



FOR IMMEDIATE RELEASE

17 December 2020

CAIRN ENERGY PLC ("Cairn")

Return of US\$250 million to shareholders following sale of Senegal assets

Cairn is pleased to announce that all Government and third-party approvals required under the Sale and Purchase Agreement in relation to the sale of all of its interests in Senegal to Woodside have been received and completion is expected to take place prior to the end of the year. Under the terms of the agreement, cash received by Cairn at completion is expected to be approximately US\$525 million, comprising the US\$300m acquisition consideration and a US\$225 million reimbursement of expenditure incurred on the sale assets since 1 January 2020.

A further payment of up to US\$100 million will be payable to Cairn if certain conditions are met relating to the date of first production from the Sangomar development and the prevailing oil price at that time.

Proposed Return of Cash to Shareholders

Following completion of this sale, Cairn will pay a special dividend of 32 pence per eligible ordinary share amounting to a return of approximately US\$250m or £188m to shareholders and complete a consolidation of Cairn's ordinary share capital. The special dividend is expected to be paid on 25 January 2021 to those on the register on 8 January 2021.

The Share Consolidation will reduce the number of Cairn's issued ordinary shares by an amount that reflects the value of the Return of Cash to Shareholders relative to the market capitalisation of Cairn prior to the Return of Cash. The aim of this is to ensure, so far as possible, the market price of an ordinary share remains approximately the same before and after the Proposed Return of Cash and to maintain comparability of historical and future per share data. The Share Consolidation will reduce the number of ordinary shares in Cairn which shareholders own, but not the proportion (subject to allowance for fractional entitlements).

Circular to Shareholders

Cairn is today posting a circular to Shareholders in connection with the Return of Cash. The Circular contains a notice convening a General Meeting of Cairn Shareholders where Shareholders will be asked to approve the Return of Cash and Share Consolidation. The General Meeting will be held at Cairn's head office at 50 Lothian Road, Edinburgh EH3 9BY at 9.00 a.m. on 8 January 2021.

As a result of the current COVID-19 pandemic and the legislative measures and associated guidance introduced by the Scottish and UK governments in response, for the safety of our Shareholders, our employees, our advisers and the general public, the General Meeting will be held as a closed meeting. Attendance by Shareholders at the General Meeting in person will not be possible and Shareholders or their appointed proxies (other than the chair of the General Meeting) will not be permitted entry to the General Meeting. Further information on the arrangements for the General Meeting is set out in Part I of the Circular.

The Circular will shortly be available for viewing on the investors section of Cairn's website at www.cairnenergy.com/investors. A copy of the Circular will also be submitted to the National Storage Mechanism and will shortly be available for inspection on its website at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

Key dates

Latest time and date for receipt of Electronic Proxy Instructions, Form of Proxy or CREST Proxy Instruction in respect of General Meeting	9.00 a.m. on 6 January 2021
---	-----------------------------

Expected time and date Share Consolidation ratio will be announced	7.00 a.m. on 7 January 2021
General Meeting	9.00 a.m. on 8 January 2021

Latest time and date for dealings in Existing Ordinary Shares	4.30 p.m. on 8 January 2021
---	-----------------------------

Record Time for entitlement to the Special Dividend and to determine the Existing Ordinary Shares subject to the Share Consolidation (Existing Ordinary Share register closed and Existing Ordinary Shares disabled in CREST)	6.00 p.m. on 8 January 2021
---	-----------------------------

Listing of the New Ordinary Shares (marked ex-entitlement to Special Dividend) 8.00 a.m. on 11 January 2021

Dealings in the New Ordinary Shares commence and enablement in CREST in respect of uncertificated New Ordinary Shares 8.00 a.m. on 11 January 2021

Despatch of share certificates in respect of certificated New Ordinary Shares 25 January 2021

Payment of Special Dividend to Eligible Shareholders 25 January 2021

Notes to Editors

Unless otherwise stated, defined terms set out in this announcement have the same meaning as in the Circular posted to Shareholders today.

Enquiries

Analysts/Investors

David Nisbet, Corporate Affairs

Tel: 0131 475 3000

Media

Linda Bain, Corporate Affairs

Tel: 0131 475 3000

Patrick Handley/David Litterick, Brunswick Group LLP

Tel: 0207 404 5959

About Cairn Energy PLC

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 in the UK North Sea. Cairn has its headquarters in Edinburgh, Scotland, supported by operational offices in London and Mexico.

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