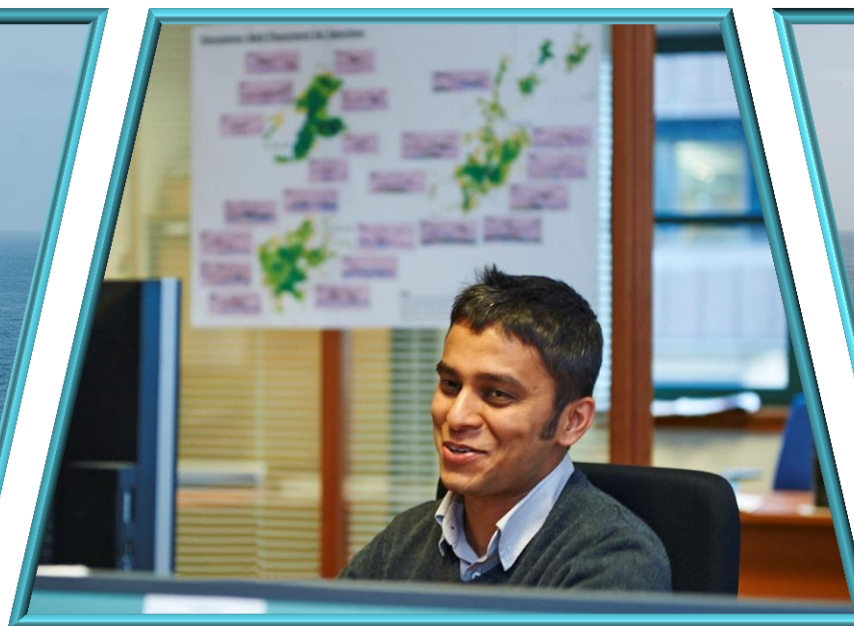


# Half-Year Results Presentation

August 2014



# Disclaimer



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These materials contain forward-looking statements regarding Cairn, our corporate plans, future financial condition, future results of operations, future business plans and strategies. All such forward-looking statements are based on our management's assumptions and beliefs in the light of information available to them at this time.

These forward-looking statements are, by their nature, subject to significant risks and uncertainties and actual results, performance and achievements may be materially different from those expressed in such statements. Factors that may cause actual results, performance or achievements to differ from expectations include, but are not limited to, regulatory changes, future levels of industry product supply, demand and pricing, weather and weather related impacts, wars and acts of terrorism, development and use of technology, acts of competitors and other changes to business conditions.

Cairn undertakes no obligation to revise any such forward-looking statements to reflect any changes in Cairn's expectations with regard thereto or any change in circumstances or events after the date hereof.



Simon Thomson  
Chief Executive

- 
- Fully funded to deliver balanced exploration and development programme through to free cash flow from 2017
  - Disciplined allocation of capital:
    - Active drilling programme over the next twelve months
    - Future exploration expenditure to target emerging and mature basins
    - Significant organisation restructure to retain core technical skills with a substantial reduction in fixed costs
  - India – taking all necessary steps to protect shareholders' interests



- Cairn continues to seek resolution to the tax issue in India and will take all measures to protect shareholders interests
- While interactions are ongoing with the Indian Income Tax Department, Cairn is currently unable to access the value of its ~10% residual shareholding in Cairn India Limited, valued at ~US\$1.1b at 30 June 2014
- Cairn has not received a tax assessment or demand from the Indian Tax Department
- Cairn has re-confirmed with its advisers that throughout its history of operating in India the Company has been fully compliant with and paid applicable taxes under the legislation in force at the time
- June 2014 new BJP Government in Delhi
- July 2014 Government of India Budget

- Core development/production projects deliver strong returns and underpin a sustainable strategy
  - Catcher and Kraken on track for first oil from 2016/2017, with peak net (to Cairn) production of ~25,000 boepd
- Seven wells over the next twelve months
- Future material exploration focused on emerging and mature basins
  - North West Europe with extensive portfolio
  - Entry into the Barents Sea with Ensis farm-in and strategy to grow
- Significant frontier acreage position, with limited capital spend following current programme and intention to leverage success, farm-down and partner as appropriate
  - Senegal operations ongoing

- 
- Delivering a balanced, self-funding portfolio across the E&P asset lifecycle
  - Sustaining cash flows
  - Delivering exploration potential
  - Continued focus on appropriate equity interests
  - Continue historic track record of returning value to shareholders, where appropriate





James Smith

Chief Financial Officer



# Funding Update



- 
- \$1,074m cash at 30 June 2014
  - \$575m seven year Reserve Based Lending bank facility (currently undrawn)
  - \$300m\* H2 2014 capex (development and exploration)
  - \$110m\* indicative exploration programme in 2015 (including wells deferred from 2014 programme)
  - \$1bn development capex from 2015 to 2017 (Catcher and Kraken)

# Capital Expenditure



Total capex 2014 \$470m \* (H1 \$170m; H2 \$300m)

	2014	2015
West Africa Frontier Exploration	\$285m <ul style="list-style-type: none"> <li>- Morocco</li> <li>- Senegal</li> <li>- Cap Boujdour (split 2014 / 2015)</li> </ul>	\$20m <ul style="list-style-type: none"> <li>- Cap Boujdour (split 2014 / 2015)</li> </ul>
NW Europe and North Atlantic Exploration	\$105m* <ul style="list-style-type: none"> <li>- Skarfjell appraisal</li> <li>- West Kraken appraisal</li> <li>- Aragon well</li> <li>- Ensis well</li> <li>- Barents Sea entry</li> <li>- Greater Skarfjell seismic</li> <li>- Spanish Point long lead</li> </ul>	\$90m <ul style="list-style-type: none"> <li>- Spanish Point deferred to 2015</li> <li>- Indicative North Sea programme</li> </ul>
Development Capex	\$80m	\$1billion 2015 - 2017

\* Net of Norwegian Tax Refunds

# Future Organisation



## Reduced Cost Base

---

- Staff consultation process underway regarding proposed restructuring of the organisation
- Retaining core E&P technical skill base and senior management expertise to deliver the forward programme
- Outsourcing of well engineering, logistics and supply chain management; commensurate reduction in support functions
- Proposed significant reduction in group headcount (employees and contractors)
- Group restructuring provision of \$7m in H1 2014 (including \$4m non-cash share based payment charge)



- 
- Fully funded, full cycle E&P business model
  - Focus on delivering core North Sea development projects to deliver cash flow
  - Active and material exploration programme with appropriate risk/reward balance
  - Disciplined allocation of capital to deliver strong economic returns





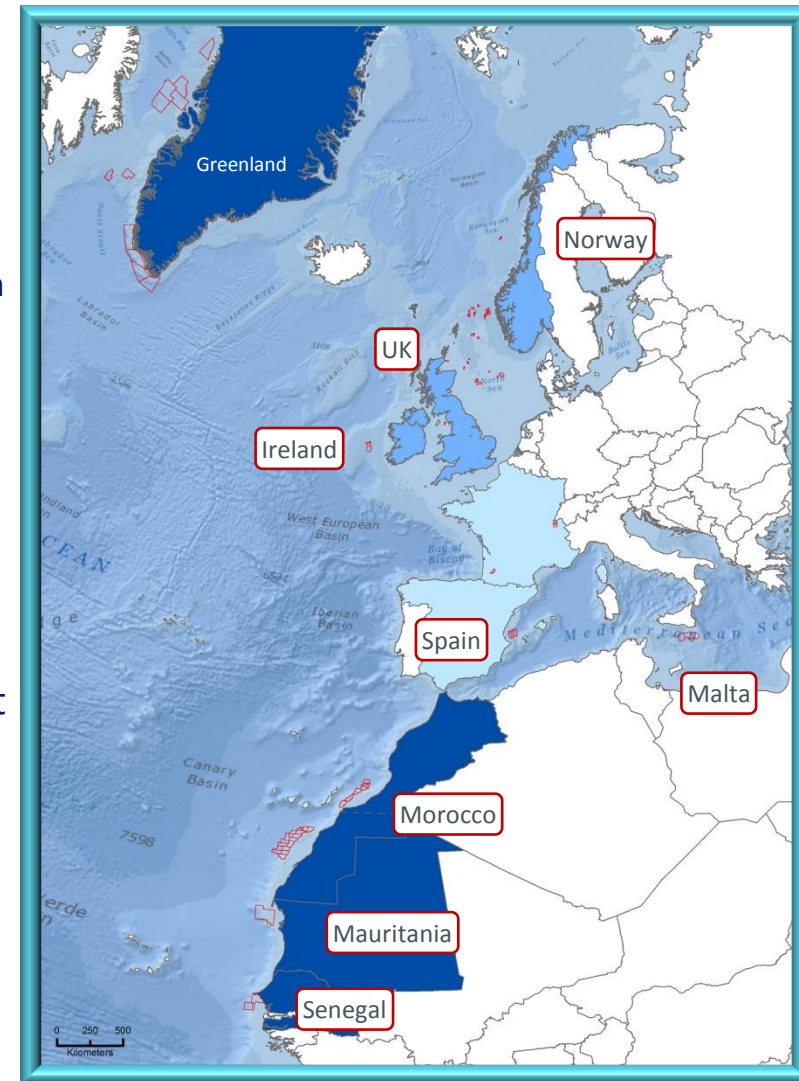
Richard Heaton

Exploration Director



# Cairn Focus Areas and Assets

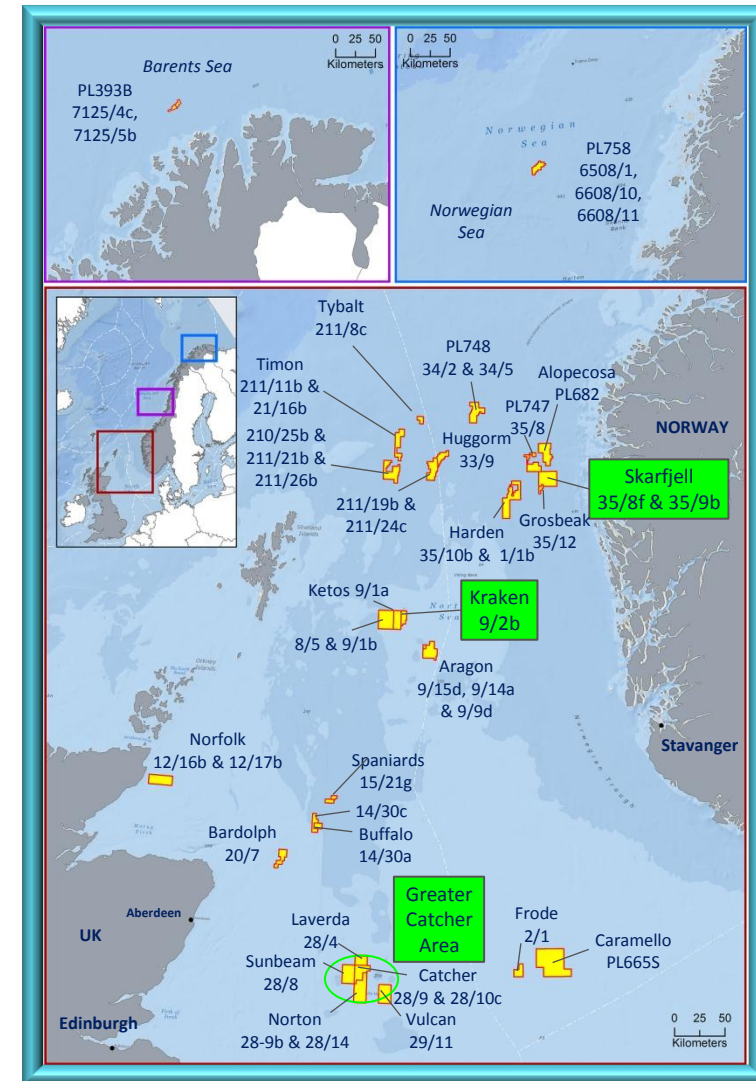
- Prospect generation and value realisation remain the core principles
  - Must be technically and commercially attractive
- Exploration efforts focussed on three main areas:
  - Overlooked plays and prospects in the emerging and mature basins in North West Europe; core development assets plus significant near term exploration acreage
  - Small Mediterranean portfolio; long lead, low cost exploration opportunities (Spain, Malta, France)
  - Frontier Atlantic Margin basins; selective frontier portfolio (offshore NW Africa, Greenland)
- New Ventures and New Business; Manage the existing portfolio, optimise and within the regions, expand selectively with low cost and long lead opportunities
- Interest in seven wells over the next twelve months
- Full cycle capability and operatorship
- Booked Reserves of 56.1 mmboe net working interest
- 64 licences





# North West Europe Expanded Regional Presence

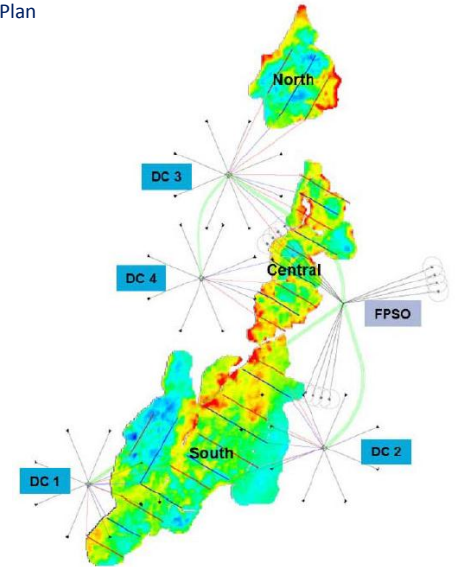
- Core developments, active drilling programme and trading of assets, expansion to new areas
- Licence rationalisation – focus on key exploration acreage
- Seeking to pre qualify as Operator in Norway
- Entry to Barents Sea emerging basin potential through farm in to Statoil acreage
- Continued participation in forthcoming bid rounds
- Core developments Kraken and Catcher with continued review of near term development and production opportunities
- Spanish Point – access to strong gas market



# North West Europe UK Developments – Kraken

- Cairn 25%, EnQuest (Op) 60% and First Oil 15%
- Booked 2P reserves of 29.5 mmboe
- £400m of Heavy Oil Field Allowances available to Cairn
- Carry of \$150m - \$240m based on reserve estimates (~\$200m based on current reserves)
- Cairn share of capex to end 2017 ~\$500m
- FPSO conversion works underway in Far East
- First two drilling templates ready for installation in H2 2014
- Finalising contractual discussions for drilling rig
- First oil estimate 2016/2017
- Significant near-field potential that will be appraised by West Kraken well in H2 2014

Development Plan



Drilling templates ready for installation



# North West Europe UK Developments – Catcher

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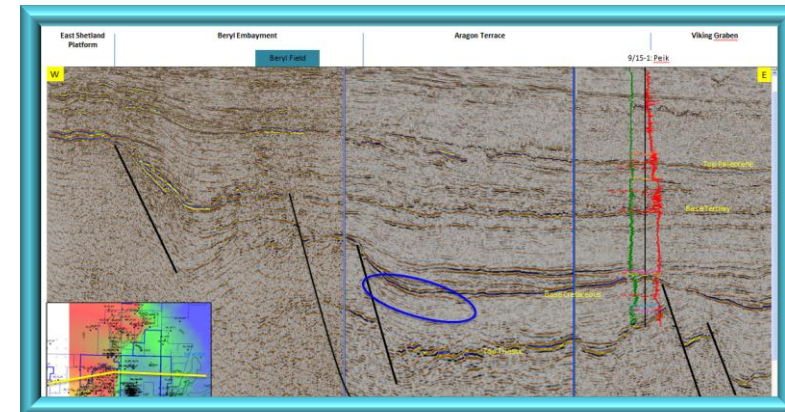
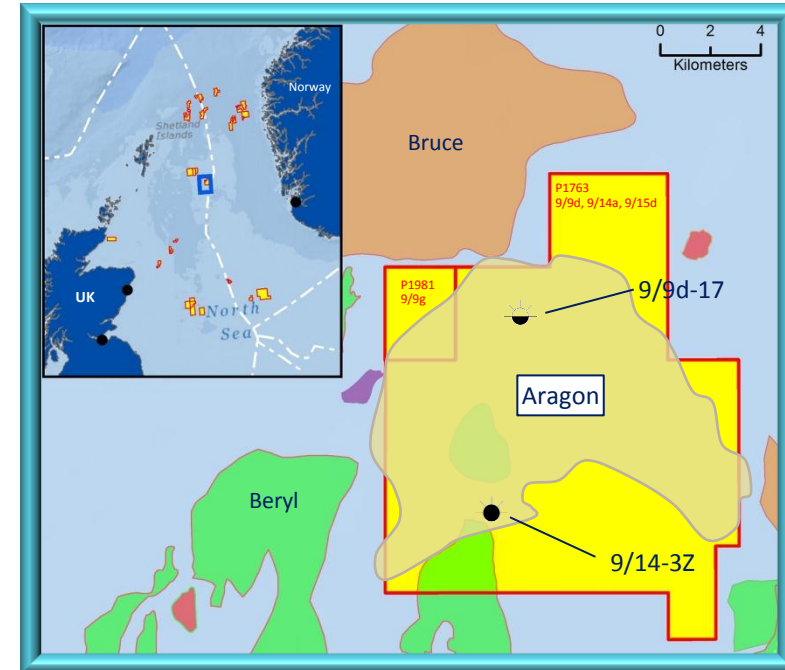


- Cairn 30%, Premier 50% (Op) and MOL 20%
- Booked 2P reserves of 26.6 mmboe, with further potential in the area
- Catcher, Burgman and Varadero fields should each qualify for the Small Field Allowance, £135m available to Cairn
- Cairn share of capex to end 2017 ~\$580m
- New build ship shape FPSO, design underway in the Far East
- Gas export tie-in preparatory subsea activities underway
- Development drilling rig and Subsea EPIC contracts awarded
- Development drilling commences 2015
- First oil targeted mid 2017



# North West Europe UK Exploration – Aragon

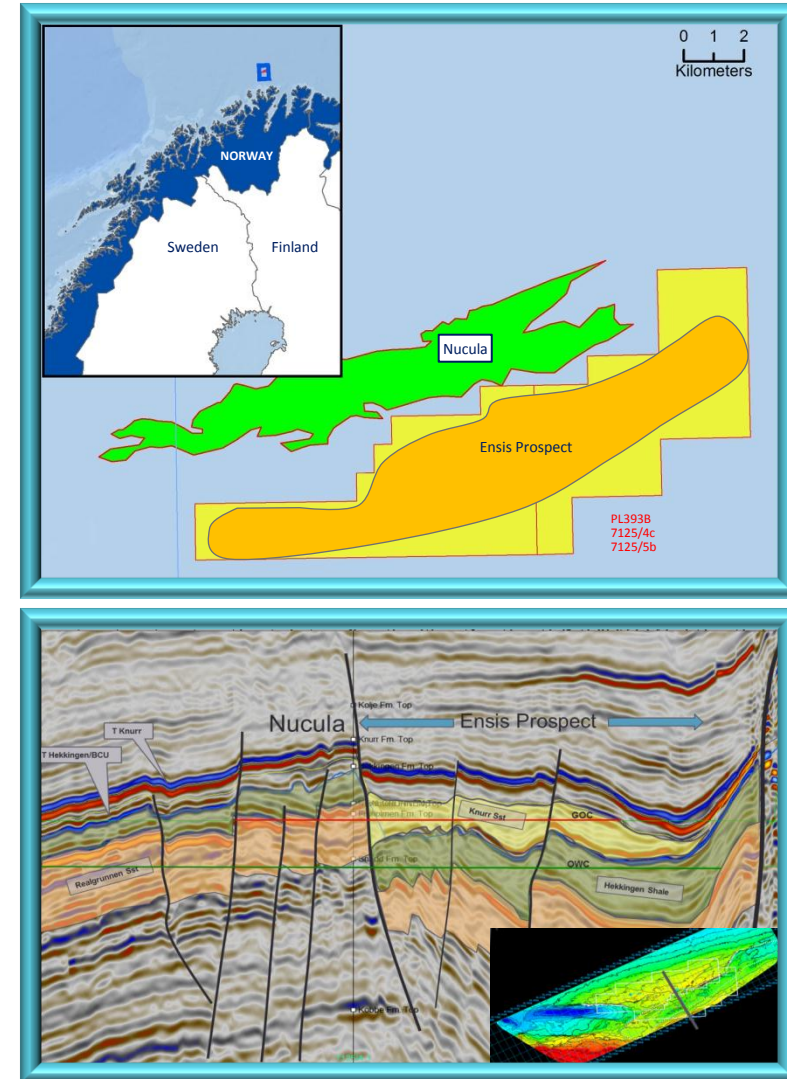
- Cairn 32.5%, MPX (Op) 20%, Bridge 13.5%, Dyas 9%, JX Nippon 25%
- Currently drilling
- Upper Jurassic stratigraphic trap
- Previously drilled and encountered hydrocarbons in the 9/14-3 and 9/9d-17 wells
- Gross Mean Unrisked Prospective Resource 101 mmboe
- 1 in 3 risk



# North West Europe

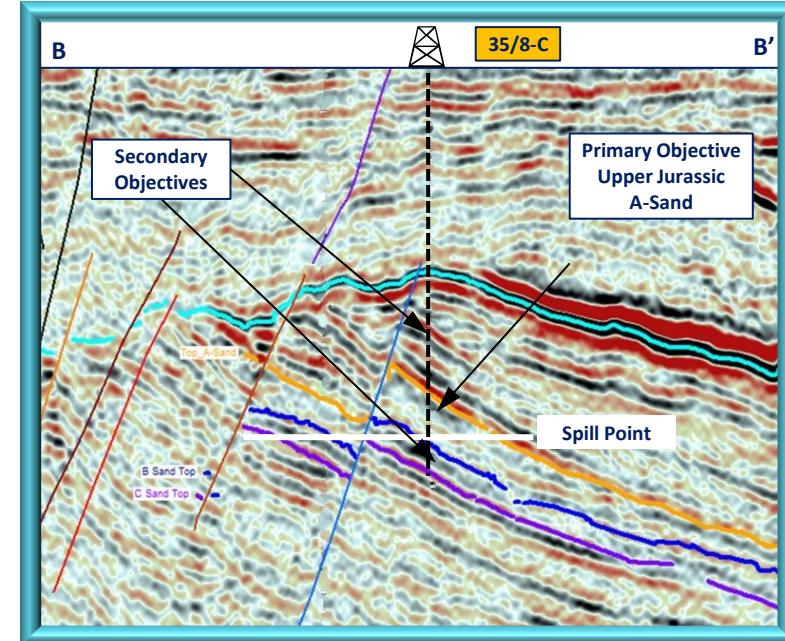
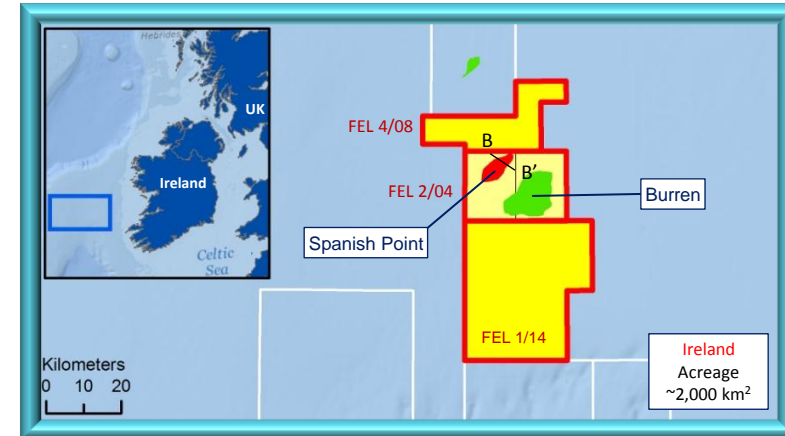
## Norway Exploration – Ensis

- Cairn 25%, Statoil (Op) 25%, Concedo 20%, Petoro 20% and OMV 10%
- Entry project for Cairn to Barents Basin
- Currently Operating
- Gross Mean Unrisked Prospective Resource 291 mmboe
- 1 in 3 risk
- Lower Cretaceous stratigraphic trap adjacent to the Nucula Jurassic discovery



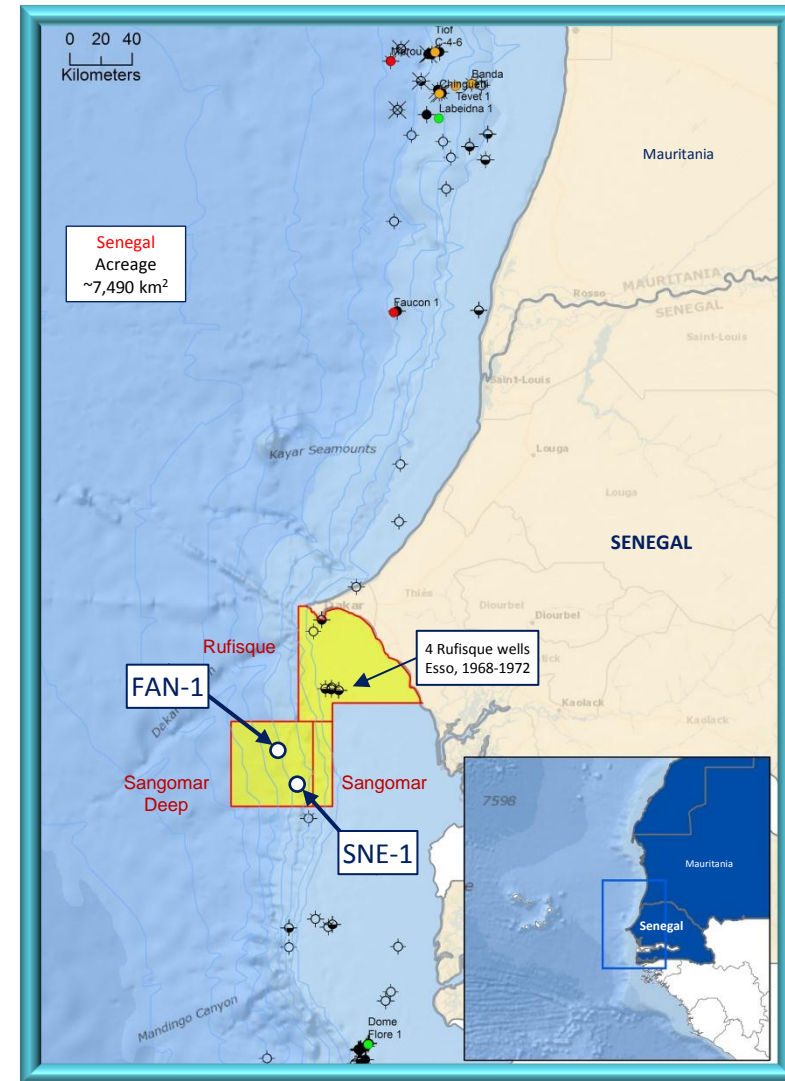
# North West Europe and North Atlantic Ireland Exploration

- Capricorn (Op) 38%, Providence 32%, Chrysaor 26% and Sosina 4%
- Spanish Point exploratory appraisal well (35/8-C) in 2015
- 35/8-C is a 2km downflank stepout well designed to appraise the Upper Jurassic A-sand and target additional reservoirs in the same fault Block as the 35/8-2 discovery well
- 3D seismic (~750 km<sup>2</sup>) in FEL 1/14 in 2014



# Atlantic Margin - North West Africa Selective Frontier Portfolio – Senegal

- Cairn operator 40% WI, Petrosen 10% WI, FAR 15% WI, ConocoPhillips 35% WI
- Proven hydrocarbon system
- Substantial acreage position ~7,490km<sup>2</sup>
- First offshore wells drilled in Senegal in 20 years
- Drilling programme modified to incorporate essential maintenance





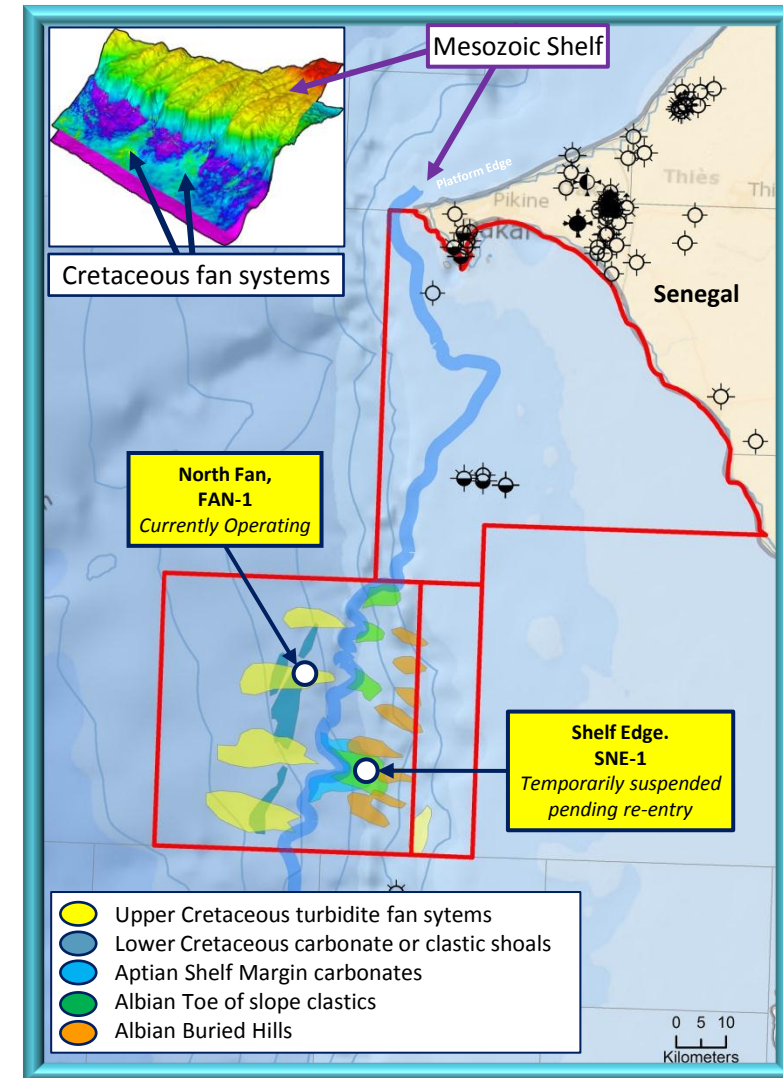
# Atlantic Margin - North West Africa Senegal – Fan and Shelf Wells

## FAN-1

- Currently operating FAN-1 well with Transocean Cajun Express
- Targeting multiple stacked deepwater fans
- FAN-1 Gross Mean Unrisked Prospective (Cairn pre-drill)
  - North Fan (H150) – 282 mmbbls
  - North Fan (H300) – 535 mmbbls

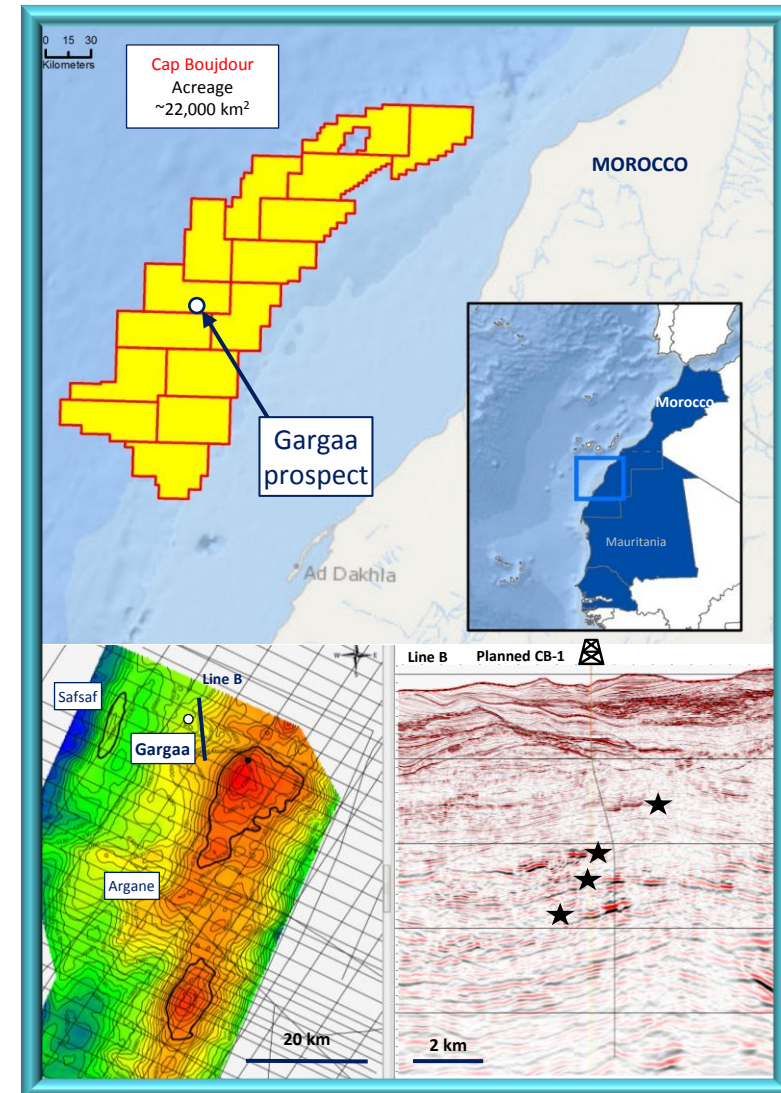
## SNE-1

- Tophole drilled; currently suspended pending re-entry
- Targeting dual objective prospect
- SNE-1 Gross Mean Unrisked Prospective (Cairn pre-drill)
  - Shelf Edge (Albian Clastics) – 182 mmbbls
  - Shelf Edge (Aptian Carbonate) – 256 mmbbls



# Atlantic Margin - North West Africa Selective Frontier Portfolio – Cap Boujdour


















- Awarded in 2011
- 5,100 km<sup>2</sup> 3D seismic survey underway
- Cap Boujdour-1 well targeted to commence Q4 2014
- Cairn estimate, Gross Mean Unrisked Prospective Resource ~1 billion boe
- 1 in 6 risk
- Significant follow up potential in multiple plays
- Water depth: 1,000metres (m) to 2,500m
- 1 previous well drilled on the platform, pervasive oil shows
- Exploration now focusing on deep water plays
- Lower Cretaceous reservoirs clearly identified on 3D seismic
- Jurassic and Lower Cretaceous source rock
- Several sizeable, on-trend, 4 way-dip prospects



# Cairn – Current and Future Operations



## 7 Potential Wells

	2014	2015	2016
Senegal, Sangomar Deep FAN-1 & SNE-1	Exploration  Exploration 	 3D Seismic Appraisal 	
Morocco, Cap Boujdour Gargaa	3D Seismic  Exploration 		
Malta, Area 3	 2D Seismic	3D Seismic 	
Ireland Spanish Point & FL 1/14	 3D Seismic	Appraisal 	
Norway, PL393B, Ensis	Exploration 	Appraisal 	
UK North Sea, P1763, Aragon	Exploration 		
UK North Sea, P1077, West Kraken	Exploration 		
North Sea, Contingent		 	

Blue - Firm Committed  
Red – Discretionary  
Purple - Contingent



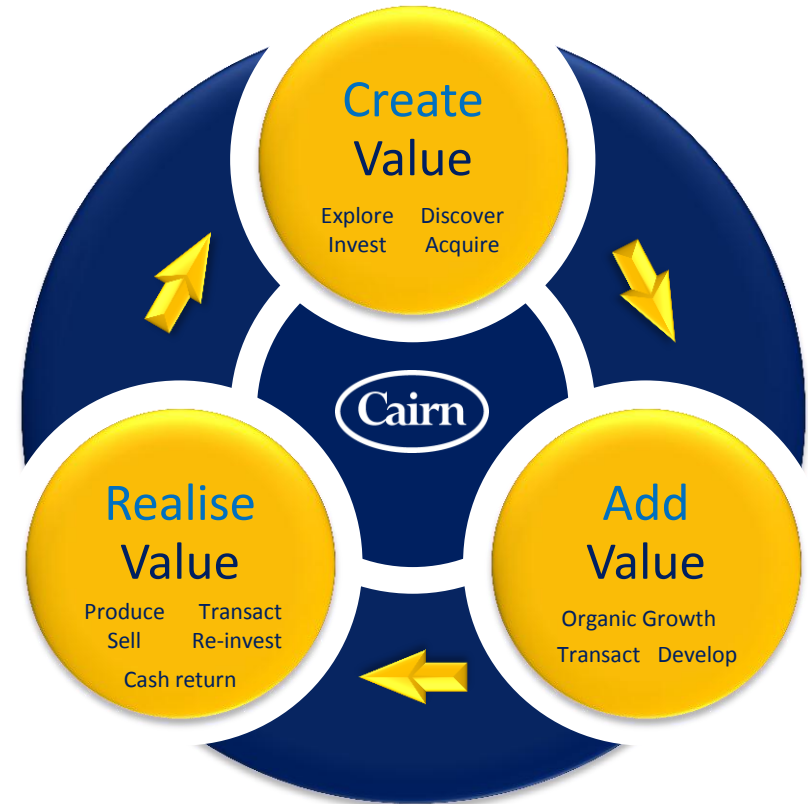


Simon Thomson

Chief Executive

# Forward Programme

- Funded to deliver current programme
- India; seeking resolution of tax issue
- Disciplined capital allocation
- Future exploration capex focused on emerging and mature basins
- Limited capex spend on frontier positions with intention to leverage success, farm-down and partner as appropriate
- Appropriate shape and size of organisation with cost reduction programme
- Active portfolio management and focus on value realisation







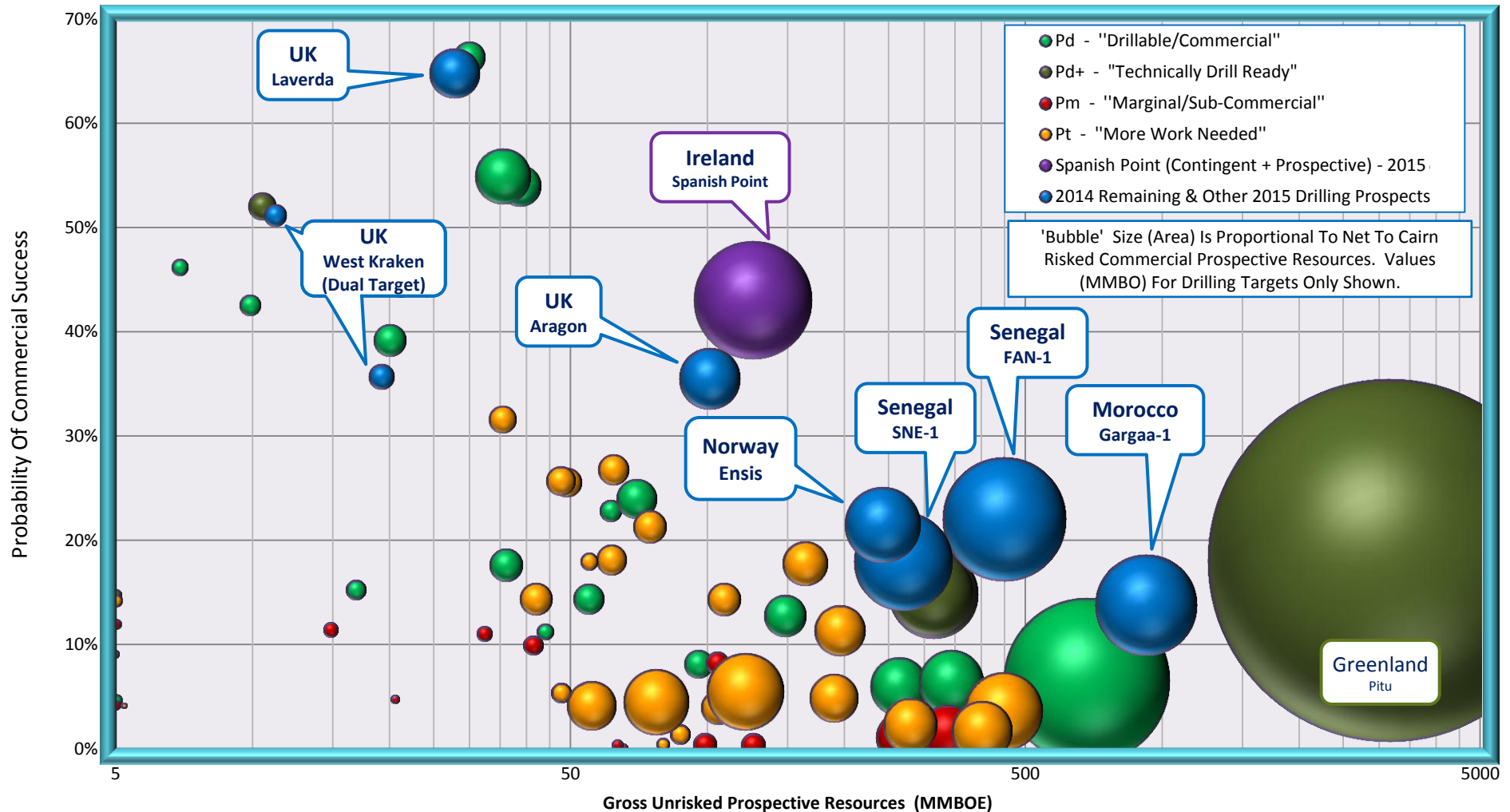
# Appendix



# Cairn Prospect Portfolio

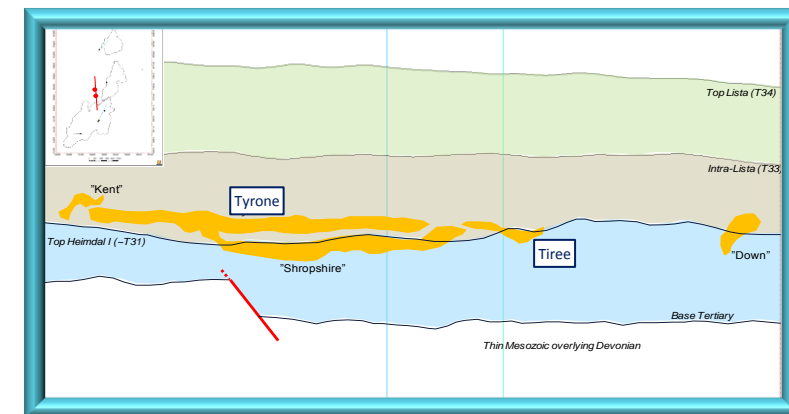
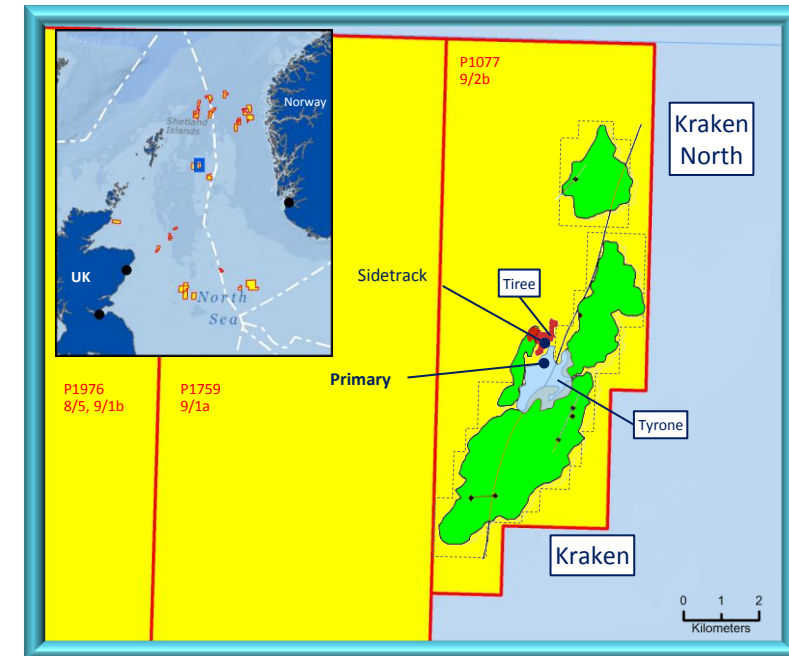


Total of 73 Prospects (177 leads)



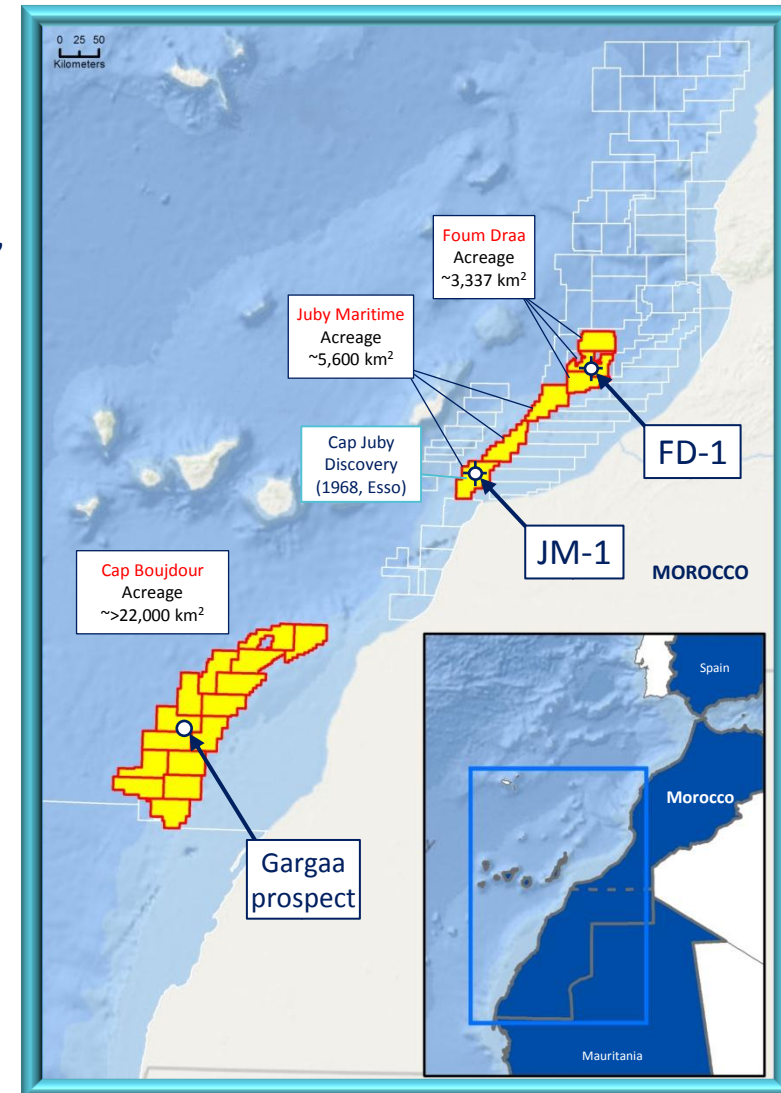
# North West Europe UK Developments – West Kraken Prospect

- Cairn 25%, EnQuest (Op) 60%, First Oil 15%
- Drilling Q3/Q4 2014
- Gross Mean Unrisked Prospective Resource 30 mmboe
- 1 in 2 risk
- Success will de-risk other satellite targets
- Early production through tie-in to Kraken development



# Atlantic Margin - North West Africa Selective Frontier Portfolio – Morocco

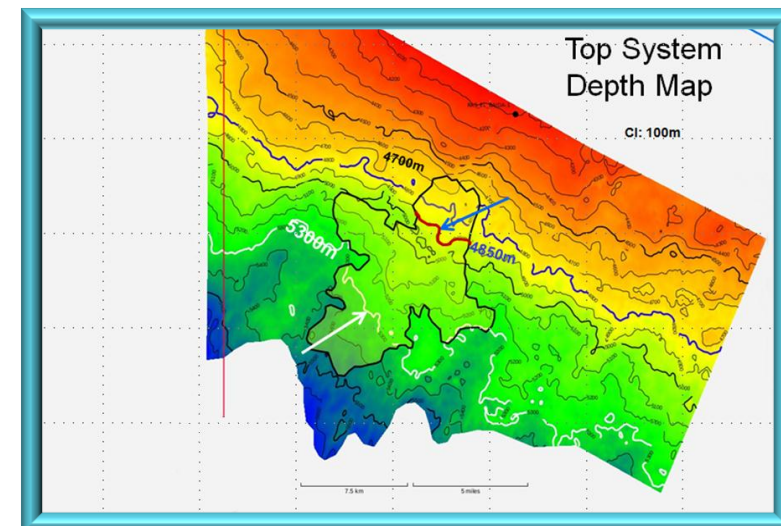
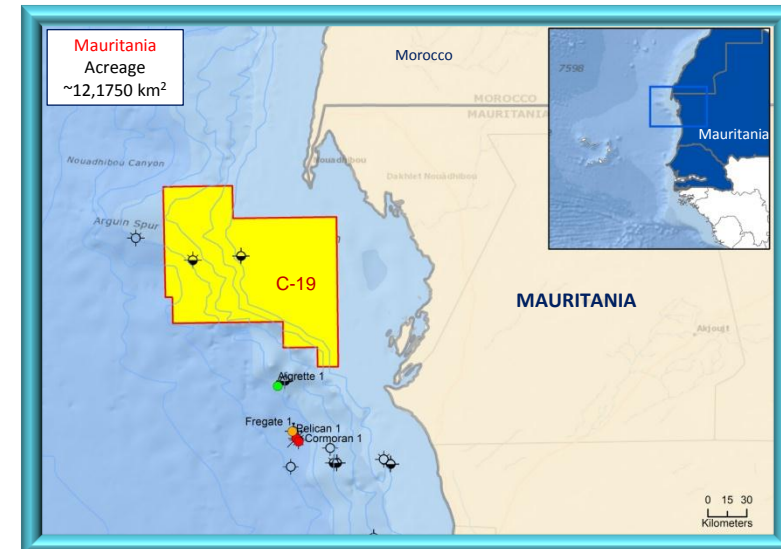
- Fout Draa:  
Cairn (Op) 50%, San Leon 14.2%, Serica 8.3%, Longreach 2.5%, ONHYM 25%
- Fout Draa FD-1 Exploration Well plugged and abandoned, examining further play concepts on acreage
- Juby Maritime: Cairn (Op) 37.5%, Genel 37.5%, ONHYM 25%
- Juby Maritime JM-1 Exploration Well plugged and abandoned without testing, well results and data evaluation continues
- Cap Boujdour: Kosmos (Op) 55%, Cairn 20%, ONHYM 25%
- Cap Boujdour non-operated Exploration Well targets prospect of ~1billion boe (Gross Mean Unrisked Prospective Resource)
  - 5,100 km<sup>2</sup> seismic Q3 2014
  - Drilling planned Q4 2014





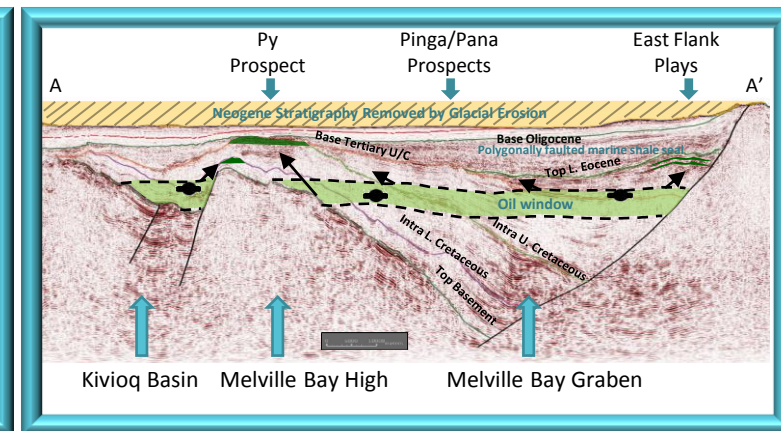
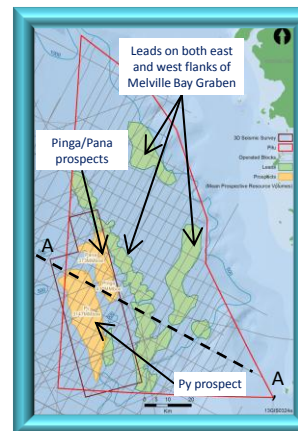
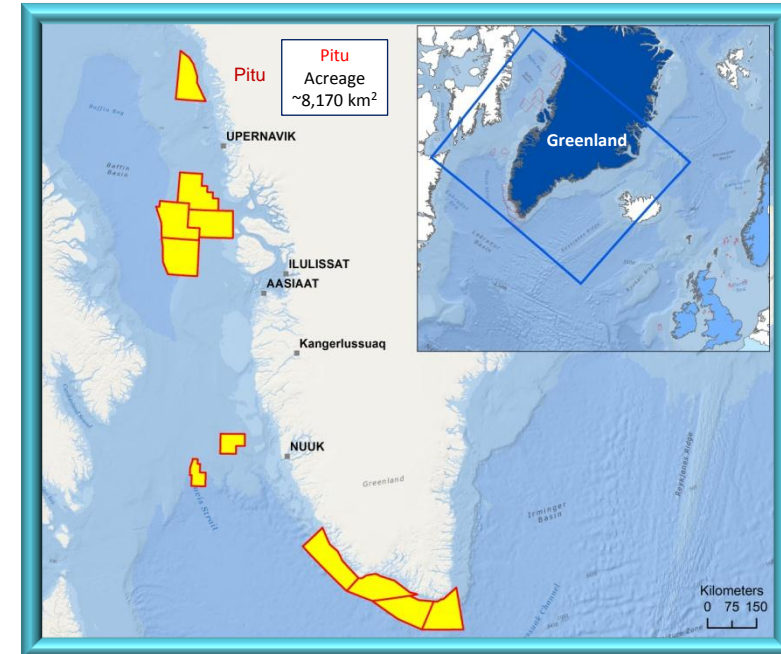
# Atlantic Margin - North West Africa Selective Frontier Portfolio – Mauritania

- Cairn 35%, Chariot (Op) 55%, SMH 10%
- Water depth: 1,000m to 1,500m
- 2 previous wells drilled on the platform, strong oil shows
- Exploration focusing on deep water plays
- Upper Cretaceous reservoirs (Maastrichtian and Campanian) identified on 3D seismic
- World class Turonian source rock mapped and modelled, in the oil window at present day



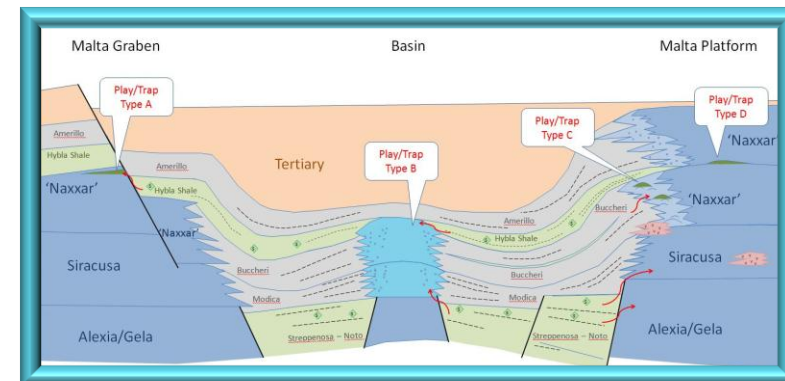
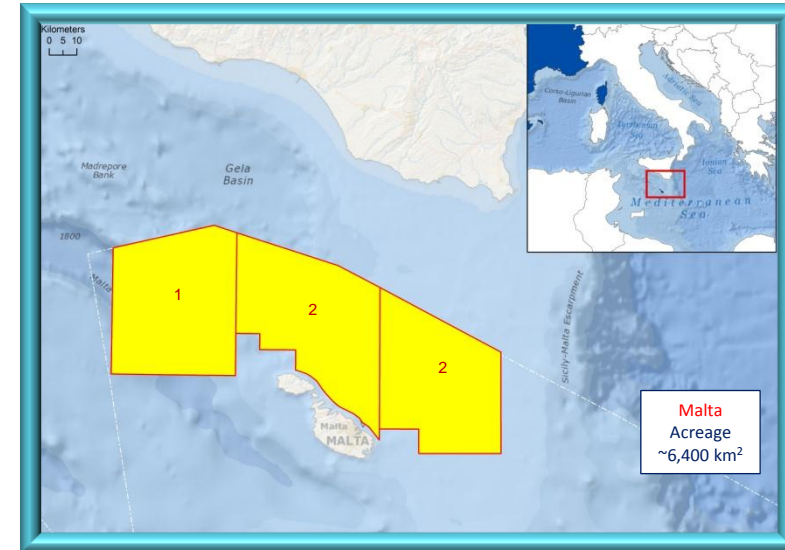
# Atlantic Margin Selective Frontier Portfolio – Pitu, Greenland

- Cairn (Op) 56.875%, Statoil 30.625%, Nunaoil 12.5% (carried)
- Water depth: 500m to 750m
- PSDM reprocessing of 2011 3D seismic
- Drill ready Py prospect is a 400+ km<sup>2</sup>, 4 way dip closure with 276m vertical relief
- Gross Mean Unrisked Prospective Resource >3 billion boe in multiple objectives
- Risk 1 in 4
- Considerable further potential on both flanks of the Melville Bay Graben



# Mediterranean Long Lead Low Cost Exploration – Malta

- Cairn (Op) 60%, Melita Exploration Ltd 40%
- ESA Area 3, Blocks 1, 2, 3 ~6,400 km<sup>2</sup>
- Acquired 1,715km 2D survey 2014
- Data processing underway
- A low-cost, staged project to establish whether the advances in seismic over the last 20 years are sufficient to confidently unravel, understand and extend the hydrocarbon discoveries in Sicily into Maltese waters







Reserves and resources (on a net working interest basis)  
A total of **56.1 mmboe** were booked  
as **2P Reserves** at **30 June 2014**



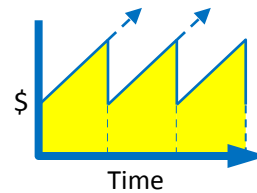
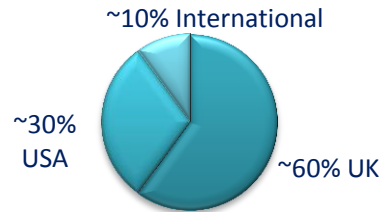
Listed London Stock Exchange since **1988**



**576,264,201** shares in circulation  
Shareholder geographic breakdown:



Historic record of value creation and return  
of capital to shareholders; **\$4.5 billion** in  
recent years



## Senior Management



**Simon Thomson**  
Chief  
Executive Officer



**James Smith**  
Chief  
Financial Officer

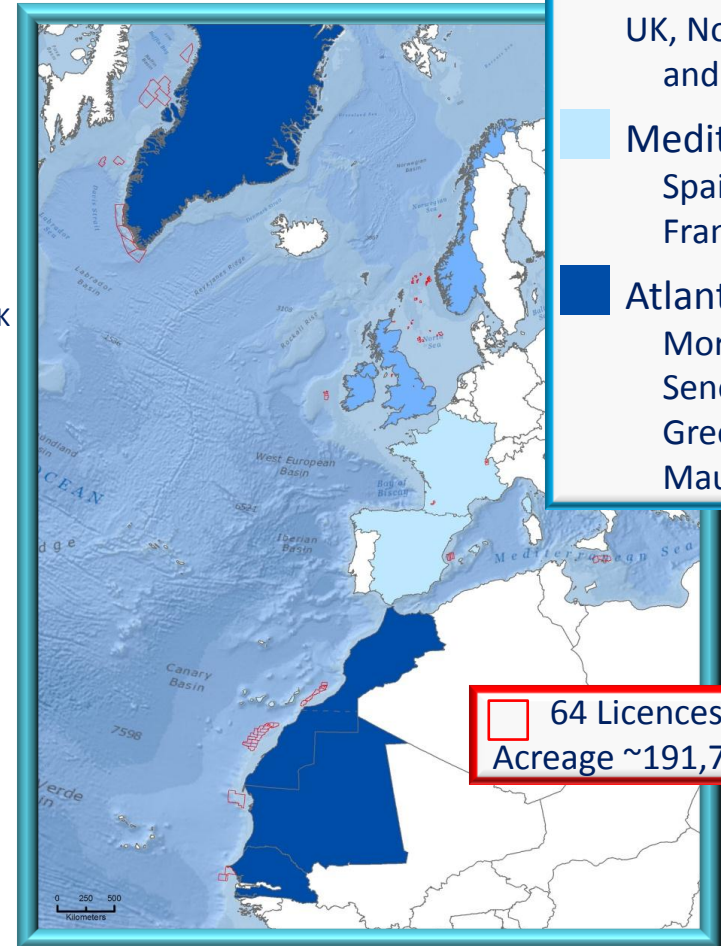


**Richard Heaton**  
Director of  
Exploration



**Paul Mayland**  
Chief  
Operating Officer

## Areas of Operations



## David Nisbet

### ➤ Group Corporate Affairs

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## Carly Blackburn

### ➤ Investor Relations Co-ordinator

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