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FOR IMMEDIATE RELEASE

12 August 2010

CAIRN ENERGY PLC (“Cairn” or “the Company”)

The board of Cairn Energy PLC (“Cairn”) notes the media speculation and confirms that discussions are taking place with Vedanta Resources plc in respect of the disposal of an interest in Cairn India Limited.

Cairn emphasises that there can be no certainty the contemplated disposal will occur or as to the terms of any such disposal. A further announcement will be made when appropriate.

A copy of this announcement will be available at www.cairnenergy.com



NOTES TO EDITORS:

- Cairn Energy PLC (“Cairn”) is an Edinburgh-based oil and gas exploration and production company listed on the London Stock Exchange. Following the IPO of Cairn India in January 2007, there are two separate arms to the business:
- Cairn India limited (“Cairn India”) is now listed on the Bombay Stock Exchange and the National Stock Exchange of India and has interests in a total of 11 acreage blocks in India and Sri Lanka. Cairn currently retains a 62.37% interest in Cairn India.
- Capricorn Oil Limited (“Capricorn”), a 100% subsidiary of Cairn, is focused on exploration. Capricorn now has assets in Bangladesh, Nepal, Northern India, Greenland, Tunisia, Albania, and pending licence awards in Spain.
- “Cairn” where referred to in this release means Cairn Energy PLC and/or its subsidiaries (including Cairn India and Capricorn), as appropriate.
- “Cairn India” where referred to in the release means Cairn India Limited and/or its subsidiaries, as appropriate.
- “Capricorn” where referred to in this release means Capricorn Oil Limited and/or its subsidiaries as appropriate.
- Cairn has focused its activities on the geographic region of South Asia, which has already resulted in a significant number of oil and gas discoveries. In particular, Cairn made a major oil discovery (Mangala) in Rajasthan in the north west of India at the beginning of 2004. Cairn has now made more than 20 discoveries in Rajasthan block RJ-ON-90/1.
- Cairn India is headquartered in Gurgaon on the outskirts of Delhi, with operational offices in Chennai, Gujarat, Andhra Pradesh and Rajasthan.
- Cairn Energy PLC (including Capricorn) is run from Edinburgh with operational offices in Dhaka, Chittagong and Kathmandu.

For further information on Cairn please go to: www.cairnenergy.com