



**FOR IMMEDIATE RELEASE**

**27 March 2020**

**CAIRN ENERGY PLC (“Cairn”)**

**Operational Update – 2020 Reduced Capital Expenditure**

Further to its Preliminary Results disclosure on March 10, 2020 and in light of current market conditions, Cairn is proactively reviewing each of its assets and related capital expenditure programmes. Significant reductions and deferrals have already been identified for the 2020 programme, representing an overall 23% reduction in capital expenditure for the year. Further initiatives relating to the whole forward programme are under active discussion with joint venture partners and other stakeholders. These changes are not expected to impact our previously disclosed production and production cost guidance for 2020.

**Simon Thomson, Chief Executive Officer, Cairn Energy PLC said;**

*“The health and safety of our staff and contractors remains our primary focus in these challenging times. We have also moved quickly to adjust our forward capital programme to current market conditions.*

*Our balance sheet remains strong and we are proactively reviewing options for further capital expenditure savings and deferrals, whilst retaining the financial flexibility to add value on an ongoing basis.”*

**Producing Assets**

- Planned 2020 capital expenditure on the UK producing assets is expected to be below US\$45 million, reduced from the original forecast of US\$65 million as a result of cost savings identified and the deferral of certain activities planned for the Catcher fields.

**Development Assets**

- The Sangomar joint venture partnership is working collaboratively to assess several substantial initiatives to reduce and re-phase capital expenditure on the Sangomar Development Project. At this stage, based on initiatives already identified, Cairn’s expectation is that net capital expenditure on Sangomar in 2020 will be below US\$330 million, reduced from the original forecast of US\$400 million. A broader review of capital expenditure for 2020 and future years is ongoing with the joint venture, and an update on the results of that will be provided in due course.

## Exploration

- All forward capital expenditure on exploration and appraisal activity is now deferred with the exception of ongoing operations on the Eni operated Ehecatl well in Mexico. Capital expenditure on exploration in 2020 is now anticipated to be approximately US\$100million, reduced from the original forecast of US\$150 million.

The Company remains well funded from existing sources of financing:

- 2020 opening cash position of US\$255 million (proforma for the sale of the Group's Norwegian subsidiary which completed in February).
- Cashflows from UK production, which is expected to be in the range of 19,000-23,000 bopd in 2020 with 36% of mid case production hedged at US\$62/bbl Brent and a targeted all-in production cost of below US\$20/boe.
- Undrawn US\$575 million reserves-based lending facility, which includes an "accordion" option to increase lending commitments by up to an additional US\$425 million on the inclusion of Sangomar in the borrowing base assets. An update on the actual additional debt capacity determined by the inclusion of Sangomar in the facility will be provided as discussions with lenders progress.

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**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 and development assets. Cairn has its headquarters in Edinburgh, Scotland supported by operational offices in London, Senegal and Mexico.

For further information on Cairn please see: [www.cairnenergy.com](http://www.cairnenergy.com)