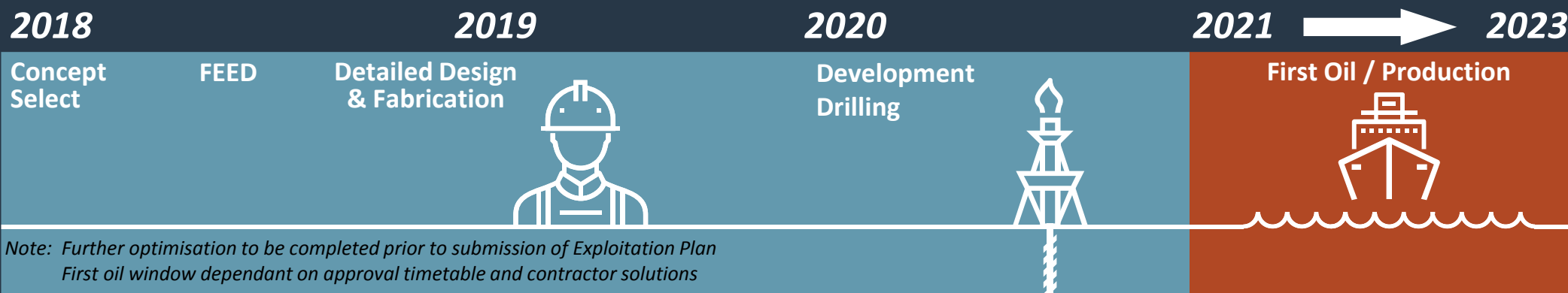
- Wells
 - 12 Producers
 - 12 Water Injectors
 - 2 Gas Injectors
- FPSO
 - A number of FPSO solutions are available
 - Moored in 800m WD at east side of SNE field
- Subsea
 - Central Branch
 - Northern Branch
- Gas Export
 - Provision of gas export riser capacity; potential early export

Phase 2 ~130 mmbbls

- Wells
 - 8 Producers
 - 8 Water Injectors
 - 2 Gas Injectors/Producers
- FPSO Expansion
 - Additional gas handling facilities
- Subsea
 - Southern Branch
- Gas Export
 - Export expansion

Phase 3 ~120 mmbbls

- Wells
 - 7-8 Producers
 - 7-8 Water Injectors
- Subsea
 - North Edge Branch
 - FAN tie-back when SNE facility ullage available



Advancing Senegal Development – Exploitation Plan

Exploitation Plan

- Life of field development of SNE area within the RSSD PSC
- Technology consistent with that outlined in the ESIA
- Both oil and gas development planned
- Project Execution Strategy including contracting and local content
- Target Phase 1 capex < \$3bn

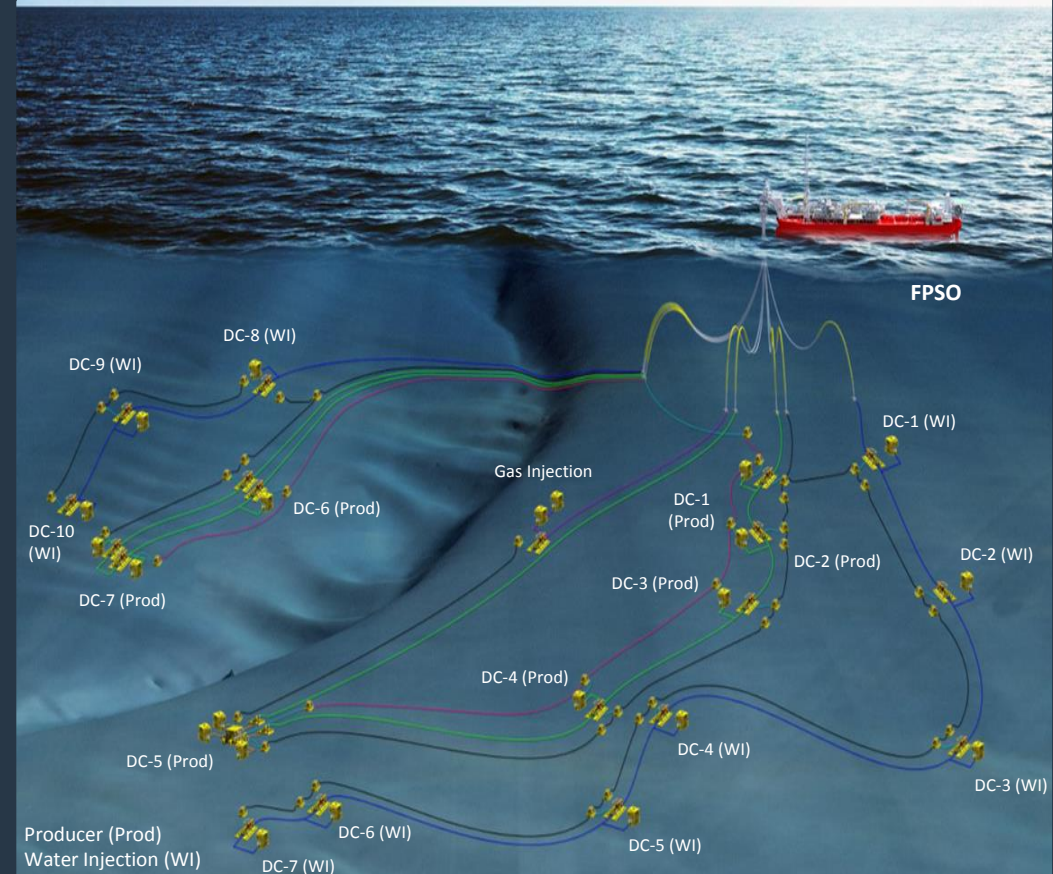
Approval Timeline

- PSC allows 3 month review from submission
- FEED will run concurrent with engagement and approval timeline
- Exploitation Licence required prior to financing finalisation and FID

Transfer of Operatorship

- Transfer of Operatorship to Woodside expected to be completed before year end

SNE Development Schematic





Exploration
Eric Hathon
Exploration Director

Cairn Portfolio Growth – Increased Diversity

Eight countries weighted towards
Emerging and Frontier opportunities

Focus on plays with
High Impact potential

Ability to manage: Geography; Play type

Shallow /
Mid Water

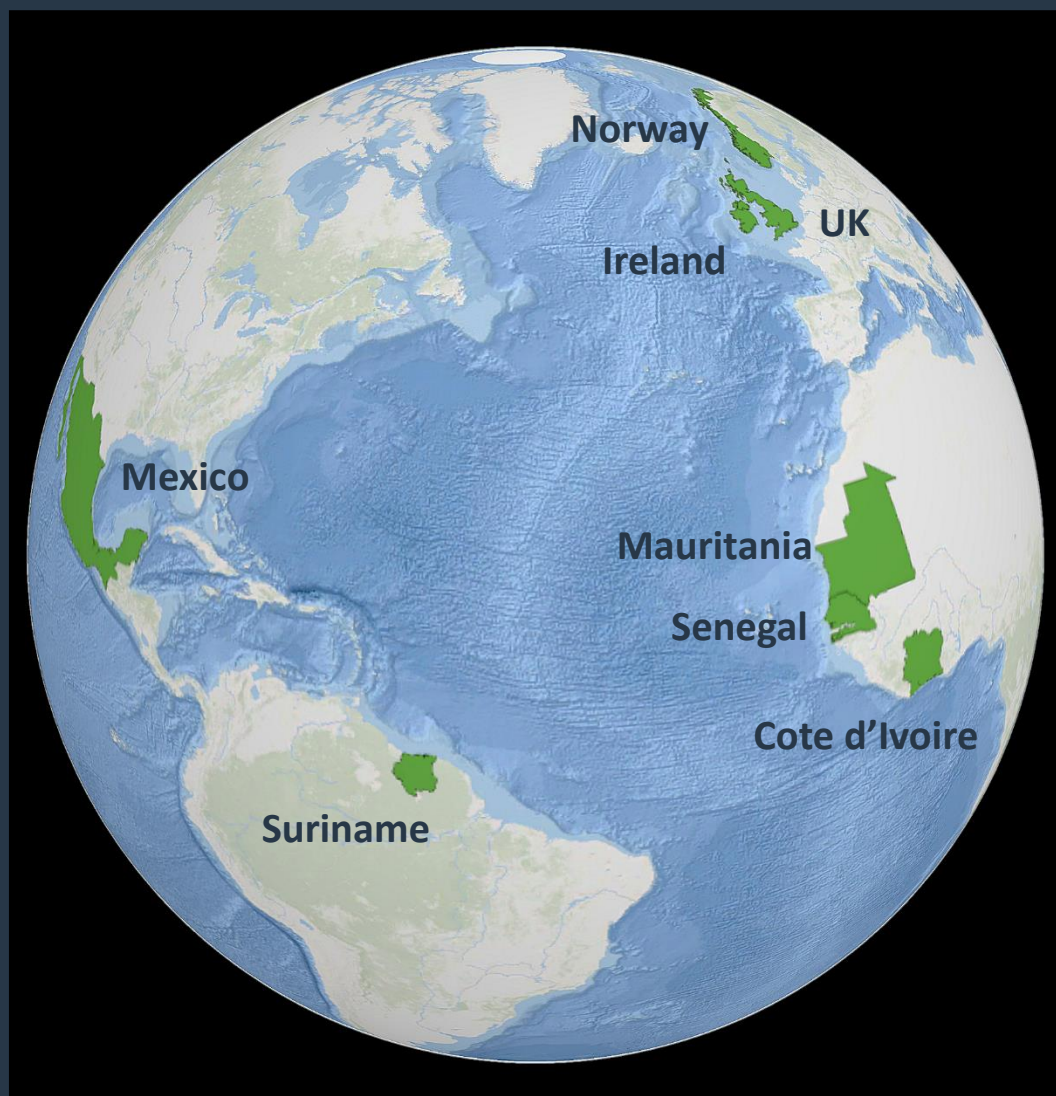
UK
Norway
Mexico
Suriname

Deep Water

Senegal
Ireland
Mauritania
Suriname

Onshore

Cote d'Ivoire



Latin America

Mexico: Emerging



Mexico

- 2,080 km² total acreage
- Two operated blocks, one non-operated

Block 15

- Cairn 50% (Operator), Citla 50%
- Seismic purchase commitment

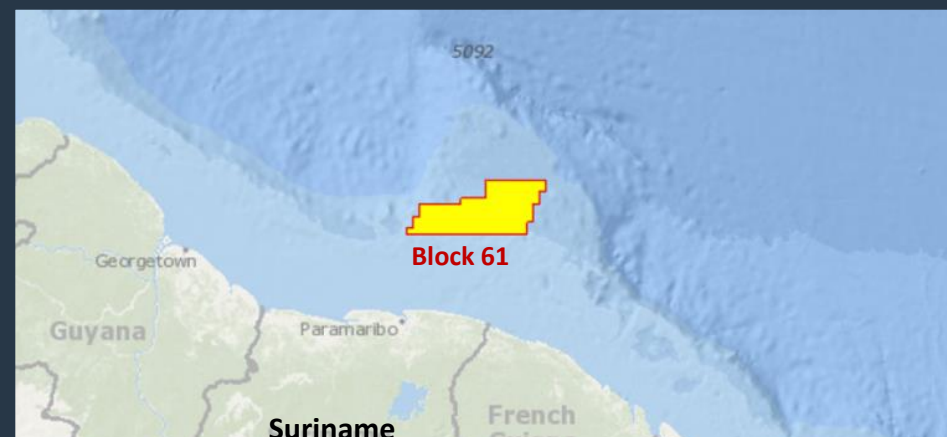
Block 9

- Cairn 65% (Operator), Citla 35%
- First exploration well 2019

Block 7

- Cairn 35%, ENI 35% (Operator), Citla 25%
- First exploration well 2019

Suriname: Emerging

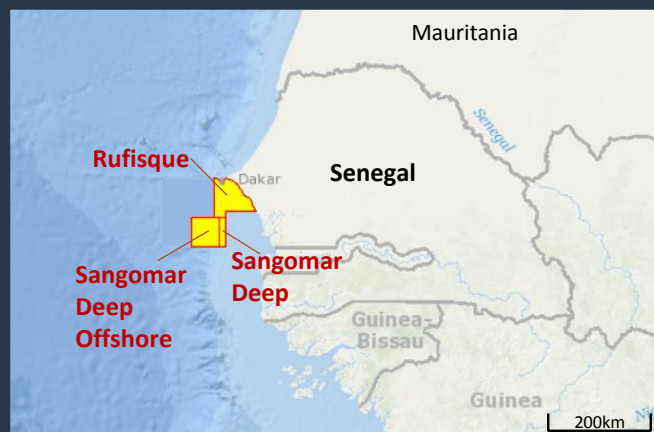


Block 61

- 11,800 km² total acreage
- Cairn 100% (Operator)
- Conjugate to SNE field in Senegal
- Entry into frontier area with multiple wells offering high impact potential
- Water depth 80m – 1,100m
- Seismic acquisition commitment
 - 4,150 km 2D initially
 - Anticipated Q4 2018 – Q1 2019

West Africa

Senegal: Emerging

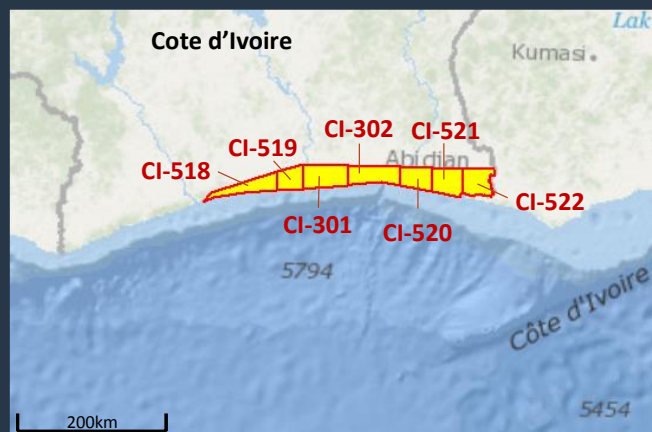


RSSD Blocks

(Rufisque, Sangomar, Sangomar Deep)

- 7,100 km² total acreage
- Cairn 40% (Operator), Woodside 35%, Far 15%, Petrosen 10%
- Opportunities:
 - FAN pre-development
 - Spica exploration
- Further drilling likely when rig returns for development
- Could provide valuable tie back volumes
- High definition 3D seismic acquisition planned

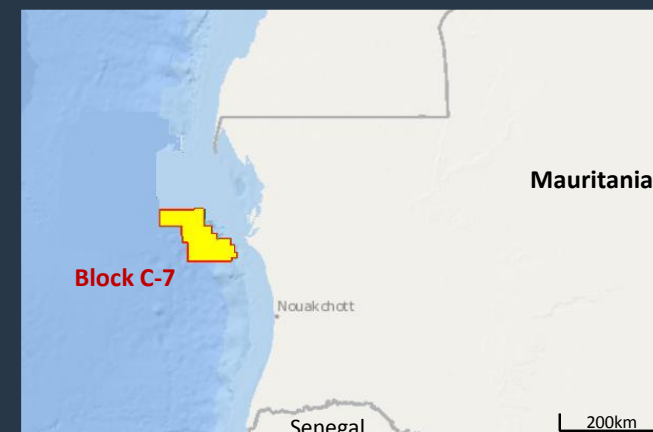
Cote d'Ivoire: Frontier



Blocks: CI-518, CI-519, CI-520, CI-521, CI-522, CI-301, CI-302

- 8,600 km² total acreage
- Cairn 30 % WI, Tullow 70% (Operator)
- Entry into continental rift play with leader in African rift exploration
- High impact volume potential
- Clear path to commerciality
- Geophysical acquisition program initially
 - Full Tensor Gradiometry (FTG)
 - 2D seismic acquisition 2019

Mauritania: Emerging

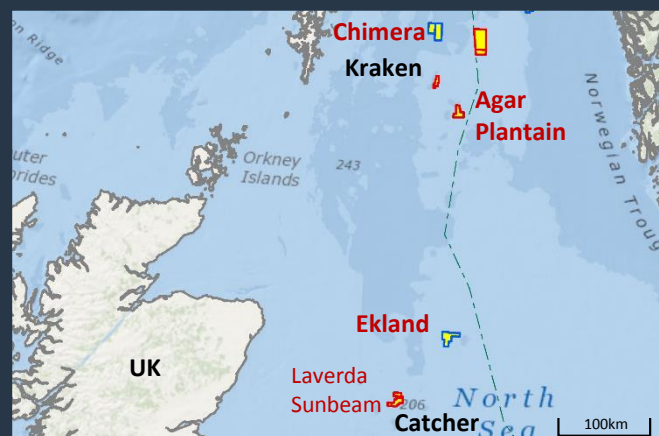


Block C-7

- 7,000 km² total acreage
- Total 90% (Operator), SMH 10%
- Option to acquire 30% WI from Total following seismic evaluation
- Proven oil province
- 3,800 km² newly acquired 3D seismic
- 2,900 km² reprocessed 3D seismic
- Cretaceous turbidite fan play

Europe

UK: Mature



Ekland Well (P1763)

- Currently drilling
- Cairn 45% (Operator), Petrogas 25%, Zennor 30%

Plantain and Agar wells (P1763)

- Currently drilling
- Cairn 50%, Azinor 25% (Operator), Faroe 25%
- Analogous to Frosk, Volund fields
- Option to operate

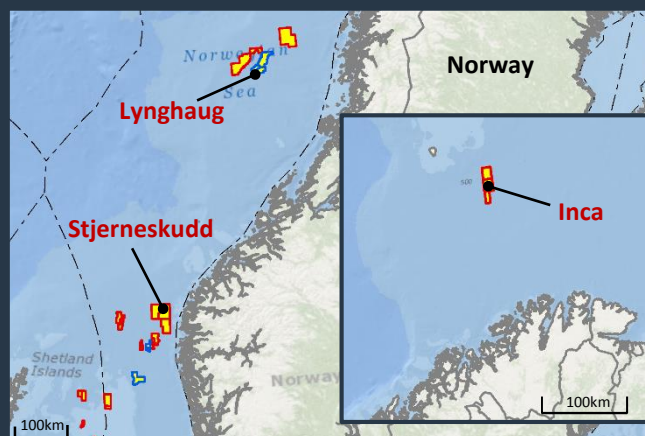
Chimera P2312

- Cairn 100% (Operator)
- One year evaluation phase
- Planning for H2 2019 well

30th Licence Round awards

- 5 new licences (3 Operator, 2 Non-op)
- 3 exploration licences Cairn 40% (Operator)
- Highly prospective in mature oil area

Norway: Mature / Emerging



2018 Stjerneskudd well Q4

- Cairn 30%, Equinor 30% (Operator), Petoro 20%, Wellesley 20%
- Agat sandstone stratigraphic test

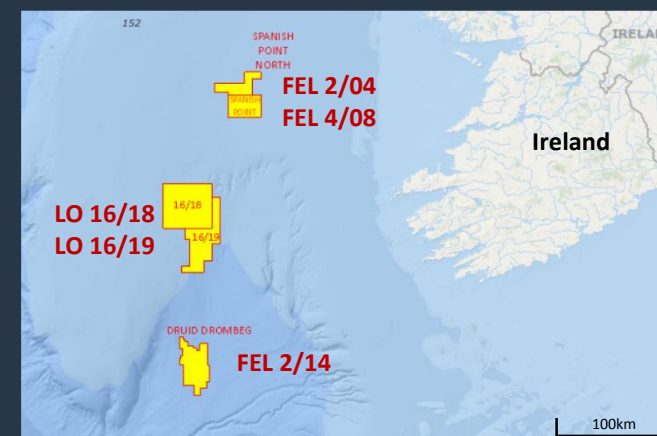
2019 Inca well Barents Sea Q3

- Cairn 15%, Equinor 45% (Operator), Aker 20%, Lundin 20%
- Multi-target test bordering two other Cairn-interest blocks

2019 Lynghaug well Q3

- Cairn 50% (Operator), Skagen 30%, Lundin 20%
- Triassic Åre sandstone test
- Potential play opener Nordland Ridge
- Multiple options for additional exploration wells

Ireland: Frontier



FEL 16/18 and FEL 16/19

- FEL 16/18 Cairn 100% (Operator)
- FEL 16/19 Cairn 70% (Operator), Europa 30%
- Maturing prospectivity on Crean 3D
- Evaluating synergies with other operators












































FEL 2/14

- Total 35% (Operator), Cairn 30%, Providence 28%, Sosina 7%
- Integrating Druid/Drombeg results into regional evaluation

FEL 2/04 and FEL 4/08

- Capricorn 38% (Operator), Providence 32%, Chrysaor 26%, Sosina 4%
- No plans to drill at this time

Active Programme Across Balanced Business

		2018				2019				2020		2021							
Firm Wells		 Norway		 UK	 UK		 Norway	 Mexico	 Mexico	 Norway	 Mexico								
		 Norway		 UK	 Norway			 UK		 Mexico									
							 Norway												
Contingent Wells							 UK	 Norway	 Norway	 UK	 UK	 Senegal	 Norway	 Norway	 Senegal	 Mauritania	 Ireland	 Mexico	
												 Cote d'Ivoire							
3D Seismic		 Ireland	 Mauritania				 Senegal												
2D Seismic					 Suriname			 Cote d'Ivoire											
Contingent Seismic							 UK			 Mexico		 Cote d'Ivoire	 Suriname						
FTG Survey			 Cote d'Ivoire																

Timings may vary

A large offshore oil rig is silhouetted against a dramatic sky at sunset or sunrise. The rig's complex lattice structure and tall cranes are prominent. The sun is low on the horizon, creating a bright glow and reflecting on the calm water. In the foreground, the silhouette of a worker wearing a hard hat and safety vest is visible on the right, looking out towards the rig. The overall mood is industrial and serene.

Conclusion

Simon Thomson
Chief Executive Officer

Summary

Consistent Strategic Delivery Value Creation

Balanced Full
Cycle E&P
Business

Current
Production
plus
Future
Development
Growth

Significant
Opportunities
from
Exploration
Portfolio

Funding
Flexibility

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