



Discovering  
**Hidden  
Value**

Preliminary Results Presentation

March 2014



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.

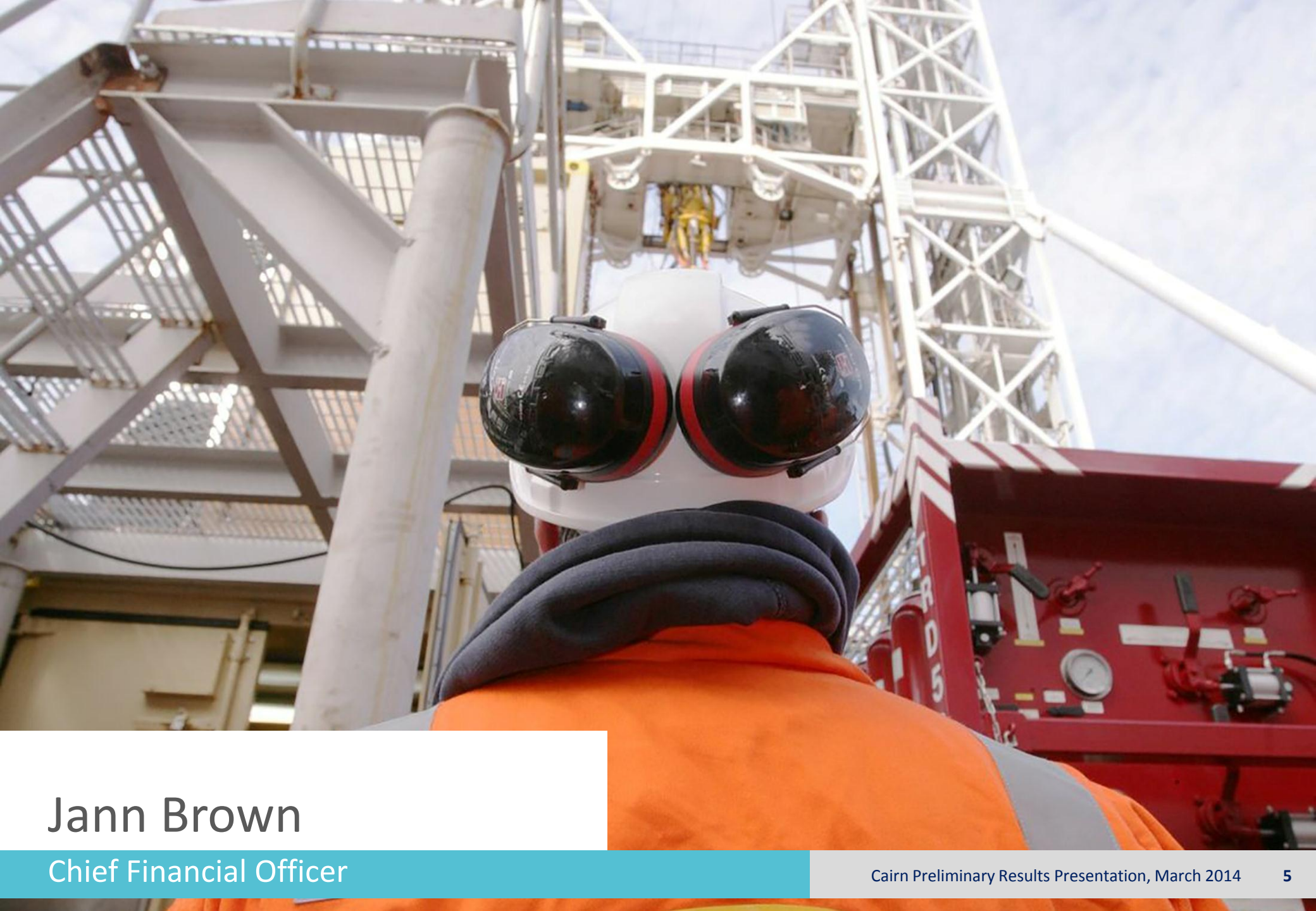




Simon Thomson  
Chief Executive

- Vision
  - To create an exploration-led, sustainable, cash-generative oil and gas business which offers shareholders the potential for material capital growth
- Delivery
  - Commenced a multi-well frontier exploration programme offering investors substantial growth potential
  - Advanced two main pre-development projects, Kraken and Catcher
- Focus
  - Creating value through exploration within a balanced business model
  - Capital discipline
  - Optimising capital allocation





Jann Brown

Chief Financial Officer

# Cairn India Share Sale Restriction



- Group reorganisation in 2006 to consolidate the Indian business under Cairn India Limited (CIL)
- Fully compliant with tax legislation in force at the time, in each relevant jurisdiction, including India
- Indian Income Tax Department cited retrospective tax legislation introduced in 2012 to tax indirect transfers of Indian assets as reason for enquiries
- Request for information regarding this group reorganisation from the Indian Income Tax Department in January 2014
- While the interaction with the Indian Income Tax Department continues, Cairn has been restricted from accessing the value of its shareholding, valued at ~\$1bn
- The Group will take whatever steps necessary to protect its interests
- Uncertainty on realising proceeds of shares sales has been incorporated into our planning and cash flow forecasts

# Financial Strategy



## Impact on business and funding position

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- Proceeds from CIL share sales were not required until late 2015
- Net cash at 31 December 2013 \$1.25bn
- All 2014 commitments remain fully covered, including the current drilling campaign
- Future capital requirements and allocation will be determined by:
  - Progress through Catcher project sanction
  - Debt funding availability
  - Results of the current exploration campaign
- Share buyback programme will be suspended

# Development Projects



Delivery of the Kraken and Catcher developments will create cash flow to last more than a decade

## Kraken (Cairn 25%)

- Project sanctioned Q4 2013
- Booked 2P reserves of ~30 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
- Operator first oil estimate 2016/17

## Catcher (Cairn 30%)

- Draft FDP submitted to DECC
- Gross 2C resources of ~96 mmboe, with upside potential
- 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
- Operator first oil estimate 2017

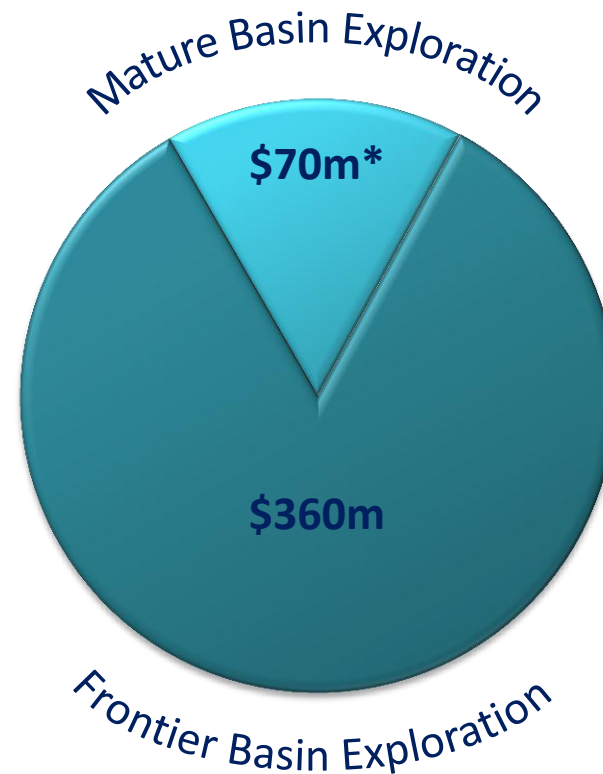
Debt facilities being advanced with a group of lending banks



# Planned Exploration and Appraisal Expenditure



- Fully funded to deliver 2014 programme
- 2014 E&A drilling programme includes 7 wells, totalling ~\$430m\*
- Total capex for the year including developments ~\$530m



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- Reviewing opportunities within the current portfolio to optimise the E&A programme beyond 2014
  - Guided by three core principles:
    - Creating value through exploration within a balanced portfolio
    - Capital discipline
    - Optimising capital allocation to wells and projects



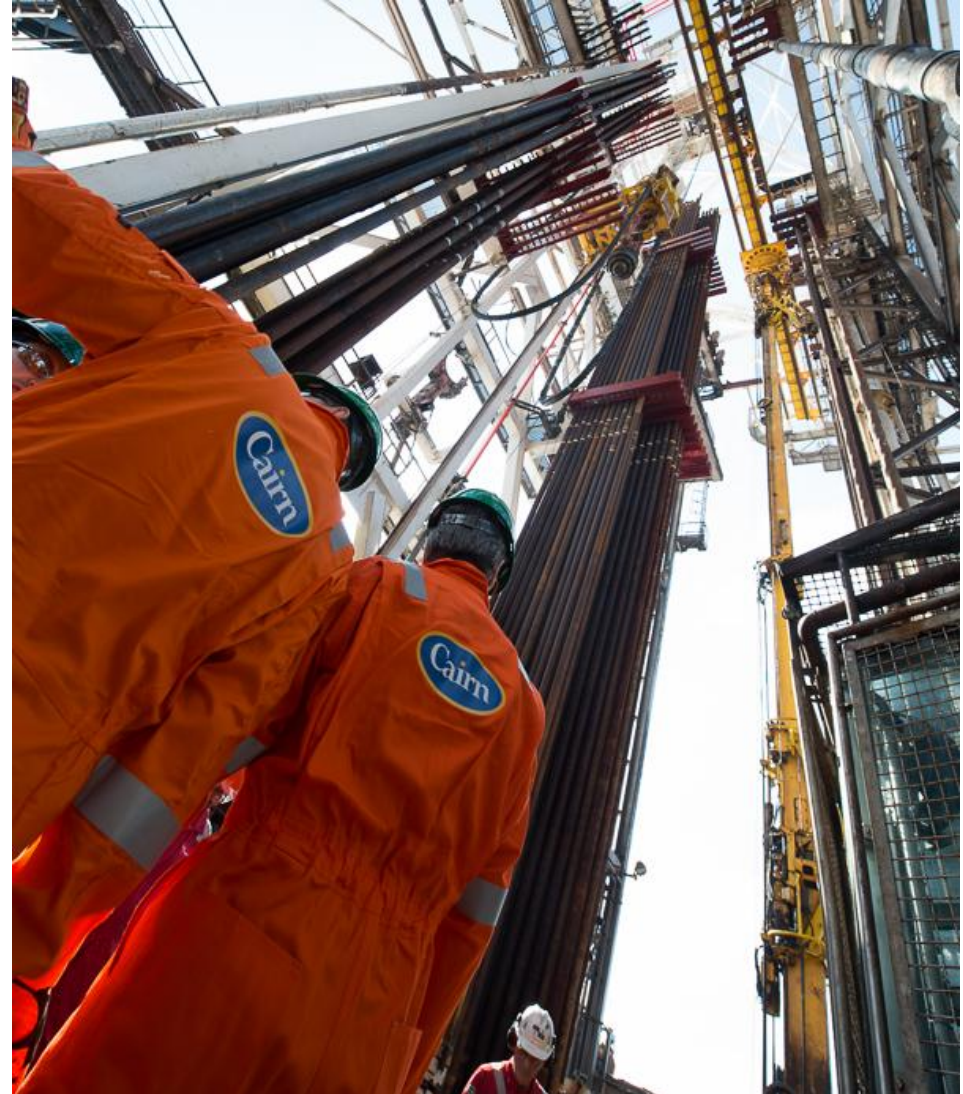
Dr Mike Watts

Deputy Chief Executive Officer



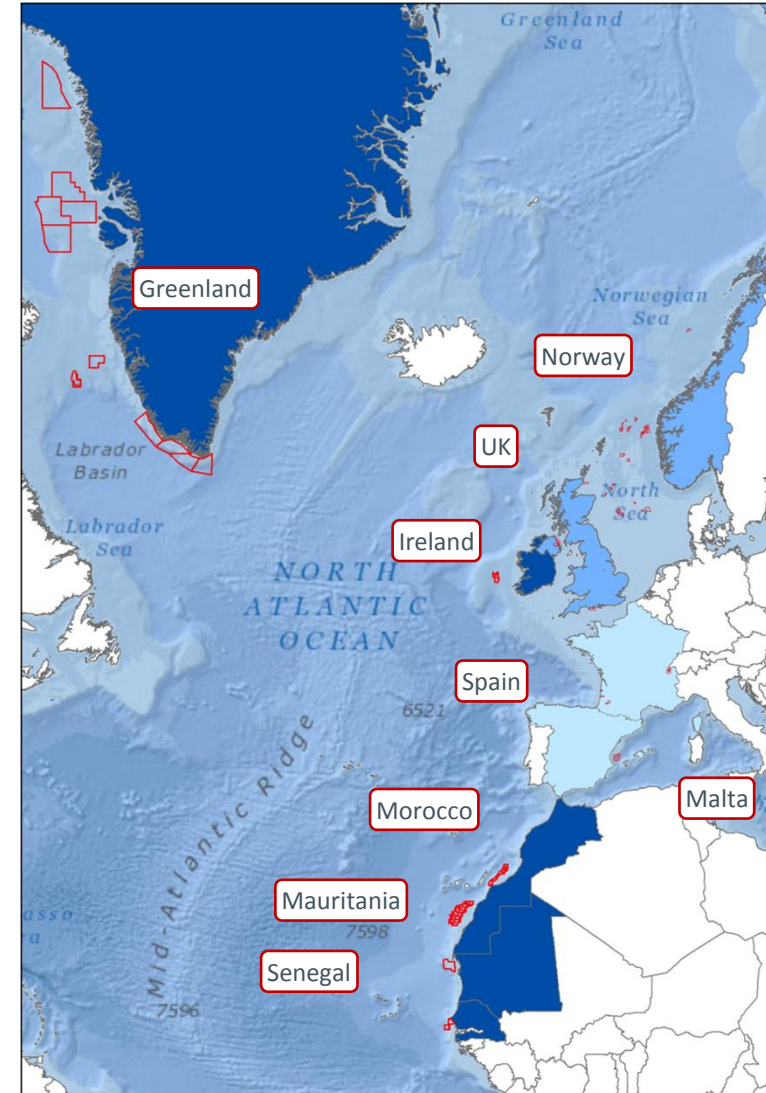
# Exploration Overview

- Strategy; finding hidden value through exploration
- Focus on frontier basin potential and overlooked plays in more mature basins
- Seek commercial terms appropriate to risk / reward
- Participate at equity levels appropriate to risk / reward

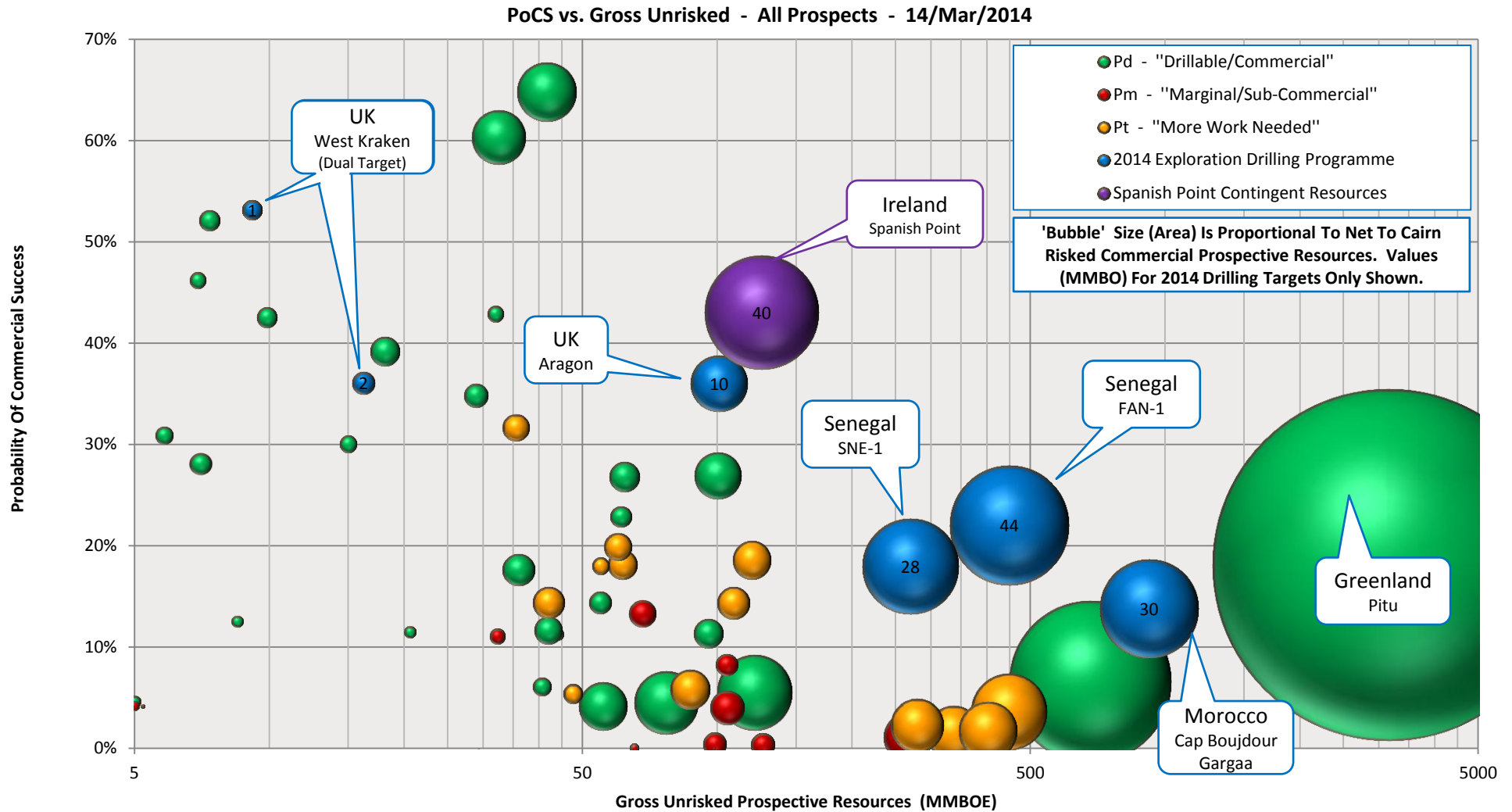


# Exploration Focus

- Exploration efforts focussed on three main areas:
  - Frontier Atlantic Margin basins (offshore NW Africa, Ireland, Greenland)
  - Small Mediterranean portfolio (Spain, Malta)
  - Overlooked plays and prospects in the mature North Sea and Norwegian continental shelf
- These exploration activities are underpinned and complemented by existing cash/future cash flow resulting in a sustainable balanced portfolio



# Prospect & Lead Inventory





# 2014 Drilling Programme

2014

Cajun Express



Morocco  
(Op)  
Cap  
Juby

Senegal  
(Op)  
Deepwater  
Fan

Senegal  
(Op)  
Shelf  
Prospect

Alternative  
Location  
Options

Blackford  
Dolphin



UK  
Aragon  
(Non-Op)

Ireland  
(Op)

Non Operated



North Sea Exploration and Appraisal Programme

Morocco  
Cap  
Boujdour \*

Target timetable subject to necessary approvals

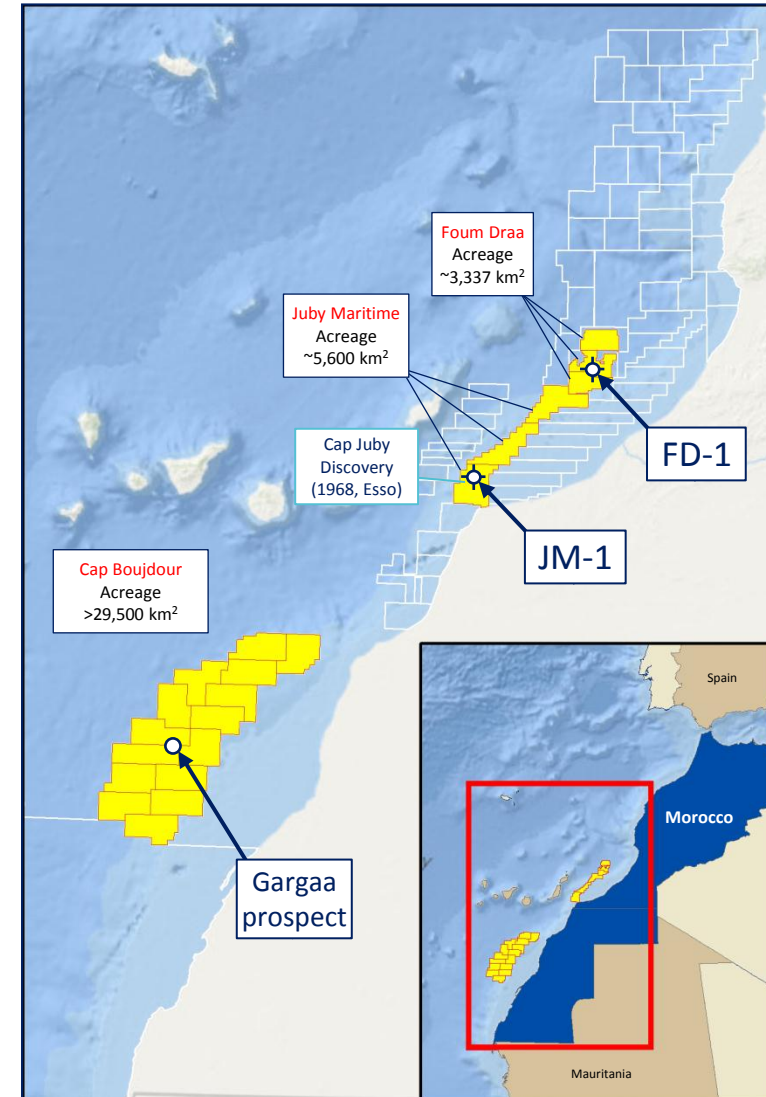
\* Subject to Government approval

**FD-1** Fom Draa FD-1 Exploration Well plugged and abandoned

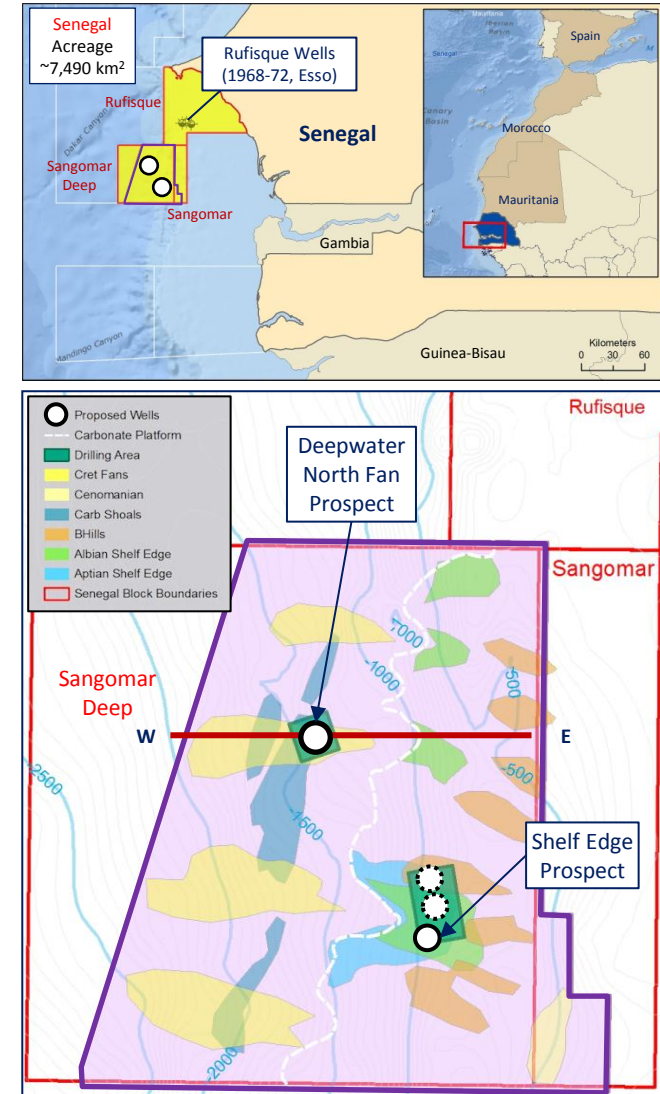
- Well did not prove reservoir, but demonstrated working thermogenic source rock
- Examining further play concepts on acreage

**JM-1** Juby Maritime JM-1 Exploration Well plugged and abandoned without testing

- Upper Jurassic confirmed a heavy oil column of 110m  
Esso discovery well tested 2,377 bopd heavy oil in 1968
- Well results and data evaluation continues particularly for Middle Jurassic
- Cap Boujdour non-operated Exploration Well targets prospect of ~1 billion boe, planned Q4 2014

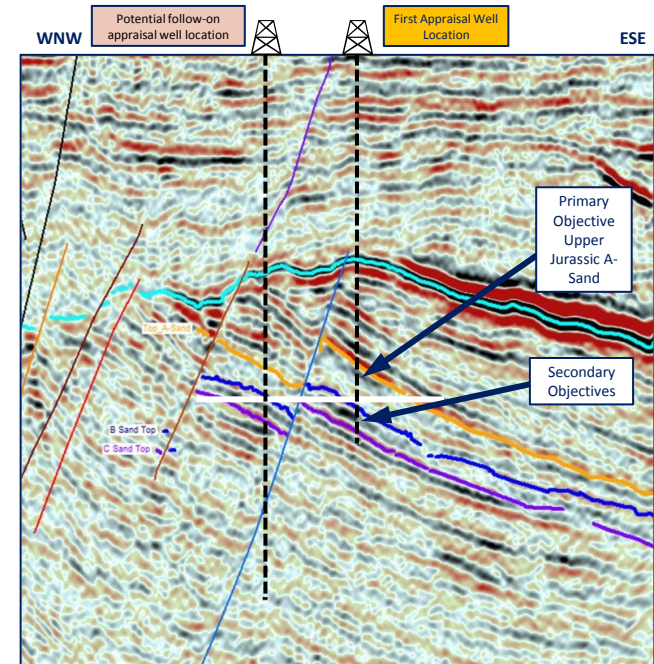
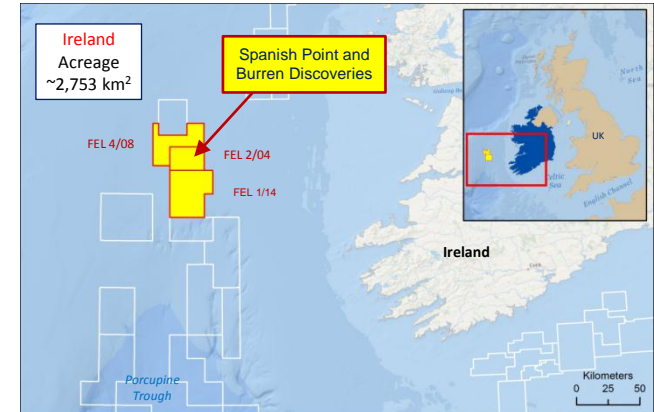


- Petroleum system confirmed by association of faults, DHIs, seabed pock marks and surface seeps plus oil shows in Rufisque wells
- Deepwater North Fan Prospect and Planned Exploration Well (H1 2014)
  - Cairn gross mean unrisked resource estimates:
    - North Fan (H150) - 282 mmbbls
    - North Fan (H300) - 535 mmbbls
- Shelf Edge Prospect and Planned Exploration Well (H1 2014)
  - Cairn gross mean unrisked resource estimates:
    - Shelf Edge (Albian Clastics) - 182 mmbbls
    - Shelf Edge (Aptian Carbonate) - 256 mmbbls





- Spanish Point discovery located in the Porcupine Trough
- Blackford Dolphin rig undergoing preparation ahead of first appraisal well targeted Q2/Q3 2014
- Frontier Exploration Licence (FEL) 2/04 covered by ~300km<sup>2</sup> 3D seismic
- FEL 4/08 covered by ~220km<sup>2</sup> 3D seismic
- 3D seismic survey over 500km<sup>2</sup> planned on adjacent acreage to Spanish Point discovery



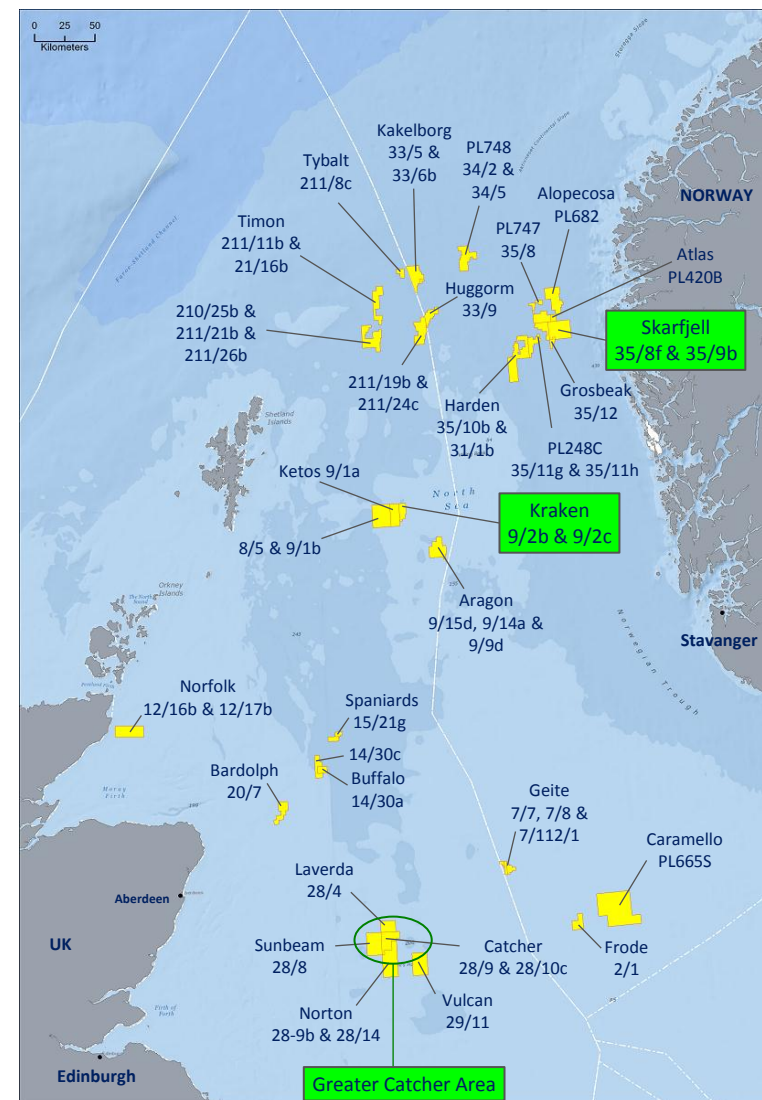
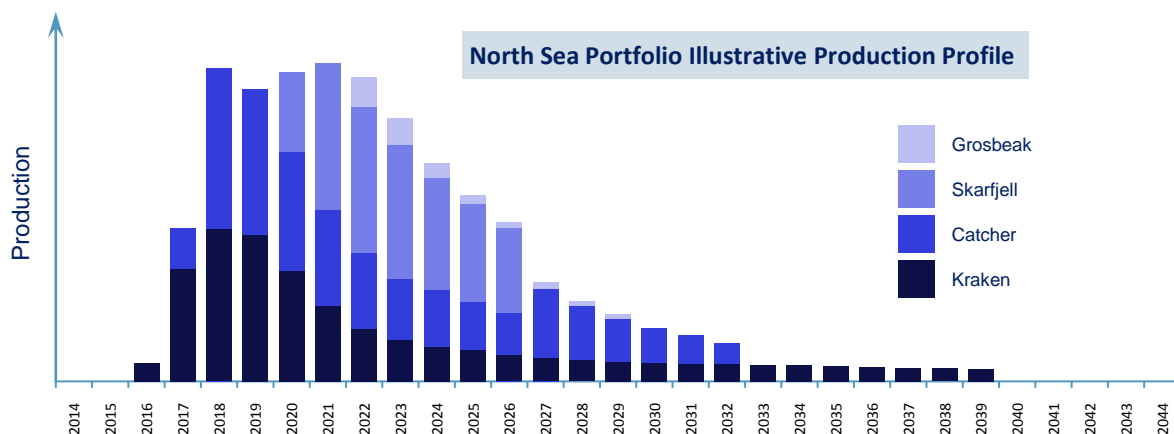
Cairn Spanish Point Volumetric Estimates			
	1C	2C	3C
GIIP	270 Bcf	620 Bcf	1.1 Tcf
Reserves	172 Bcf	410 Bcf	690 Bcf
Condensate Reserves	14 mmbbls	32 mmbbls	59 mmbbls

Independent CPR* (Competent Persons Report)			
	1C	2C	3C
Gas Reserves	210 Bcf	415 Bcf	862 Bcf
Condensate Reserves	15.4 mmbbls	35.6 mmbbls	53.7 mmbbls

\* Numbers confirmed by Chevron & Statoil Regional Report 1997

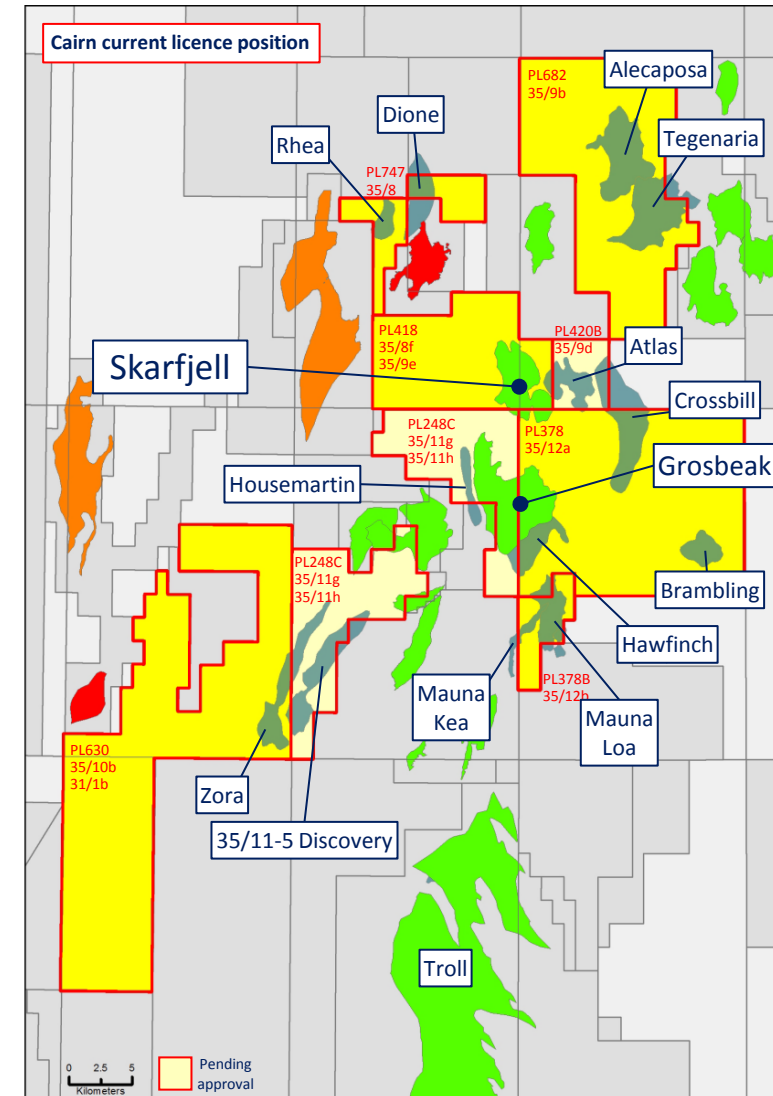
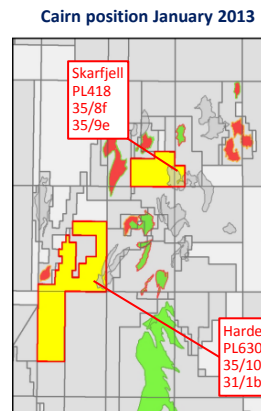
# UK North Sea and Norwegian Continental Shelf

- Development Projects
  - Kraken (25% WI), Catcher (30% WI)
  - Skarfjell (Cairn 20% non-operator) discovered resource
    - Development planning ongoing
- Asset Exchange and Portfolio Rationalisation
  - Mariner divestment
  - Acreage swap with Statoil
  - TAQA and Premier transaction
  - Relinquished non core exploration
- Future Exploration and Appraisal
  - Continued prospect generation
  - Farm-ins, bid rounds and new opportunities



# Greater Skarfjell

- Increased prospective acreage position at 20% equity
- Skarfjell successfully delineated and the partners are now examining possible development concepts
  - Tie back or stand alone development
  - Potential satellite e.g. Grosbeak
- The operator's current P90-P10 resource estimate is 66-146 million barrels of oil (mmbbls) / 120-229 million barrels of oil equivalent (mmboe)
- Significant exploration prospectivity in the Skarfjell area
- Good reservoir quality





# Norway APA 2013 Awards

- All three applications as non-operator awarded

- PL758 (East of Klara) **PL758**

- Capricorn 35%
- EnQuest (Op) 35%
- Skagen 44 30%

- PL748 (West of Knarr Field Development) **PL748**

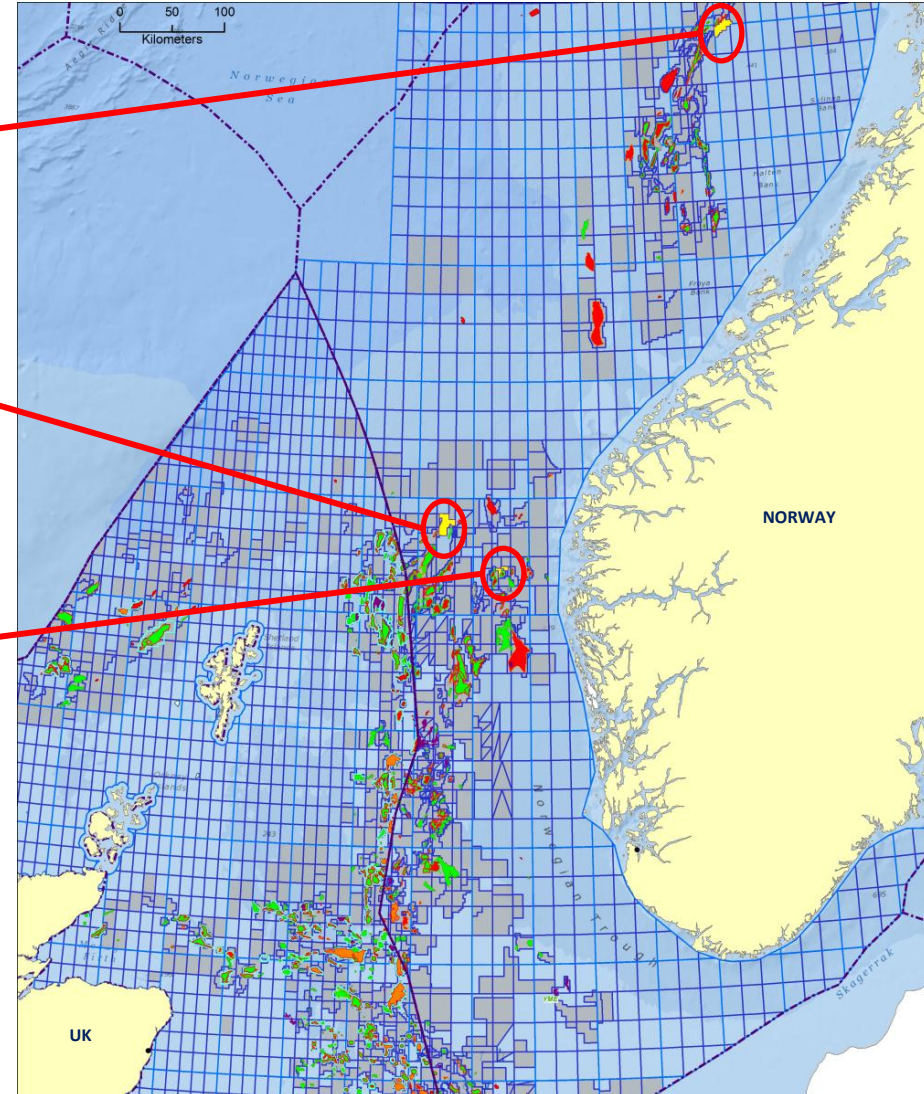
- Capricorn 20%
- Det Norske 40% (Op)
- Noreco 20%
- Spike 20%

- PL747 (Greater Skarfjell Area) **PL747**

- Capricorn 40%
- Bayern Gas 60% (Op)

- High industry interest

- Awards to 49 companies





Simon Thomson  
Chief Executive

# Goals for 2014 and beyond

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- Focus on resolution of Indian Tax situation
- Delivery of exploration drilling programme
- Progress of core development projects
- Continued strategy of balanced portfolio
- Optimising capital allocation to wells and projects



## David Nisbet

- Group Corporate Affairs
- E-mail:  
[david.nisbet@cairnenergy.com](mailto:david.nisbet@cairnenergy.com)  
Tel: +44 (0)7711 146 068

## Carly Blackburn

- Investor Relations Co-ordinator
- E-mail:  
[carly.blackbourn@cairnenergy.com](mailto:carly.blackbourn@cairnenergy.com)  
Tel: +44 (0)131 475 3094

[www.cairnenergy.com](http://www.cairnenergy.com)



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