IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE LOCATED OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS UNDER THE U.S. SECURITIES ACT OF 1933 AS AMENDED (THE "SECURITIES ACT").

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the Exchange Offer Memorandum and Prospectus following this page. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the Exchange Offer Memorandum and Prospectus. In accessing the Exchange Offer Memorandum and Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY SECURITIES TO BE ISSUED HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS SUCH TERMS ARE DEFINED IN REGULATION S UNDER THE SECURITIES ACT) ("REGULATION S") EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF, THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED EXCHANGE OFFER MEMORANDUM AND PROSPECTUS, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH EXCHANGE OFFER MEMORANDUM AND PROSPECTUS IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS EXCHANGE OFFER MEMORANDUM AND PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

CONFIRMATION OF YOUR REPRESENTATION: In order to be able to view this Exchange Offer Memorandum and Prospectus or make an investment decision with respect to the securities, investors must be outside the United States in accordance with Regulation S under the Securities Act. This Exchange Offer Memorandum and Prospectus is being sent at your request and by accepting this electronic message and accessing this Exchange Offer Memorandum and Prospectus, (1) you shall be deemed to have represented to EnQuest PLC (the "**Issuer**"), EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest NWO Limited, EnQuest Production Limited, EnQuest Petroleum Production Malaysia Ltd, NSIP (GKA) Limited, EnQuest Marketing and Trading Limited, EnQuest Petroleum Developments Malaysia Sdn Bhd, EnQuest Advance Limited, EnQuest Advance Holdings Limited, EQ Petroleum Sabah Limited and North Sea (Golden Eagle) Resources Ltd (each a "**Guarantor**" and together the "**Guarantors**") and Peel Hunt LLP and WH Ireland Limited (the "**Joint Lead Managers**") that you and any customers you represent are located outside the United States in accordance with Regulation S under the Securities Act and that the e-mail address to which the Exchange Offer Memorandum and Prospectus has been electronically delivered is not in the United States of America, its territories, its possessions and other areas subject to its jurisdiction; and its possessions including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, and (2) you consent to delivery of the Exchange Offer Memorandum and Prospectus and any amendments or supplements thereto by electronic transmission.

You are reminded that the Exchange Offer Memorandum and Prospectus has been delivered to you on the basis that you are a person into whose possession the Exchange Offer Memorandum and Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. If you receive this document by electronic message, you should not reply by electronic message to this announcement. Any reply electronic message communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive this

document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Lead Manager, the Issuer or the Guarantors that would or is intended to, permit a public offering of the securities, or possession or distribution of the Exchange Offer Memorandum and Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer and the Guarantors in such jurisdiction.

The attached Exchange Offer Memorandum and Prospectus has been sent to you in an electronic format. You are reminded that documents transmitted in an electronic format may be altered or changed during the process of transmission and consequently none of the Issuer, the Guarantors, the Joint Lead Managers and their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling the Issuer, the Guarantors, the Joint Lead Managers or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard-copy version.

Exchange Offer Memorandum and Prospectus dated 29 March 2022

ENQUEST PLC

(*incorporated with limited liability in England and Wales with registered number 7140891*)

Prospectus

Issue of Sterling denominated Notes by EnQuest PLC (the "Issuer" or the "Company") at a fixed interest rate of 9.00 per cent. per annum and maturity date of 27 October 2027 guaranteed by EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest NWO Limited, EnQuest Production Limited, EnQuest Petroleum Production Malaysia Ltd, NSIP (GKA) Limited, EnQuest Marketing and Trading Limited, EnQuest Petroleum Developments Malaysia Sdn Bhd, EnQuest Advance Limited, EnQuest Advance Holdings Limited, EQ Petroleum Sabah Limited and North Sea (Golden Eagle) Resources Ltd (together, the "Guarantors")

Joint Lead Manager

Peel Hunt LLP　　　　WH Ireland Limited

Exchange Offer

Invitation by EnQuest PLC to the holders of the £190,534,573 7.00 per cent. Extendable PIK Toggle Notes originally due 15 February 2022, as extended to 15 October 2023, issued by EnQuest PLC (the "Existing Notes") to offer to exchange their Existing Notes for Sterling denominated 9.00 per cent. Notes due 27 October 2027 issued by EnQuest PLC and guaranteed by the Guarantors

Joint Dealer Managers

Peel Hunt LLP　　　　WH Ireland Limited

Exchange Agent

Lucid Issuer Services Limited

AN INVESTMENT IN THE NOTES AND/OR PARTICIPATION IN THE EXCHANGE OFFER INVOLVES CERTAIN RISKS. POTENTIAL INVESTORS AND EXISTING NOTEHOLDERS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED IN THE SECTION HEADED "*RISK FACTORS*" OF THIS EXCHANGE OFFER MEMORANDUM AND PROSPECTUS. INVESTORS SHOULD ALSO READ CAREFULLY THE SECTION HEADED "*IMPORTANT LEGAL INFORMATION RELATING TO THE NOTES*".

IMPORTANT NOTICES

About this document

This document (the "**Exchange Offer Memorandum and Prospectus**") has been prepared in accordance with the Prospectus Regulation Rules of the United Kingdom Financial Conduct Authority (the "**FCA**") and relates to the offer by EnQuest PLC (the "**Issuer**") of its Sterling denominated 9.00 per cent. Notes due 27 October 2027 (the "**Notes**") at a price of 100 per cent. of their principal amount. The Issuer's payment obligations under the Notes are irrevocably and unconditionally guaranteed on a subordinated basis (the "**Guarantee**") by EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest NWO Limited, EnQuest Production Limited, EnQuest Petroleum Production Malaysia Ltd, NSIP (GKA) Limited, EnQuest Marketing and Trading Limited, EnQuest Petroleum Developments Malaysia Sdn Bhd, EnQuest Advance Limited, EnQuest Advance Holdings Limited, North Sea (Golden Eagle) Resources Ltd and EQ Petroleum Sabah Limited (together, the "**Guarantors**").

This Exchange Offer Memorandum and Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**") as competent authority under Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**"). The FCA only approves the Exchange Offer Memorandum and Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the Guarantors or the quality of the Notes that are the subject of the Exchange Offer Memorandum and Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. The Exchange Offer Memorandum and Prospectus constitutes a prospectus relating to the Issuer and the Guarantors prepared in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of the Financial Services and Markets Act 2000 (the "**FSMA**").

The Notes are freely transferable debt instruments and are due to be issued by the Issuer on 27 April 2022. The principal amount of each Note (being the amount which is used to calculate payments made on each Note) is £1. The aggregate principal amount of the Notes to be issued will be specified in a sizing announcement (the "**Sizing Announcement**") expected to be published by the Issuer via the Regulatory News Service of the London Stock Exchange plc ("**RNS**") at the end of the offer period, which is expected to be 4.00 p.m. (London time) on 20 April 2022 (the "**Offer Period**"), and in any case prior to the Issue Date.

The Notes have not been and will not be registered under the United States Securities Act of 1933. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States.

The Notes are also not intended by the Issuer to be made available, or made the subject of any offer or invitation to subscribe or purchase, in Malaysia.

This Exchange Offer Memorandum and Prospectus contains important information about the Issuer, the Group (as defined below), the Notes, the Guarantee and details of how to apply for the Notes. This Exchange Offer Memorandum and Prospectus also describes certain risks relevant to the Issuer, the Guarantors and the Group and their business and risks relating to an investment in the Notes generally. You should read and understand fully the contents of this Exchange Offer Memorandum and Prospectus before making any investment decisions relating to the Notes.

Responsibility for the information contained in this Exchange Offer Memorandum and Prospectus

Each of the Issuer and each Guarantor accepts responsibility for the information contained in this Exchange Offer Memorandum and Prospectus and declares that to the best of its knowledge, the information contained in this Exchange Offer Memorandum and Prospectus is in accordance with the facts and the Exchange Offer Memorandum and Prospectus makes no omission likely to affect its import. Where information has been sourced from a third party, this information has been accurately reproduced and as far as each of the Issuer and each Guarantor is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of the third party information is identified where used.

Use of defined terms in this Exchange Offer Memorandum and Prospectus

Certain terms or phrases in this Exchange Offer Memorandum and Prospectus are defined in "**Double Quotation**" marks and subsequent references to that term are designated with initial capital letters. See also the section "*Glossary*" in this Exchange Offer Memorandum and Prospectus.

In this Exchange Offer Memorandum and Prospectus, references to the "**Issuer**" are to EnQuest PLC, which is the issuer of the Notes. References to the "**Guarantors**" are to the Guarantors of the Notes from time to time. The Guarantors are directly or indirectly wholly-owned subsidiaries of the Issuer, which is the ultimate holding company of the Group. All references to the "**Group**" are to the Issuer and its subsidiaries taken as a whole. All references to the "**Group members**" or "**member of the Group**" are to the Issuer and/or any of its subsidiaries.

In this Exchange Offer Memorandum and Prospectus, unless otherwise specified or the context otherwise requires, references to "**sterling**" and "**£**" are to the currency of the United Kingdom (and references to "**£m**" are to millions of pounds sterling), references to "**dollars**", "**$**" and "**USD**" are to the currency of the United States of America (and references to "**$m**" are to millions of US dollars), references to "**€**", "**EUR**" and "**euro**" are to the single currency of those member states participating in the third stage of European economic and monetary union from time to time (and references to "**€m**" are to millions of euros) and references to "Malaysian ringgit" and "ringgit" are to the currency of Malaysia.

The Notes are not protected by the Financial Services Compensation Scheme

Unlike many bank deposits, the Notes are not protected by the Financial Services Compensation Scheme (the "**FSCS**"). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer, the Guarantors or the Group as a whole.

UK MIFIR Product Governance

Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA, eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**") and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes are appropriate, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable.

UK PRIIPs / No Key Information Document

The Notes pay a fixed rate of return and are to be redeemed at a fixed redemption amount. Accordingly, the Issuer has not prepared a key information document (within the meaning of Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**")).

How to apply

Applications to purchase Notes cannot be made directly to the Issuer, the Guarantors or any other member of the Group. Notes will be issued to you in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you.

Questions relating to this Exchange Offer Memorandum and Prospectus and the Notes

If you have any questions regarding the content of this Exchange Offer Memorandum and Prospectus and/or the Notes or the actions you should take, you should seek advice from your independent financial adviser or other professional adviser before making any investment decision.

IMPORTANT NOTICES FOR EXISTING NOTEHOLDERS

About this document

This Exchange Offer Memorandum and Prospectus contains certain information relating to an offer to holders of Existing Notes (as defined below) (subject to the "*Offer and Distribution Restrictions relating to the Exchange Offer*" set out herein) to exchange their Existing Notes for Notes (in each case as defined herein) (the "**Exchange Offer**").

This Exchange Offer Memorandum and Prospectus contains important information about the terms of the Exchange Offer, the terms of the Notes and the terms on which the Notes will be issued, as well as important information about the Issuer and the Group. This Exchange Offer Memorandum and Prospectus also describes the risks relevant to the Group and its business and the risks relating to an investment in the Notes generally. The terms of the Notes are set out below in the section headed "*Terms and Conditions of the Notes*". A holder of the Existing Notes considering whether to invest in the Notes pursuant to the terms of the Exchange Offer should read and understand fully the contents of this Exchange Offer Memorandum and Prospectus and the terms and conditions of the Notes (the "**Conditions**") below before making any investment decisions relating to the Notes and the Exchange Offer.

Important – EEA Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "**qualified investor**" as defined in the Prospectus Regulation.

Further Offer and Distribution Restrictions

This Exchange Offer Memorandum and Prospectus does not constitute an invitation to participate in the Exchange Offer in any jurisdiction in which, or to any person to whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws. The distribution of this Exchange Offer Memorandum and Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum and Prospectus comes are required by each of the Issuer, the Guarantors and Peel Hunt LLP and WH Ireland Limited (the "**Joint Dealer Managers**") to inform themselves about, and to observe, any such restrictions.

The UK PRIIPs Regulation

The Notes pay a fixed rate of return and are to be redeemed at a fixed redemption amount. Accordingly, the Issuer has not prepared a key information document (within the meaning of the UK PRIIPs Regulation).

Credit Rating Agency Regulation notice

Neither the Existing Notes nor (when issued) the Notes will be rated by any credit rating agency.

Information incorporated by reference in this Exchange Offer Memorandum and Prospectus

This Exchange Offer Memorandum and Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see the "*Documents Incorporated by Reference*" section).

The Notes are not protected by the FSCS

The Notes are not protected by the FSCS. As a result, neither the FSCS nor anyone else will pay compensation to a holder of the Notes (a "**Noteholder**") upon the failure of the Issuer, the Guarantors or the Group as a whole.

Questions relating to this Exchange Offer Memorandum and Prospectus and the Notes

If an Existing Noteholder has any questions regarding the content of this Exchange Offer Memorandum and Prospectus, the Notes or the Conditions and/or the actions they should take, they should seek advice from their independent financial adviser, tax adviser or other professional adviser before making any investment decision.

UK MiFIR product governance/target market

Solely for the purposes of the manufacturer's product approval process, the target market

assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA, eligible counterparties, as defined in the FCA Handbook COBS and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes are appropriate, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable. Any distributor subsequently should take into consideration the manufacturers' target market assessment; however, a distributor subject to the MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable.

HOW DO I USE THIS EXCHANGE OFFER MEMORANDUM AND PROSPECTUS?

An investor should read and understand fully the contents of this Exchange Offer Memorandum and Prospectus before making any investment decisions relating to any Notes. This Exchange Offer Memorandum and Prospectus contains important information about the Issuer, the Guarantors, the Group, the terms of the Notes and the terms of the Guarantee; as well as describing certain risks relevant to the Issuer, the Guarantors, the Group and their businesses and also other risks relating to an investment in the Notes generally. An overview of the various sections comprising this Exchange Offer Memorandum and Prospectus is set out below:

The **"SUMMARY"** section briefly sets out the key information relevant to the Notes and the Exchange Offer.

The **"RISK FACTORS"** section describes the principal risks and uncertainties which may affect the Issuer's and/or Guarantors' respective abilities to fulfil their obligations under the Notes and/or the Guarantee, as the case may be. Risk factors are presented in categories and in each category the most material risks are mentioned first.

The **"INFORMATION ABOUT THE NOTES"** section provides an overview of the Notes in order to assist the reader. This is a good place to start for the most basic information about how the Notes are issued.

The **"INFORMATION ABOUT THE EXCHANGE OFFER"** section provides an overview of the Exchange Offer in order to assist the reader. This is a good place to start for the most basic information about the Exchange Offer.

The **"HOW TO APPLY FOR THE NOTES"** section sets out key information relating to applications for the Notes from investors who are not participating in the Exchange Offer.

The **"DESCRIPTION OF THE ISSUER AND THE GROUP"** section briefly sets out information relating to the Issuer and the Group.

The **"DESCRIPTION OF THE GUARANTORS"** section briefly sets out information relating to the Guarantors under the Exchange Offer Memorandum and Prospectus.

The **"DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS"** section provides an overview of certain financing arrangements relating to the Group.

The **"TERMS AND CONDITIONS OF THE NOTES"** section sets out the terms and conditions which apply to the Notes that will be issued under the Exchange Offer Memorandum and Prospectus.

The **"SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM IN THE CLEARING SYSTEMS"** section briefly sets out certain information relating to the clearing systems and settlement of securities in Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) ("**CREST**") and is a summary of certain parts of those provisions of the global notes which apply to the Notes while they are held in global form by the clearing systems, some of which include minor and/or technical modifications to the terms and conditions of the Notes as set out in this Exchange Offer Memorandum and Prospectus.

The **"SUMMARY OF CERTAIN DIFFERENCES BETWEEN THE EXISTING NOTES AND THE NOTES"** section provides a summary of the certain differences between the Existing Notes and the Notes.

The **"EXCHANGE OFFER"** section sets out information relating to the Exchange Offer for each such holder of Existing Notes (an "**Existing Noteholder**").

The **"EXPECTED TIMETABLE OF EVENTS FOR THE EXCHANGE OFFER"** section provides indicative dates and times of the key events relating to the Exchange Offer.

The **"ADDITIONAL FACTORS EXISTING NOTEHOLDERS SHOULD CONSIDER IN RELATION TO THE EXCHANGE OFFER"** section contains an overview of additional

considerations for Existing Noteholders to consider when determining whether to participate in the Exchange Offer.

The **"PROCEDURES FOR PARTICIPATING IN THE EXCHANGE OFFER"** section provides key information on action Existing Noteholders must take in order to participate in the Exchange Offer.

The **"ACKNOWLEDGEMENTS AND REPRESENTATIONS FOR THE EXCHANGE OFFER"** section contains the acknowledgements and representations that Existing Noteholders will agree, acknowledge, represent, warrant and undertake by submitting a valid Exchange Instruction to the relevant clearing system, either Euroclear Bank SA/NV or Clearstream Banking S.A. (together, the "**Clearing Systems**" and each a "**Clearing System**").

The **"IMPORTANT LEGAL INFORMATION"** section contains some important legal information regarding the basis on which this Exchange Offer Memorandum and Prospectus may be used, forward-looking statements and other important matters.

The **"SUBSCRIPTION AND SALE"** section contains a description of the material provisions of the subscription agreement between the Issuer, the Guarantors and the Joint Leader Managers (the "**Subscription Agreement**"), which includes the selling restrictions applicable to the Notes issued under the Exchange Offer Memorandum and Prospectus.

The **"OFFER AND DISTRIBUTION RESTRICTIONS RELATING TO THE EXCHANGE OFFER"** section provides a description of legal restrictions that may restrict the distribution of this Exchange Offer Memorandum and Prospectus.

The **"TAXATION (NOTES)"** section provides a brief outline of certain United Kingdom and European Commission taxation implications regarding the Notes to be issued under this Exchange Offer Memorandum and Prospectus.

The **"TAXATION (EXCHANGE OFFER)"** section states briefly that this Exchange Offer Memorandum and Prospectus does not otherwise discuss the tax consequences for Existing Noteholders arising from the exchange of Existing Notes pursuant to the Exchange Offer.

The **"JOINT DEALER MANAGERS AND EXCHANGE AGENT"** section sets out details regarding the appointment of Peel Hunt LLP and WH Ireland Limited as the Joint Dealer Managers (the **"Joint Dealer Managers**") for the Exchange Offer and Lucid Issuer Services Limited as the Exchange Agent (the "**Exchange Agent**"), which includes information on conflicts of interest in respect of both the Joint Dealer Managers and the Exchange Agent.

The **"ADDITIONAL INFORMATION RELATING TO THE NOTES"** section provides an overview of additional information relating to the Notes, such as listing and admission of the Notes, authorisation of the Notes and statements regarding significant or material changes in the Group's financial performance or position since its last financial period covered by the available financial information of the Group.

The **"ADDITIONAL INFORMATION RELATING TO THE EXCHANGE OFFER"** section provides an overview of additional information that is relevant to the Exchange Offer, such as the limitations on the liability of the Issuer, the Guarantors, the Joint Dealer Managers and the Exchange Agent in respect of information or representations given about the Issuer, the Guarantors or the Exchange Offer.

The **"DOCUMENTS INCORPORATED BY REFERENCE"** section contains a description of the information that is deemed to be incorporated by reference into this Exchange Offer Memorandum and Prospectus (rather than being set out in the body of this Exchange Offer Memorandum and Prospectus).

The **"CERTAIN RESERVES AND PRODUCTION INFORMATION"** section provides information concerning the Group's audited reserves as of 31 December 2019, 2020 and 2021.

The "**SUMMARY RESERVES, RESOURCES, PRODUCTION AND OPERATING DATA**" section provides information concerning the Group's reserves and contingent resources, production and operating data.

The **"ALTERNATIVE PERFORMANCE MEASURES "** section provides an overview of information that must be taken into account when considering the alternative performance measures (the ("**APMs**") the Group uses when assessing and discussing the Group's financial performance, balance sheet and cash flows.

The **"MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS"** section contains a review of the Group's financial performance and results of operations, which includes details on significant factors affecting the results of operations, the Group's liquidity, its capital investments and financing, among others.

The **"GLOSSARY"** section provides an explanation of technical terms used in this Exchange Offer Memorandum and Prospectus.

A **"TABLE OF CONTENTS"** section, with corresponding page references, is set out on the following page.

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SUMMARY

This summary includes the key information that investors need in order to understand the nature and the risks of the Issuer, the Guarantors, the Notes and the Exchange Offer, and is to be read together with the other parts of this Exchange Offer Memorandum and Prospectus to aid (i) prospective investors when considering whether to invest in the Notes, and (ii) Existing Noteholders when considering whether to participate in the Exchange Offer.

Introduction

The Notes to be issued and the Exchange Offer

This Exchange Offer Memorandum and Prospectus relates to (i) a proposed issue of Sterling denominated 9.00 per cent. Notes due 27 October 2027 (the "**Notes**") to be issued by the Issuer and guaranteed by the Guarantors named below and (ii) an invitation by the Issuer to holders of the £190,534,573 7.00 per cent. Extendable PIK Toggle Notes originally due 15 February 2022, as extended to 15 October 2023, issued by EnQuest PLC and guaranteed by EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Leasing Limited, EnQuest Heather Limited, EnQuest NWO Limited, EQ Petroleum Sabah Ltd and North Sea (Golden Eagle) Resources Ltd (the "**Existing Notes**" and each such holder, an "**Existing Noteholder**") to offer to exchange their Existing Notes for the Notes (the "**Exchange Offer**") during the period commencing on the date of this Exchange Offer Memorandum and Prospectus and expiring at 4.00 p.m. (London time) on 20 April 2022 (the "**Exchange Offer Period**").

The International Securities Identification Number ("**ISIN**") for the Notes is XS2461853793 and the Common Code is 246185379 .

The ISIN for the Existing Notes is XS0880578728 and the Common Code is 088057872.

The Issuer and Guarantors

The Notes will be issued by the Issuer and guaranteed by EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest NWO Limited, EnQuest Production Limited, EnQuest Petroleum Production Malaysia Ltd, NSIP (GKA) Limited, EnQuest Marketing and Trading Limited, EnQuest Petroleum Developments Malaysia Sdn Bhd, EnQuest Advance Limited, EnQuest Advance Holdings Limited, EQ Petroleum Sabah Limited and North Sea (Golden Eagle) Resources Ltd pursuant to a guarantee (the "**Guarantee**").

The Issuer's legal entity identifier ("**LEI**") number is 2138008LJU6WFQWOXJ73.

The registered address of the Issuer is: 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR and its telephone number is +44 (0)20 7925 4900.

The Exchange Offer Memorandum and Prospectus

This Exchange Offer Memorandum and Prospectus has been approved on 29 March 2022 by the United Kingdom Financial Conduct Authority (the "**FCA**") as competent authority under Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**").

The FCA may be contacted at 12 Endeavour Square, London E20 1JN.

Warnings

This summary should be read as an introduction to the Exchange Offer Memorandum and Prospectus.

Any decision to (i) invest in the Notes and/or (ii) participate in the Exchange Offer should be based on a consideration of the relevant sections of this Exchange Offer Memorandum and Prospectus by prospective investors and Existing Noteholders, as applicable. Investors could lose all or part of their invested capital.

Where a claim relating to the information contained in this Exchange Offer Memorandum and Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Exchange Offer Memorandum and Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Exchange Offer Memorandum and Prospectus, or where it does not provide, when read together with the other parts of this Exchange Offer Memorandum and Prospectus, key information in order to aid investors when considering whether to invest in the Notes and/or participate in the Exchange Offer.

The Issuer has not prepared a key information document (within the meaning of Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**").

Key information on the Issuer and the Guarantors

Who is the issuer of the securities?

The Issuer is a public limited company incorporated and registered in England and Wales under the Companies Act 2006 (the "**Companies Act**") on 20 November 2019 with registered number 7140891.

Principal activities

The Issuer is a holding company of the Group. The Group's principal activity is a full range of upstream activities, with a portfolio of production and development assets, together with appraisal and exploration opportunities. As the holding company of the Group, the Issuer's operating results and financial condition are entirely dependent on the performance of members of the Group.

Major shareholders

The following table sets forth certain information concerning the significant shareholders of the Issuer with a notifiable interest of the Issuer's ordinary shares as of 23 March 2022.

Name of shareholder	Number of shares	Total percentage of shares owned
Bseisu consolidated interests[(1)]	215,823,042	11.44%
Aberforth Partners LLP	156,238,438	8.28%
Baillie Gifford & Co Ltd	111,347,662	5.90%
Schroder Investment Management Ltd	104,271,672	5.53%
Hargreaves Lansdown Asset Management	88,699,742	4.70%
Cobas Asset Management	80,235,468	4.25%
Dimensional Fund Advisors	65,886,272	3.49%
Avanza Fonder AB	55,361,355	2.94%

(1) 188,833,544 shares are held by Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu. 26,812,539 shares are also held by The Amjad & Suha Bseisu Foundation and 176,959 shares are held directly by Amjad Bseisu.

Key senior managers

The directors of the Issuer are Amjad Bseisu, Philip Holland, Martin Houston, Carl Hughes, Farina Khan, Madhavi Koya, Howard Paver, Liv Monica Stubholt, Jonathan Swinney, John Winterman. The company secretary of the Issuer is Stefan John Ricketts.

The key management of the Group comprises Bob Davenport, Stefan Ricketts, Martin Mentiply, Richard Hall, Janice Mair and Salman Malik.

It was announced on 24 March 2022 that Jonathan Swinney has notified the Board of Directors of his intention to step down as Chief Financial Officer and Executive Director of the Issuer at a date to be determined in due course. Salman Malik, will succeed Jonathan Swinney as CFO and as an Executive Director upon his departure. It was also announced on 24 March 2022 that Philip Holland, currently Chairman of the Safety, Climate and Risk Committee, will be stepping down as a Director at the Company's 2022 Annual General Meeting, which is scheduled for 19 May 2022. Liv Monica Stubholt will replace Philip as Chair of the Committee in May 2022.

Auditors of the Issuer and the Group

The Issuer and the Guarantors have appointed Deloitte LLP of 1 New Street Square, London EC4A 3HQ, as their respective statutory auditors. Deloitte LLP is registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales.

What is the key financial information regarding the Issuer and the Group?

The following tables present the Group's summary historical consolidated financial information as of and for the years ended 31 December 2019, 2020 and 2021 which has been derived from the Group's audited consolidated financial statements as of and for the years ended 31 December 2019, 2020 and 2021. The restated financial statement data for the year ended 31 December 2020 has been derived from the Group's consolidated financial statements for the year ended 31 December 2021. The Group's audited consolidated financial statements as of and for the years ended 31 December 2019, 2020 and 2021 should be read in conjunction with the relevant reports of the Group's independent auditor for such periods.

Group income statement

	Year ended 31 December		
	2021 (Audited) US$'000	**2020 (Audited) US$'000 (1)**	**2019 (Audited) US$'000**
Revenue and other operating income	1,265,814	863,852	1,646,459
Cost of sales	(907,634)	(799,081)	(1,243,948)
Gross profit/(loss)	358,180	64,771	402,511
Profit/(loss) from operations before tax and finance income/(costs)	580,059	(310,069)	(467,768)
Profit/(loss) before tax	352,441	(565,975)	(729,113)
Income tax	24,547	(96,030)	279,812
Profit/(loss) for the year attributable to owners of the parent	376,988	(469,945)	(449,301)
Total comprehensive income for the year, attributable to the owners of the parent	376,988	(469,945)	(449,301)

(1) The comparative information for the year ended of 31 December 2020 has been restated to reflect a change in presentation of rental income and the 2020 deferred tax movements.

Group Balance Sheet

	As of 31 December		
	2021 (Audited) US$'000	**2020 (1) (Audited) US$'000**	**2019 (Audited) US$'000**
Assets			
Non-current assets	3,707,041	3,455,673	4,188,931
Current assets	658,592	406,930	587,685
Total assets	**4,365,633**	**3,862,603**	**4,776,616**
Total equity	**520,756**	**91,217**	**559,061**
Non-current liabilities	2,853,190	2,827,524	3,347,132
Current liabilities	991,687	943,862	870,423
Total liabilities	**3,884,877**	**3,771,386**	**4,217,555**
Total equity and liabilities	**4,365,633**	**3,862,603**	**4,776,616**

(1) The comparative information as of 31 December 2020 has been restated to reflect a change in accounting policy and prior period error. For more information, see note 2 of the 2021 Financial Statements.

Group Statement of Cash Flow

	Year ended 31 December		
	2021 (Audited) US$'000	**2020 (1) (Audited) US$'000**	**2019 (Audited) US$'000**
Cash generated from operations	756,928	567,165	994,618
Net cash flows from/(used in) operating activities	674,138	521,420	962,271
Net cash flows (used in)/from investing activities	(321,230)	(120,597)	(257,838)
Net cash flows from/(used in) financing activities	(285,474)	(401,014)	(729,996)
Net increase/(decrease) in cash and cash equivalents	67,434	(191)	(25,563)
Cash and cash equivalents as at 31 December	286,661	222,830	218,199

(1) The comparative information for the year ended 31 December 2020 has been restated to reflect a change in accounting policy and prior period error. For more information, see note 2 of the 2021 Financial Statements.

What are the key risks that are specific to the Issuer?

The Issuer is a holding company that has no revenue generating operations of its own and will depend on cash from its operating companies to be able to make payments on the Notes. The Issuer's ability to meet its payment obligations under the Notes will be subject to all the risks to which the Group is subject.

See *"What are the key risks that are specific to the Issuer, the Guarantors and the Group?"* below for a description of certain of these risks.

What are the key risks that are specific to the Issuer, the Guarantors and the Group?

The key risks which are specific to Issuer, the Guarantors and the Group are as follows:

(i) Volatility and further decreases in oil prices could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

(ii) The Group may not be able to generate sufficient cash to comply with its financial covenants, fund its capital expenditures or sustain its operations.

(iii) The Group's leverage and debt service obligations could adversely affect its business, financial condition, results of operations and its ability to satisfy its obligations under its debt, including the Notes and the Guarantee.

(iv) Despite the Group's current level of debt, the Group may incur substantially more debt in the future, which may make it difficult for it to service its debt, including the Notes.

(v) Climate change legislation, the transition to net zero greenhouse gas emissions by 2050 and/or protests and shareholder actions against fossil fuel extraction may have a material adverse effect on the Group's industry.

(vi) The levels of the Group's 1P and 2P reserves and 2C Resources, their quality and production volumes may be lower than estimated or expected.

(vii) If the Group is unable to replace the 2P reserves that it produces, the Group's reserves and revenues will decline.

(viii) All of the Group's production comes from a small number of offshore assets in the United Kingdom Continental Shelf (**"UKCS"**) and Malaysia, making it vulnerable to risks associated with having significant production in two countries and only a small number of assets.

(ix) The Group may not be able to repay the High Yield Notes or the Existing Notes currently scheduled to be repayable.

What are the key risks that are specific to the Guarantors?

The key risks that are specific to the Guarantors are those set out in the section above entitled "*What are the key risks specific to the Issuer, the Guarantors and the Group*".

Key information on the Securities

What are the main features of the new securities?

Noteholders

The Notes will be issued in registered form on 27 April 2022 (the "**Issue Date**") and they will mature and fall due to be repaid on 27 October 2027 (the "**Maturity Date**"). The currency of the Notes is pounds sterling, the principal amount of each Note (being the amount which is used to calculate payments made on each Note) is £1 and the Notes can be bought and sold in multiples of £1.

The Notes will be initially issued and sold at 100 per cent. of their principal amount (i.e. their par value) and, whether they fall due to be repaid early (as to which, see "*Events of Default*", "*Early repayment by the Issuer for tax reasons*" and "*Optional Early Redemption by the Issuer*") or on the Maturity Date, the Notes will be repayable at 100 per cent. of their principal amount.

The ISIN for the Notes is XS2461853793 and the Common Code is 246185379.

The total amount of Notes to be issued and admitted to trading on the regulated market will depend on demand received from (a) Existing Noteholders to participate in the Exchange Offer and (b) investors for the Notes during a period of book-building which commences on the date of this Exchange Offer Memorandum and Prospectus and is expected to end at 4.00 p.m. (London time) on 20 April 2022 (the "**Offer Period**").

The total principal amount of the Notes to be issued will be specified in an announcement (the "**Sizing Announcement**") to be published by the Issuer via the Regulatory News Service ("**RNS**") operated by the London Stock Exchange plc at the end of the Offer Period. See "*Key information about the offer of securities to the public and admission to trading on a regulated market*" below for further information.

Existing Noteholders

Each Existing Noteholder that participates in the Exchange Offer will receive £1 in principal amount of Notes in exchange for every £1 of Existing Notes validly offered and accepted for exchange by the Issuer and in addition, will receive an exchange fee of £0.015 for every £1 in principal amount of Existing Notes exchanged for participating in the Exchange Offer in addition to any accrued but unpaid interest on the Existing Notes, to, but excluding 27 April 2022. In order to participate in the Exchange Offer, an Existing Noteholder must validly offer for exchange at least £1,000 in principal amount of Existing Notes.

The Exchange Offer Period commences on the date of this Exchange Offer Memorandum and Prospectus and will expire at 4.00 p.m. (London time) on 20 April 2022 (the "**Exchange Offer Deadline**"), unless extended, re-opened or terminated as provided in this Exchange Offer Memorandum and Prospectus.

Ranking of the securities and rights attaching to the securities

Status of the Notes and the Guarantee

The Notes constitute direct, unconditional and unsecured obligations of the Issuer and rank *pari passu* (i.e. equally in right of payment), without any preference between themselves.

The Guarantee is subject to a guarantee subordination agreement dated 9 April 2014 (as amended, supplemented or varied from time to time) (the **"Guarantee Subordination Agreement"**) to which U.S. Bank Trustees Limited (in its capacity as trustee in respect of the Existing Notes (the "**Existing Notes Trustee**") under the trust deed dated 24 January 2013 pursuant to which the Existing Notes were issued (the **"Existing Notes Trust Deed"**)) acceded on 5 November 2014 and U.S. Bank Trustees Limited (in its capacity as Trustee in respect of the Notes under the Trust Deed) will accede to on or around the Issue Date.

Pursuant to the Guarantee Subordination Agreement, the Guarantors' obligations under the Guarantee are subordinated to the Guarantors' obligations in respect of the Issuer's senior debt, including the Issuer's secured revolving borrowing base facility (the "**RBL Facility**"). The Guarantee is a direct, unconditional and irrevocable, joint and several guarantee by the Guarantors to the Trustee (for itself and on behalf of the Noteholders) of the payment of principal and interest payable under the Notes and all other monetary obligations of the Issuer to the Noteholders or the Trustee under the Trust Deed (as defined below) in respect of the Notes and any additional amounts payable pursuant to Condition 8 (Taxation) of the Notes.

Pursuant to the Guarantee Subordination Agreement, the payment obligation of the Guarantors under the Guarantee:

(a) will be subordinated in right of payment to all existing and future senior obligations of the Guarantors, including the RBL Facility;

(b) will rank *pari passu* in right of payment with all existing and future senior subordinated obligations of the Guarantors, including the guarantees in respect of the Existing Notes and the High Yield Notes and the Guarantors' guarantees in respect thereof (the **"High Yield Notes Guarantees"**);

(c) will rank senior in right of payment to all future obligations of the Guarantors that are expressly contractually subordinated to the Guarantees and the High Yield Notes Guarantees; and

(d) will, effectively, be subordinated to all existing and future secured obligations of the Guarantors (including under the RBL Facility), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Guarantee on an equal and rateable or senior basis.

Negative Pledge

The Notes contain a negative pledge provision with respect to the Issuer and its subsidiaries (which includes the Guarantors). Under the negative pledge provision, those entities are not permitted to create or at any time have outstanding any security over any of their present or future undertakings, assets or revenues to secure any "**Relevant Indebtedness**" or to secure any guarantor guarantee or indemnity in respect of Relevant Indebtedness without securing the Notes equally. "Relevant Indebtedness" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

Events of Default

An event of default is a breach by the Issuer, any Guarantor or a relevant subsidiary of certain provisions contained in the Conditions. Events of default under the Notes include non-payment of interest for 14 days or principal or premium for 7 days, breach of other obligations under the Notes (for example, the Negative Pledge referred to above) or under the trust deed dated the Issue Date (the "**Trust Deed**") between the Issuer, the Guarantors, U.S. Bank Trustees Limited in its capacity as trustee for the Noteholders (the "**Trustee**") (which breach is not remedied within 30 days), defaults leading to early repayment of any other borrowed money of the Issuer or any of its Material Subsidiaries (as defined in the Conditions) subject to an aggregate threshold of £15,000,000, certain events related to insolvency or winding up of the Issuer, the Guarantors, or any Material Subsidiary (as defined in the Conditions), or a change in ownership of the Guarantor, non-performance of certain conditions essential for the valid execution of the transaction documents and failure of the Guarantee to be in full force and effect. In addition, Trustee certification that certain events would be materially prejudicial to the interests of Noteholders is required before certain events will be deemed to constitute Events of Default.

Early repayment by the Issuer for tax reasons

In the event of certain tax changes caused by any change in, amendment to, or application or official interpretation of the laws or regulations of the United Kingdom (or, in respect of EnQuest Petroleum Production Malaysia Ltd., Malaysia), save as Notes may be repaid if the Issuer chooses to do so in whole, but not in part, at any time. The redemption price in these circumstances is the principal amount of the Notes plus unpaid accrued interest up to the relevant redemption date.

Optional Early Redemption by the Issuer

The Notes may be redeemed prior to their Maturity Date pursuant to an Issuer call option. The redemption price in these circumstances is the principal amount of the Notes plus unpaid accrued interest up to the relevant redemption date.

Meetings of Noteholders

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting the interests of the Noteholders. These provisions permit certain majorities to bind all Noteholders including Noteholders who did not vote on the relevant resolution and Noteholders who did not vote in the same way as the majority did on that resolution.

Interest rate

The Notes will accrue interest from and including the Issue Date at the fixed rate of 9.00 per cent. per annum. The interest on the Notes is payable twice a year at the end of the interest period to which the payment relates. It is payable in equal instalments of £0.045 per £1 in principal amount of the Notes on 27 April and 27 October in each year (each, an "**Interest Payment Date**"). The final payment of interest will be made on the Maturity Date.

Transferability

There are no restrictions on the free transferability of the Notes.

Where will the securities be traded?

Application will be made to the FCA for the Notes to be admitted to its Official List and to the London Stock Exchange plc for such Notes to be admitted to trading on its regulated market and through its order book for retail bonds ("**ORB**") market. It is expected that admission to trading will occur on or about 28 April 2022.

What are the key risks that are specific to the securities?

The Notes have the following key risks:

(i) The Notes are not protected by the FSCS.

(ii) A market for the Notes may not develop or may not be very liquid and such illiquidity may have an adverse effect on the market value of the Notes and the ability of investors to trade their Notes in the secondary market.

(iii) The Notes bear interest at a fixed rate until the Maturity Date and this exposes Noteholders to potential prevailing interest rate and inflation risk over the term of the Notes

(iv) The payment obligations of the Guarantors under the Guarantee will be subordinated to the Group's existing and future senior debt.

(v) At meetings of Noteholders, defined majorities may be permitted to bind all Noteholders with respect to modifications and waivers of the Conditions, including Noteholders who did not vote and Noteholders who did not vote in the same way as the majority did.

Is there a guarantee attached to the securities?

The Notes will be unconditionally and irrevocably guaranteed by EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest NWO Limited, EnQuest Production Limited, EnQuest Petroleum Production Malaysia Ltd, NSIP (GKA) Limited, EnQuest Marketing and Trading Limited, EnQuest Petroleum Developments Malaysia Sdn Bhd, EnQuest Advance Limited, EnQuest Advance Holdings Limited, EQ Petroleum Sabah Limited and North Sea (Golden Eagle) Resources Ltd pursuant to the Guarantee. The Guarantee will remain an unsecured guarantee for the life of the Notes.

Each of the Guarantors is a private company limited by shares incorporated and registered in England and Wales and operating under the Companies Act 2006 (as amended), save that NSIP (GKA) Limited is a private company limited by shares incorporated and registered in Scotland and operating under the Companies Act 2006 and EnQuest Petroleum Developments Malaysia Sdn Bhd is a private company limited by shares incorporated and registered in Malaysia and operating under the Malaysian Companies Act 2016.

The registered address of the Guarantors (other than NSIP (GKA) Limited and EnQuest Petroleum Developments Malaysia Sdn Bhd) is: 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR. The telephone number of the Guarantors is +44 (0)20 7925 4900.

The registered address of NSIP (GKA) Limited is Annan House, 33 -35 Palmerston Road, Aberdeen, Scotland, AB11 5QP. The registered address of EnQuest Petroleum Developments Malaysia Sdn Bhd is 10th Floor, Menara Hap Seng No 1 & 3, Jalan P Ramlee, 50250 Kuala Lumpur.

The LEI numbers of the Guarantors are: EnQuest Britain Limited: 213800PLY3IRUZLMNX80, EnQuest ENS Limited: 213800MQLJCJMCD7EC08, EnQuest Global Limited: 213800OG97FXIW4EH754, EnQuest Heather Limited: 213800PP8O8ZWV6MYA62, EnQuest Heather Leasing Limited: 2138006U7OBNWOVTOR94, EnQuest NWO Limited: 2138007I14B7LXUTXZ88, EnQuest Production Limited: 213800KR5MJ9PLRCDG92, EnQuest Petroleum Production Malaysia Ltd: 213800DC5XWV3NHP2962, NSIP (GKA) Limited: 2138003B3C97VTDJMT27, EnQuest Marketing and Trading Limited: 213800AVDAIW1CNRNZ14, EnQuest Petroleum Developments Malaysia Sdn Bhd: 2138003GRQE9HAORS770, EnQuest Advance Limited: 213800ONK6LO2J7YXQ95, EnQuest Advance Holdings Limited: 213800MZVMYV41C8QY69, EQ Petroleum Sabah Limited: 213800LGGM6EM5O65398 and North Sea (Golden Eagle) Resources Ltd: 9845001QAJ76B5DL9621.

Relevant key financial information for the purpose of assessing the Guarantors' ability to fulfil their respective commitments under the Guarantee is set out under "*What is the key financial information regarding the Issuer and the Group?*" above.

Key risks that are specific to the Guarantors are set out above in the section entitled "*What are the key risks specific to the Issuer, the Guarantors and the Group?*" above.

Key information about the offer of securities to the public and the admission to trading on a regulated market

Under which conditions and timetable can I invest in these securities?

Existing Noteholders participating in the Exchange Offer

The Exchange Offer Period commences on the date of this Exchange Offer Memorandum and Prospectus and will expire at 4.00 p.m. (London time) on 20 April 2022 the Exchange Offer Deadline, unless extended, re-opened or terminated as provided in this Exchange Offer Memorandum and Prospectus. As further described under "*Who is the offeror?*" below, the Issuer and Guarantors have consented to offers of the Notes being made in the United Kingdom during the Exchange Offer Period.

Applications to participate in the Exchange Offer cannot be made directly to the Issuer or the Guarantors. Notes will be issued in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you, as well as consider the instructions included in this Exchange Offer Memorandum. It is important to note that the Issuer and the Guarantors will not be party to such arrangements between you and your relevant financial intermediary. You must therefore obtain this information from your financial intermediary and the Issuer and Guarantors will have no responsibility to you for this information.

Existing Noteholders will be notified by the relevant financial intermediary as to whether their Existing Notes have been accepted for exchange pursuant to the Exchange Offer, and accordingly their allocation of Notes and instructions for delivery of the Notes (which will be settled by way of exchange of your Existing Notes). The Notes are being offered in exchange for Existing Notes at a ratio of £1 in principal amount of Notes for each £1 in principal amount of Existing Notes validly offered and accepted for exchange by the Issuer, plus £0.015 in exchange fees for every £1 in principal amount of Existing Notes for participating in the Exchange Offer in addition to any accrued interest, such fee to be paid in cash to exchanging Existing Noteholders on the Issue Date. The aggregate principal amount of the Notes to be issued (and the results of the Exchange Offer) will be specified in the Sizing Announcement to be published by the Issuer via RNS after the end of the Offer Period. In order to participate in the Exchange Offer, an Existing Noteholder must validly offer for exchange at least £1,000 in principal amount of Existing Notes. The Issuer is under no obligation to accept, and shall have no liability to any person for any non-acceptance of, any offer of Existing Notes.

None of the Issuer, any Guarantor or the Joint Dealer Managers will charge you any expenses relating to Existing Noteholders participating in the Exchange Offer. An estimate of the total expenses of the Exchange Offer will be disclosed, along with the results of the Exchange Offer, in the Sizing Announcement. However, expenses may be charged to you by your stockbroker or other financial intermediary. These expenses are beyond the control of the Issuer, are not set by the Issuer and should be disclosed to any potential investor by the relevant financial intermediary.

Investors not participating in the Exchange Offer

The Offer Period commences upon publication of this Exchange Offer Memorandum and Prospectus and will close at 4.00 p.m. (London time) on 20 April 2022 (the "**Exchange Offer Deadline**") or such earlier time and date as may be agreed amongst the Issuer, the Guarantors and the Joint Lead Managers and announced via RNS. As further described under "*Who is the offeror?*" below, the Issuer and Guarantors have consented to offers of the Notes being made in the United Kingdom, the United Kingdom, Jersey, the Bailiwick of Guernsey and/or the Isle of Man during the Offer Period.

Applications to purchase Notes cannot be made directly to the Issuer or the Guarantors. Notes will be issued in accordance with the arrangements in place between you and your stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. You should approach your stockbroker or other financial intermediary to discuss any application arrangements that may be available to you. It is important to note that the Issuer and the Guarantors will not be party to such arrangements between you and your relevant financial intermediary. You must therefore obtain this information from your financial intermediary and the Issuer and Guarantors will have no responsibility to you for this information.

For new investors of the Notes, you will be notified by the relevant financial intermediary of your allocation of Notes and instructions for delivery of and payment for the Notes. You may not be allocated all (or any) of the Notes for which you apply. The Notes will be issued at the issue price (which is 100 per cent. of the principal amount of the Notes) and the aggregate principal amount of the Notes to be issued will be specified in the Sizing Announcement expected to be published by the Issuer via RNS after the end of the Offer Period.

The minimum subscription amount per investor is for a principal amount of £2,000 of the Notes. Thereafter, Notes can be bought and traded in integral multiples of £1 in excess of £2,000.

All prospective Note investors and Existing Noteholders

The issue of Notes is conditional upon a subscription agreement (the "**Subscription Agreement**") being signed by the Issuer, the Guarantors and Peel Hunt LLP and WH Ireland Limited (the **"Joint Lead Managers**"). The Subscription Agreement will include certain conditions, customary for transactions of this type, which must be satisfied (including the issue of the Notes and the delivery of legal opinions from legal counsel and comfort letters from the independent auditors of the Issuer, in each case satisfactory to the Joint Lead Managers).

None of the Issuer, any Guarantor or the Joint Lead Managers will charge you any expenses relating to an application for or purchase of any Notes.

However, expenses may be charged to you by your stockbroker or other financial intermediary. These expenses are beyond the control of the Issuer, are not set by the Issuer and should be disclosed to any potential investor by the relevant financial intermediary.

An estimate of the total expenses of the offer and issue of the Notes will be disclosed, along with the final issue amount, in the Sizing Announcement.

Who is the offeror?

The Notes are being offered for sale and exchange by the Issuer pursuant to this Exchange Offer Memorandum and Prospectus. The Exchange Offer is being made by the Issuer pursuant to the Exchange Offer Memorandum and Prospectus. However, the Issuer and the Guarantors also consent to the use of this Exchange Offer Memorandum and Prospectus in connection with public offers of the Notes and the Exchange Offer made in the United Kingdom during the Offer Period by the Joint Lead Managers, the Joint Dealer Managers and any other financial intermediaries which are authorised to make such offers

under Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA, or, in relation to the Bailiwick of Guernsey, in accordance with the requirements of The Protection of Investors (Bailiwick of Guernsey) Law, 2020 or, in relation to the Isle of Man, in accordance with the requirements of the Isle of Man Financial Services Act 2008 as amended and comply with the other conditions to consent contained in this Exchange Offer Memorandum and Prospectus.

In respect of investors in Jersey, the Issuer and the Guarantors consent to the use of this Exchange Offer Memorandum and Prospectus in connection with offers of the Notes during the Offer Period in compliance with the Control of Borrowing (Jersey) Order 1958 (the "**COBO Order**") by a person or persons authorised to conduct the appropriate category of financial services business under the Financial Services (Jersey) Law 1998 (as amended only). To be clear, consent under the COBO Order has not been obtained for the circulation of this offer and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Notes.

The Issuer will apply for the Notes to be admitted to trading on the regulated market of the London Stock Exchange plc and through its ORB market upon their issue.

Why is this Exchange Offer Memorandum and Prospectus being produced?

This Exchange Offer Memorandum and Prospectus has been produced for the purposes of (a) offering the Notes for sale in the United Kingdom, Bailiwich of Guernsey, Isle of Man and Jersey during the Offer Period; (b) making the Exchange Offer to Existing Noteholders during the Offer Period; and (c) applying for such Notes to be admitted to trading on the regulated market of the London Stock Exchange plc.

The aggregate amount of Notes to be issued and the aggregate principal amount of Existing Notes accepted for exchange will not be known until the end of the Offer Period and will be specified in the Sizing Announcement expected to be published by the Issuer via RNS shortly after the end of the Offer Period. The Sizing Announcement will also disclose the estimated net proceeds of the Notes (taking account of fees and commissions payable in offering and distributing the Notes and carrying out the Exchange Offer (including the exchange fee payable to exchanging Existing Noteholders pursuant to the Exchange Offer)) and the results of the Exchange Offer

The net proceeds of the Notes will be used for the general corporate purposes of the Group.

The offering of the Notes will not be underwritten and, so far as the Issuer and the Guarantors are aware, there are no conflicts of interest which are material to the offering of the Notes or to the application for admission to trading.

RISK FACTORS

You should carefully consider the risks described below and all other information contained in this document and reach your own view before making an investment decision. The factors described below represent the principal risks and uncertainties which may affect the ability of the Issuer and the Guarantors to fulfil their respective obligations under the Notes and the Guarantee. The Issuer and the Guarantors have only described the risks that they believe to be material. The Issuer and/or Guarantors may face other risks that may not be considered significant risks based upon information available at the date of this Exchange Offer Memorandum and Prospectus or that the Issuer and/or Guarantors may not be able to anticipate. Factors which the Issuer and the Guarantors believe may be material for the purpose of assessing the market risks associated with the Notes are also described below. If any of the following risks, as well as other risks and uncertainties that are not yet identified or that the Issuer and Guarantors think are immaterial at the date of this Exchange Offer Memorandum and Prospectus, actually occur, then these could have a material adverse effect on the Issuer's and/or Guarantors' ability to fulfil their respective obligations to pay interest, principal or other amounts in connection with the Notes.

For risks relating to the Notes, the Issuer and Guarantors have classified the risks set out below into the following five categories:

1 Risks relating to the Oil and Gas Industry 11

2 Risks relating to the Group's business 21

3 Risks relating to the Notes and the Group's capital structure 42

4 Risks relating to the Notes and the Guarantee 46

5 Risks relating to the Market generally 49

Risk Factors that may affect the ability of the Issuer or the Guarantors to fulfil its obligations under the Notes

1. Risks relating to the Oil and Gas Industry

Volatility and further decreases in oil prices could materially and adversely affect the Group's business, prospects, financial condition and results of operations

The Group's business, prospects, financial condition and results of operations depend substantially upon oil prices, which may be adversely impacted by unfavourable global, regional and national macroeconomic conditions. Oil is a commodity for which prices are determined based on world demand, supply and other factors, all of which are beyond the Group's control. Historically, oil has fluctuated widely for many reasons, including:

- global and regional supply and demand, and expectations regarding future supply and demand, for oil products;
- decrease in demand due to increased climate change legislation and regulation imposing limits on carbon emissions;
- decrease in demand in countries with weak macro-economic growth;
- evolution of stocks of oil and related products;
- increased production due to new extraction developments and improved extraction and production methods;
- geopolitical uncertainty, including trade disputes and independence movements;
- threat of terrorism and cyber-attacks from which some producing areas suffer periodically;

- weather conditions, natural disasters and environmental incidents;
- access to pipeline systems, storage platforms, shipping vessels and other means of transporting and storing oil;
- prices and availability of and competition from alternative fuels and energy sources;
- prices and availability of new technologies;
- the ability of the members of the Organisation of Petroleum Exporting Countries ("**OPEC**"), and other oil producing nations, to set and maintain specified levels of production and prices;
- political, economic and military developments in oil producing regions generally;
- governmental regulations and actions, including the imposition of export restrictions and taxes and environmental requirements and restrictions; and
- market uncertainty and speculative activities by those who buy and sell oil on the world markets.

Historically, crude oil prices have been highly volatile and subject to large fluctuations in response to relatively minor changes in the demand for oil, or subject to sharp price movements, such as that which coincided with the onset of the Covid-19 pandemic ("**COVID-19**"). Dated Brent crude oil averaged $70.9/stock tank barrel (**"bbl"**) in 2021, with a low of $51.1/bbl on 4 January 2021 and a high of $86.4/bbl on 26 October 2021, compared to an average of $64.2/bbl and $43.2/bbl in 2019 and 2020, respectively. After the invasion into Ukraine by Russian troops on 24 February 2022, the oil prices surged by $8/bbl to $105/bbl, on expectations that sanctions by western countries against Russia would cripple energy exports. See *"- The ongoing military action between Russia and Ukraine could adversely affect the Group's business, financial condition and results of operations."* However, oil prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of this commodity due to the current state of the world's economies, actions of OPEC, ongoing geopolitical uncertainty and related economic impacts and ongoing global credit and liquidity concerns. It is also expected that the increased focus of governments, regulators and consumers on the impact of climate change and reducing carbon emissions could reduce demand for oil and suppress oil prices. There can be no assurances as to the level of oil prices that will be achievable in the future.

The Group's revenues, operating results, profitability, future production capabilities and the carrying value of its oil properties depend heavily on the prices the Group receives for oil sales. Substantially all of the Group's reserves are constrained by a commercial materiality threshold and therefore are impacted by changes in oil prices. In particular, decreases to oil prices could lead to reductions in the economic life of a field, which could, in turn, lead to a decrease in the Group's reserves. For example, during 2019 the Group recorded downward revisions to its reserves at the oil fields located in blocks 2/5 and 2/4a in the UKCS covered by License P.242 and P.902, respectively (the **"Heather/Broom"**) and the oil fields located in blocks 211/18a and 211/19a in the UKCS covered by License P.236 and P.475, respectively (**"Thistle/Deveron"**), following safety-related shutdowns at those fields in the fourth quarter of 2019, and in light of the low oil price environment in the first half of 2020, the Group decided not to re-start production at those fields following an analysis that the costs and risks of remediation and restarting production outweighed the economic benefits of doing so. Going forward, the Group may elect not to continue production from certain of its assets in the event of further decreases in oil price, or its license partners may not want to continue production, regardless of its position, and subsequently may seek to sell their interest in a particular license, which could have a material adverse impact on the Group's results of operations.

Although oil prices have recovered throughout 2021 and into 2022, the Group believes that low oil prices, as experienced in 2020, may return and endure in the future due to climate change driving a reduced demand for oil. Lower oil prices typically result in significant reductions in capital expenditure budgets, cancellation or deferral of projects and reductions in discretionary expenditures. For example, in response to the deterioration in the oil price environment in 2020, the Group reviewed its spending plans and implemented a material operating costs and capital expenditure reduction program, including an acceleration of cessation of production at a number of the Group's highest cost assets, a significant reduction in its workforce and deferral or cancellation of drilling and other discretionary activities, which in turn resulted in a reduction in the Group's costs and improved cash flow. Certain development projects

could become unprofitable as a result of oil price declines, which could in turn result in the Group postponing or cancelling a planned project or, if it is not possible to cancel the project, carrying out the project with negative economic impact. In addition, the Group may face property impairments if prices fall significantly. No assurance can be given that oil prices will remain at levels which will enable the Group to do business profitably or at levels that make it economically viable to produce from certain wells and any material decline in such prices could result in a reduction of the Group's net production volumes and revenue and a decrease in its reserves and in the valuation of its exploration, appraisal, development and production properties.

A decline in the price of oil could also cause the Group to fail a liquidity covenant and to request a covenant waiver under its RBL Facility. The liquidity covenant (the "**EnQuest Group Liquidity Test**"), which is tested semi-annually, requires the Group to have sufficient funds available to meet all of its liabilities in each six-month period over the next 24 months. However, prior to the High Yield Note Refinancing, the EnQuest Group Liquidity Test shall only be tested up to 1 October 2023. Given the extreme volatility in current oil prices, there is a risk of a potential liquidity covenant breach under the Group's RBL Facility, which would therefore require a covenant waiver to be obtained. Although the Group believes it would be able to obtain waivers from the facility providers, the risk of not obtaining a waiver represents a material uncertainty that may cast doubt upon the Group's ability to continue to apply the going concern basis of accounting. See "*Description of certain financing arrangements*" and "*Risks relating to the business—the Group may not be able to generate sufficient cash to comply with its financial covenants, fund the Group's capital expenditures or sustain its operations*".

To mitigate oil price volatility, the Group monitors oil price sensitivity relative to its capital commitments and has a policy which allows hedging of its production. As of 23 March 2022, the Group hedged approximately 8.6 millions of barrels (**"MMbbl"**) and 3.5 MMbbls of the production in the year ended 31 December 2022 and 2023, respectively, at an Average Floor Price of around $62.5/bbl and $57.5/bbl in 2022 and 2023, respectively. This ensures that the Group will receive a minimum oil price for some of its production during this period. The Group has also established an in-house trading and marketing function to enable it to enhance its ability to mitigate the exposure to volatility in oil prices. The Group's policy is to have flexibility to hedge oil prices up to a maximum of 75% of the next 12 months' productions on a rolling annual basis, up to 60% in the following 12 month period and 50% in the subsequent 12 month period. However, there can be no assurance that the Group's existing hedging arrangements will be effective or sufficient, or that it will be able to effectively hedge declines in oil prices in the future. See "*Risks relating to the Group's business—the Group's commodity hedging activities may not be effective*". If prices for the oil produced by the Group falls, this could materially and adversely affect its business, prospects, financial condition and results of operations.

Climate change legislation, the transition to net zero greenhouse gas emissions by 2050 and/or protests and shareholder actions against fossil fuel extraction may have a material adverse effect on the Group's industry

Continued political, societal and commercial attention to climate change, the UK's transition to a "net zero" economy by 2050 and the associated mitigation through regulation of greenhouse gases as part of this transition could have a material adverse effect on the Group's prospects, financial condition and results of operations.

There have been numerous developments in climate change laws in recent years, at the international, regional and national level.

The Paris Agreement, adopted in December 2015 under the United Nations Framework Convention on Climate Change, sets the overall framework for coordinated global action in relation to climate change mitigation and adaptation. The Paris Agreement aims to limit global temperature increase to well below 2 °C compared to pre-industrial levels, and commits the parties to pursue efforts to limit the temperature increase to 1.5 °C. The IPCC's Sixth Assessment Report is currently underway and is due for release in 2022. This, in conjunction with the stocktake mechanism under the Paris Agreement, may create further pressure for mitigation action by parties to the Paris Agreement.

At the UK level, in June 2019, the UK amended the legally binding target set out in the Climate Change Act 2008 in order to implement the UK's 2050 net-zero target. Further to this, the UK's Sixth Carbon Budget was published by the Climate Change Committee ("**CCC**"), the government's independent advisor on climate change, in December 2020. The Sixth Carbon Budget provides the UK government

with advice on the budget of greenhouse gases the UK can emit during the period 2033-2037. In addition to the 2050 net zero target, the CCC's recommended pathway requires a 78% reduction in UK territorial emissions between 1990 and 2035. The CCC states that meeting the Sixth Carbon Budget requires action across four key areas, namely (1) the expansion of low-carbon energy supplies (including the complete decarbonisation of electricity by 2035 in a balanced net zero pathway), (2) the take-up of low-carbon solutions (including low carbon or electric boilers and vehicles), (3) reducing demand for carbon-intensive activities, and (4) land (and removals). In light of the UK's net zero target, in March 2021 the UK Department for Business, Energy & Industrial Strategy (**"BEIS"**) released the North Sea Transition Deal which sets out the plan for how to UK's offshore oil and gas sector and the government will work together to deliver the skills, innovation and new infrastructure required to meet stretching greenhouse gas emissions reduction targets.

Taken together, these international, regional and national climate change laws and regulations establish the framework for the transition to net zero greenhouse gas emissions in the UK by 2050. However, the Committee on Climate Change notes that a major strengthening of UK policies is required to reduce emissions and achieve net zero.

Accordingly, additional laws and regulations are highly likely to be introduced to, amongst other things, reduce greenhouse gas emissions and the demand for fossil fuels and fossil fuel technologies, incentivise renewable and low-carbon energy and electric and low-carbon technologies, and transition to a net zero economy. For example, in relation to the Group's operational emissions, there may be additional restrictions and/or a prohibition on the flaring (the ignition of gas) or venting (the release of unignited gas) of gas in non-emergency situations. Flaring and venting of gas are controlled processes to dispose of gas and are essential for emergency and safety purposes on oil and gas installations, and in situations where it may not be feasible for the gas to be used, exported or re-injected. The UK government has recently announced that it will introduce a "climate compatibility checkpoint" to determine whether future applications for oil and gas licenses in the North Sea align with wider climate change objectives, such as the reduction of emissions and sustainability. This, and a generally more active approach from regulators relating to climate issues, may make it more difficult to procure licenses in the future or make it more expensive or onerous to comply with existing licenses or to obtain regulatory consents for operational issues or new developments. While conventional oil and gas activities will play a role in the energy transition, laws, policies and regulations introduced to deliver net zero by 2050 may either directly or indirectly impact the demand for oil and gas and/or fossil fuel based technologies and products and have a material adverse effect on us. Such laws and regulations may result in substantial capital, compliance, operating and maintenance costs for us or the Group's customers. In addition, there is a possibility that drilling in the North Sea might be restricted in general at some point in the future. This would mean that the Group would have to cease its operations in the North Sea altogether, which could have a material adverse effect on business, prospects, financial condition and results of operations.

Legal and regulatory changes may also increase the price of, or increase the scope and rate of relevant levies, charges or taxes on carbon, oil and gas, oil and gas products, or other greenhouse gases. It may also be the case that, owing to such laws and regulations, the Group may not be able to fully exploit all of its reserves. Furthermore, recent regulatory changes, such as the introduction of new Listing Rule 9.8 requires us to include a statement in the Group's annual financial report for the accounting period from 1 January 2021 onwards setting out whether the Group's disclosures are consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures ("**TCFD**"), and to explain if the Group have not done so. The implementation of TCFD recommendations on governance, strategy, risk management and metrics and targets could materially and adversely affect the Group's cost structure. Increased reporting on the Group's exposure to climate change-related risks could also make us less attractive to potential investors or lenders, making it more difficult or costly to raise capital. At this stage, while the net zero target is established, the rate of legislative change and the potential impact of such a broad range of laws, policies and regulations is difficult to accurately predict. Future international treaties, legislation or other government action may affect the trajectory and impact of such laws, policies and regulations. For example, the United Nations Climate Change Conference is set to occur in Egypt in November 2022 and may affect participating governments' policies regarding climate change in both the near- and long-term future.

For example, as a company with operations in the United Kingdom, the Group is currently subject to the UK Emissions Trading Scheme (the "**UK ETS**"). Under the UK ETS various industrial activities, including offshore oil exploration and production facilities incorporating combustion plants (including flaring) with aggregate thermal ratings of greater than 20 megawatts (thermal input) are regulated. As

the UK ETS is a smaller carbon market than the European Union Emissions Trading Scheme, there is concern that there may be greater carbon price volatility in the UK ETS.

In addition, the Group's operations in Malaysia are subject to Malaysia's environmental laws and regulations, such as the Environmental Quality Act 1974, which prohibits industrial activities which cause pollution without obtaining a valid license, and the Occupational Health and Safety Act 1974. The level of expenditure required to comply with such laws and regulations, including to obtain any license, permit or approval required under such laws and regulations, is difficult to accurately predict and may result in substantial capital, and operating costs. Any amendments to current laws, regulations, licenses, permits or approvals could also have a material adverse effect on the Group's operations and increase its cost structure. Additional requirements may also be enacted in the jurisdictions in which the Group chooses to operate in the future.

In addition, the Group may be subject to activism, including from groups campaigning against fossil fuel extraction and climate change, which could negatively affect its reputation, dissuade investors from investing in its business, persuade shareholders to sell their holdings, encourage or require the Group to make decisions to reduce emissions or change business strategy in light of climate change concerns, dissuade contractors from working with the Group, reduce demand for its products, disrupt its operations or development programs, induce its employees and/or directors to cease working or acting for us or otherwise negatively impact the Group's business. The Group may also be the subject of legal proceedings and strategic litigation, including that designed to constrain the extraction of oil and gas, impact on its various licenses, permissions or consents to operate or seek reparations for loss and damage in respect of climate change. Shareholders may also bring action, for example demanding greater transparency and fuller disclosures on climate change related risks, and requiring the Group to adapt its business strategy to mitigate these risks and provide a more resilient investment for shareholders.

The levels of the Group's 1P and 2P Reserves and Contingent Resources, their quality and production volumes may be lower than estimated or expected

The 1P (Proved Reserves, as defined and further explained in the section "*Glossary*") and 2P Reserves (the sum of Proved Reserves plus the Probable Reserves as defined and further explained in the section "*Glossary*") and Contingent Resources (see the definition of 2C Resources as set out in the section "*Glossary*" for an explanation of what contingent resources are) set forth in this document represent estimates only and are based on the Group's internal assessments and only the 1P and 2P Reserves have been audited by GaffneyCline. The standards utilised to prepare the 1P and 2P Reserves and Contingent Resources information set forth in this document are in accordance with resource definitions jointly set out by the Society of Petroleum Engineers ("**SPE**"). the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts, and the European Association of Geoscientists & Engineers in June 2018 in the PRMS which may be different from the standards of reporting adopted in the United States and other jurisdictions. Investors, therefore, should not assume that the data found in the reserves and resources information set forth in this Exchange Offer Memorandum and Prospectus is directly comparable to similar information that has been prepared in accordance with the reserve and resource reporting standards of other jurisdictions.

In general, estimates of economically recoverable oil reserves are based on a number of factors and assumptions made as of the date on which the reserves estimates were determined, such as geological and engineering estimates (which have inherent uncertainties), historical production from the properties, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. Underground accumulations of hydrocarbons cannot be measured in an exact manner and estimates thereof are a subjective process aimed at understanding the statistical probabilities of recovery. The variables and assumptions upon which estimates of economically recoverable oil reserves depend include, among others, the following:

- production history from the properties compared with production from other comparable producing areas;
- interpretation of the available geological and geophysical data;
- quality and quantity of available data;

- geological and engineering estimates (which have inherent uncertainties);
- effects of regulations adopted by governmental agencies;
- future percentages of international sales;
- future oil and other commodity prices;
- capital investments;
- effectiveness of the applied technologies and equipment;
- future operating costs, tax on the extraction of commercial minerals, development costs and workover and remedial costs; and
- the judgement of the persons preparing the estimates.

As all reserve estimates are subjective, each of the following items may differ materially from those assumed in estimating reserves:

- the quantities and qualities of oil reserves that are ultimately recovered;
- the timing of the recovery of oil reserves;
- the production and operating costs incurred;
- the amount and timing of additional exploration and future development expenditures;
- future hydrocarbon sales prices; and
- decommissioning costs.

Many of the factors in respect of which assumptions are made when estimating reserves are beyond the Group's control and therefore these estimates may prove to be incorrect over time. Evaluation of reserves necessarily involves multiple uncertainties. The accuracy of any reserves or resources evaluation depends on the quality of available information and oil engineering and geological interpretation. Exploration drilling, interpretation, testing and production after the date of the estimates may require substantial upward or downward revisions in the Group's reserves or resources data. Moreover, different reserve engineers may make different estimates of reserves and cash flows based on the same available data. Actual production, revenues and expenditures with respect to reserves and resources will vary from estimates and the variances may be material. Therefore, potential investors should not place undue reliance on reserves or resources data contained herein or on any specific field, reservoir, fluid or production profile or reserve estimate.

The uncertainties in relation to the estimation of reserves summarised above also exist with respect to the estimation of Contingent Resources. The probability that 2C Resources will be economically recoverable is considerably lower than for 2P Reserves. Volumes and values associated with Contingent Resources should be considered highly speculative.

If the assumptions upon which the estimates of the Group's oil reserves and resources have been based prove to be incorrect or if the actual reserves or recoverable resources available to the Group are otherwise less than the current estimates or of lesser quality than expected, the Group may be unable to recover and produce the estimated levels or quality of oil and other hydrocarbons set out in this document and this may materially and adversely affect the Group's business, prospects, financial condition and results of operations.

If the Group is unable to replace the 2P Reserves that it produces, the Group's reserves and revenues will decline

The Group's future success depends on its ability to develop or acquire additional 2P Reserves that are economically recoverable, which is dependent on oil prices. See – "*Volatility and further decreases in oil prices could materially and adversely affect the Group's business, prospects, financial condition and*

results of operations". While well supervision and effective maintenance operations can contribute to sustaining production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and the Group targets maturing fields that typically have fewer reserves than could be expected in new discoveries. Without continued successful exploration, development and acquisition activities, the Group's reserves and revenues will decline as a result of the Group's current reserves being depleted by production. Future increases in the Group's reserves will depend not only on the Group's ability to appraise, develop and explore its existing assets but also on its ability to select and acquire suitable assets either through awards at licensing rounds or through acquisitions. Any failure to successfully replace reserves could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

The Group's current strategy largely centres on increasing its 2P Reserves and 2C Resources through acquisitions and potential life extensions of relatively mature assets. For example, in October 2021 the Group completed the acquisition of North Sea (Golden Eagle) Resources Ltd (**"Golden Eagle"**) (the **"Golden Eagle Acquisition"**), which added approximately 18.2 million barrels of oil equivalent (**"MMboe"**) to the Group's 2P Reserves as of 31 December 2021. Although the Group continues to evaluate further acquisition opportunities, it will be highly selective in the acquisitions it pursues and over the medium term, particularly in light of the volatile oil-price environment, the Group intends to focus on strengthening its balance sheet.

As part of the Group's strategy of acquiring relatively mature assets, the Group frequently holds assets with declining production that, prior to the Group's ownership, have not been drilled, developed or maintained for significant periods of time. The Group uses improved recovery methods to increase the production of oil at these fields, including the injection of water into formations to provide pressure support and sweep oil towards production wells and the injection of gas into production wells to facilitate lifting of oil and water. If the Group's improved recovery methods do not allow for the extraction of oil in the manner or to the extent that it anticipates, its future results of operations and financial condition could be materially and adversely affected.

Successful acquisitions require an assessment of a number of factors, including estimates of recoverable reserves and resources, exploration potential, future oil prices, operating costs and potential environmental and other liabilities. Such assessments are inexact and cannot be made with a high degree of accuracy. While the Group routinely performs due diligence reviews of all potential acquisition targets, such reviews will not reveal all existing or potential problems or liabilities. In addition, the Group's review may not permit it to become sufficiently familiar with the assets or properties to fully assess their deficiencies and capabilities. The Group has not entered into any binding agreements, memoranda of understanding or other commitments in respect of any such opportunities, and there can be no assurances that it will be successful in identifying and completing further acquisitions. In addition, it becomes increasingly difficult to obtain the necessary financing for these acquisitions. See "- *Risks relating to the Group's business – there are inherent risks in the Group's acquisitions of appraisal, development and production assets."*

In light of the increased regulatory environment in regards to environmental, social and governance factors in which banks operate and the volatility of oil prices, there has been a reduction in certain banks' willingness or ability to lend to entities in the oil and gas industry. Accordingly, there is a risk that even if the Group identifies an appropriate acquisition target, the Group may not be able to secure financing on commercially acceptable terms, or at all.

Any failure by the Group to successfully replace its reserves, whether through further exploring and developing its existing assets or through the award or acquisition of additional assets, could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

The Group faces drilling, exploration and production risks and hazards that may affect the Group's ability to produce oil at expected levels, quality and costs and that may result in additional liabilities to the Group

The Group's oil production operations are subject to numerous risks common to the Group's industry, including premature decline of reservoirs, invasion of water into producing formations, encountering unexpected formations or pressures, low permeability of reservoirs, contamination of oil and gas, blowouts, oil and other chemical spills, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations and abnormal geological pressures,

uncontrollable flows of oil, gas or well fluids, adverse weather conditions, shortages of skilled labour, pollution and other environmental risks.

As all of the Group's production is offshore, its facilities are also subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, vessel collision and damage from natural catastrophes, severe storms or other severe weather conditions, the frequency and severity of which may be impacted by climate change. The offshore drilling the Group conducts could involve increased risks due to risks inherent in the nature of drilling in complicated and harsh environments and complex geological formations including blowouts, encountering formations with abnormal pressure and oil spills. In particular, the Group's hub-based model requires that substantially all the Group's production is produced through a limited number of offshore facilities, so any technical failure or accident involving these facilities could have a material adverse effect on the Group's production from multiple fields and its resulting cash flow therefrom. Unplanned partial or full shutdowns could adversely impact the Group's financial performance if such shutdowns require substantial costs to remediate or continue for an extended period of time and such outages coincide with a period of relatively higher prices with production only returning in a period of relatively lower prices. For example, in 2019, the Group's Heather platform experienced a small fire while shut-down for repair work on the facility's compressors and, following an analysis that the costs and risks of remediation and restarting production outweighed the economic benefits of doing so, the Group decided not to re-start production at the platform, leading to shut-downs at the Heather and Broom fields. Similarly, following a precautionary shutdown and down-man for safety reasons at the Thistle platform, the Group decided not to re-start production at the platform, leading to shut-downs at the Thistle and Deveron fields. In 2020 the Group experienced an incident at PM8/Seligi whereby a detached riser resulted in a release of gas and a fire which initiated an emergency shutdown of this field. While partial operations resumed within two days, the replacement of the pipeline riser was not completed until January 2022. Such hazards could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group seeks to maintain a high degree of operational control over production assets in its portfolio, and it continually assesses the condition of its assets and operates extensive maintenance and inspection programs designed to minimise the risk of unplanned shutdowns and expenditure. However, if an accident or failure occurs, environmental damage, including biodiversity loss or habitat destruction, injury to persons and other species and organisms, loss of life, failure to produce oil in commercial quantities or an inability to fully produce discovered reserves could result. Such technical failure or accident may also result in unplanned expenditure, in particular where remediation may be dependent on suitable weather conditions offshore. Furthermore, the Group is not the operator of the Golden Eagle (the "**Golden Eagle Asset"**") or the Alba assets, limiting its ability to direct or control operations, the timing and performance of activities or the costs thereof. There could therefore be a delay by the relevant operator in responding to risks or hazards at the Golden Eagle Asset or Alba asset which could have a material adverse effect on the Group's business, prospects, financial condition and result of operations. These events could also cause substantial damage to the Group's property and the Group's reputation and put at risk some or all of the Group's licence interests, which enable it to explore and produce, and could result in fines or penalties, criminal sanctions against the Group and its management, as well as other governmental and third party claims. Consequent production delays and declines from normal field operating conditions and other adverse actions taken by host governments and third parties may result in revenue and cash flow levels being adversely affected. Moreover, should any of these risks materialise, the Group could incur legal defence costs, remedial costs and substantial losses, including those due to injury or loss of life, human health risks, severe damage to or destruction of property, natural resources and equipment, environmental damage, unplanned production outages, clean-up responsibilities, regulatory investigations and penalties, increased public interest in the Group's operational performance and suspension of operations. Similar hazards and impacts from third party operations could also result in increased regulatory costs and operational restrictions impacting the Group's operations.

The Group faces uncertainty as to the success of project execution and delivery

The Group's success depends in part upon the successful execution and delivery of development and decommissioning projects and the efficient delivery of short-cycle, quick payback projects which are key features of its long-term strategy. Oil development activities are capital intensive and subject to financing limitations and successful outcomes cannot be assured. For example, the Group spent approximately $2.1 billion on the initial development of the complex, shallow, unconsolidated heavy oil field in block 9/2b in the UKCS covered by License P.1077 (**"Kraken"**), which came on stream in 2017. Many of the Group's assets, including the Bressay and Bentley discoveries and PM409 production sharing contract

("**PSC**") means those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves; have future development potential which may expose the Group to project execution risks.

The Group has detailed controls, systems and monitoring processes in place in an effort to meet deadlines, control costs, and adhere to and implement design concepts. It also engages third-party assurance experts to review, challenge and, where appropriate, make recommendations to improve the processes for project management, cost control and governance of major projects; however, development activities may also be subjected to unexpected problems and delays, and incur significant costs which can differ significantly from estimates, with no guarantee that such expenditure will result in the recovery of oil in sufficient quantities to justify the Group's investments. The Group may be required to curtail, delay or cancel any development operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, breaches of security, title problems, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. Any such curtailment, delay or cancellation could delay or prevent production, which reduces cash flows and can lead to impairment charges. Many of the Group's assets have future development potential which may expose it to risks.

In addition, the Group's appraisal activities may not be successful or may incur unexpected costs that differ significantly from estimates. Appraisal and development activities involving the drilling of wells across a field may be unpredictable and may not result in the outcome planned, targeted or predicted, as only by extensive testing can the properties of an entire field be more fully understood. The Group may also be required to curtail, delay or cancel any drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, breaches of security, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment.

Much of the Group's success is dependent on it bringing both re-developments and new developments of oil fields to production on budget and on schedule. Even if the Group's development operations lead to wells that are productive, these wells may not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of the Group's development plans does not assure a profit on the investment or recovery of drilling, completion and operating costs and drilling hazards and environmental damage can further increase the cost of operations to be recovered. In addition, various field operating conditions may also adversely affect production from successful wells including delays in obtaining governmental approvals, permits, licenses, authorisations or consents, shut-ins of connected wells, insufficient storage or transportation capacity or other geological and mechanical conditions.

The Group carries out business in a highly competitive industry

The oil industry is highly competitive, including in the Group's key jurisdictions of operation, UKCS and Malaysia. The key areas in respect of which the Group faces competition include:

- engagement of third party service providers whose capacity to provide key services may be limited;
- purchasing, leasing, hiring, chartering or other procuring of equipment that may be scarce;
- acquisition of existing hydrocarbon assets;
- acquisition of exploration and production licences, or interests in such licences, at auctions or sales run by governmental authorities;
- ability to sell assets;
- access to key skilled personnel;
- differentiating technologies;
- access to bank lending and bond market capacity; and

- access to capital markets.

Competition in the Group's markets is intense and depends, among other things, on the number of competitors in the market, their financial power, their degree of geological, geophysical, engineering and management expertise, their degree of vertical integration, pricing policies, their ability to develop properties on time and on budget, their ability to select, acquire and develop reserves and their ability to foster and maintain relationships with host governments of the countries in which they have assets. The Group operates in a mature industry and its competitors include well-established entities with greater technical, physical and financial resources. When looking at acquisition opportunities, the Group also competes with major national and state-owned enterprises and may also compete with private equity backed companies, which typically possess significant financial resources and are able to offer attractive and favourable prices to sellers. The Group relies on equity and debt financing to fund acquisitions, which may not always be available and larger and better capitalised competitors may be in a position to outbid the Group for particular licences and acquisition opportunities.

The effects of operating in a competitive industry may include higher than anticipated prices for the acquisition of licences or assets, the hiring by competitors of key management or other personnel, competitors being able to secure rigs for drilling operations preferentially to the Group and restrictions on the availability of equipment or services.

Larger and better capitalised competitors may also be better able to withstand sustained periods of suppressed oil prices. They may also be more successful in diversifying and reducing risk and may be able to absorb the burden of any changes in law and regulations more easily than the Group, which would adversely affect the Group's competitive position. In addition, many of the Group's competitors have been operating for a much longer time and have demonstrated the ability to operate through industry cycles.

If the Group is unsuccessful in competing against other companies, its business, prospects, financial condition and results of operations could be materially and adversely affected.

The ongoing military action between Russia and Ukraine could adversely affect the Group's business, financial condition and results of operations

On 24 February 2022, Russian military forces launched a military action against Ukraine, and sustained conflict and disruption in the region is likely. Although the length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable, this conflict could lead to significant market and other disruptions, including significant volatility in commodity prices, financial markets, supply chain interruptions, changes in consumer or purchaser preferences as well as increase in cyberattacks and espionage. While the Group's operations are in the UKCS and Malaysia, the Group's business, prospects, financial condition and results of operations depend substantially upon oil prices. See *"—Volatility and further decreases in oil prices could materially and adversely affect the Group's business, prospects, financial condition and results of operations"*. After the invasion into Ukraine by Russian troops on 24 February 2022, oil prices rose to $105/bbl, on expectations that sanctions by western countries against Russia would cripple energy exports. Russia's annexation of Crimea, recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military action against Ukraine have led to sanctions being levied by the United States, the European Union, the United Kingdom, Canada, Switzerland, Japan and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People's Republic and the so-called Luhansk People's Republic, including, among others, the agreement to remove certain Russian financial institutions from the Society for Worldwide Interbank Financial Telecommunication payment system, which can significantly hinder the ability to transfer funds in and out of Russia. For further details on sanctions, see also *"—Risks relating to the Group's business—the Group is exposed to the risk of violations of anti-corruption laws, related sanctions or other similar regulations"*. The situation is rapidly evolving as a result of the conflict in Ukraine, and the United States, the European Union, the United Kingdom and other countries may implement additional sanctions, export controls or other measures against Russia or other countries, regions, officials, individuals or industries in the respective territories. Such sanctions and other measures, as well as any potential responses from Russia or other countries to such sanctions, tensions and military actions, could adversely affect the global economy and financial markets and could adversely affect the Group's business, financial condition and results of operations.

The Group is actively monitoring the situation in Ukraine and assessing its impact on its business, including its impact on oil prices. The Group has no way to predict the progress or outcome of the conflict in Ukraine or its impacts in Ukraine, Russia or Belarus as the conflict, and any resulting government reactions, are rapidly developing and beyond the Group's control. The extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have substantial impact on the global economy and the Group's business for an unknown period of time. Any of the abovementioned factors could affect the Group's business, financial condition and results of operations. Any such disruptions may also magnify the impact of other risks described in this document.

The results of the United Kingdom's withdrawal from the European Union may have a negative effect on economic conditions, financial markets and the Group's business.

A majority of the Group's producing assets are located in the UKCS, within the territory of the United Kingdom. Following a national referendum and enactment of legislation by the government of the United Kingdom, the United Kingdom formally withdrew from the European Union and ratified a trade and cooperation agreement governing its future relationship with the European Union, which was applied provisionally from 1 January 2021 and entered into force on 1 May 2021. Although this agreement provides for, among other things, the free movement of goods between the United Kingdom and the European Union, continued legal uncertainty and potentially divergent national laws and regulations in relation to financial laws and regulations, tax and free trade agreements, immigration laws, and employment laws may adversely affect economic or market conditions in the United Kingdom, the European Union or globally, which could contribute to instability in global financial and foreign exchange markets and could also impair the Group's ability to access capital or transact business and/or to attract and retain qualified personnel. Asset valuations, currency exchange rates and credit ratings have been and may continue to be subject to increased market volatility. Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which European Union laws to replace or replicate, including financial laws and regulations, tax and free trade agreements, tax and customs laws, intellectual property rights, environmental, health and safety laws and regulations, immigration laws, employment laws and transport laws could decrease foreign direct investment in the United Kingdom, increase costs, disrupt supply chains, depress economic activity and restrict the Group's access to capital.

All or any combination of the foregoing could negatively affect the Group's business, prospects, operations and revenues, and the broader economic environment on which its industry depends.

The Group may not be able to keep pace with technological developments in its industry

The oil industry is characterised by significant technological advancements and introductions of new services using new technologies. As others use or develop new technologies, the Group may be placed at a competitive disadvantage or may be forced by competitive pressures to implement those new technologies at substantial costs. In addition, other oil companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages, which may in the future allow them to implement new technologies before the Group can. The Group may not be able to respond to these competitive pressures or implement new technologies on a timely basis or at an acceptable cost, particularly due to its strategy of acquiring relatively mature assets. If one or more of the technologies the Group uses now or in the future were to become obsolete, the Group's business, prospects, financial condition and results of operations could be materially and adversely affected. In addition, any new technology that the Group implements may have unanticipated or unforeseen adverse consequences, either to the Group's business or the industry as a whole.

2. Risks relating to the Group's business

The Group may not be able to generate sufficient cash to comply with its financial covenants, fund the Group's capital expenditures or sustain its operations

Historically, significant leverage has been required to fund the Group's growth in recent periods of low oil prices. The Group currently has a significant amount of outstanding debt with substantial debt service requirements. As of 31 December 2021, the Group had an aggregate principal amount of $1,508.6 million of debt outstanding, of which $256.6 million was unsecured indebtedness represented by the Existing Notes and $827.2 million was unsecured indebtedness represented by the High Yield Notes. As of the same date, the Group had $415.0 million drawn and $32.0 million in undrawn commitments under the

RBL Facility. The Group will also be permitted to borrow substantial additional indebtedness, including secured debt, in the future.

The RBL contains the following financial covenants: (a) the ratio of consolidated net financial indebtedness to Adjusted Earnings before Interest, Tax, Depreciation and Amortisation ("**Adjusted EBITDA**") is less than 3.5x; and (b) minimum working capital cash balance of $50.0 million, in each case to be tested on each redetermination date.

Adjusted EBITDA is a measure of profitability and an Alternative Performance Measure. For further information on Alternative Performance Measures, see section entitled "*Alternative Performance Measures*". Adjusted EBITDA provides a metric to show earnings before the influence of accounting (i.e. depletion and depreciation) and financial deductions (i.e. borrowing interest). For the Group, this is a useful metric as a measure to evaluate the Group's underlying operating performance and, as described above, it is a component of a covenant measure under the Group's RBL facility. It is commonly used by stakeholders as a comparable metric of core profitability and can be used as an indicator of cash flows available to pay down debt. Due to the adjustment made to reach Adjusted EBITDA, the Group note the metric should not be used in isolation. The nearest equivalent measure on an International Financial Reporting Standards ("**IFRS**") basis is profit or loss before interest and tax. Adjusted EBITDA consists of business performance profit/loss from operations for the year less tax and finance income/(costs) and adding back depletion, depreciation, change in provision, foreign exchange movements and inventory revaluation.

On each redetermination date, it must be demonstrated that the Group has sufficient funds available to meet all of its liabilities in each six-month period over the next 24 months (the **"EnQuest Group Liquidity Test"**). However, prior to the refinancing of the High Yield Notes, the EnQuest Group Liquidity Test shall only be tested up to 1 October 2023.

The Group believes that, even under a reasonable worst-case scenario, it will be able to comply with the financial covenants and liquidity testing in its senior debt arrangements for at least 12 months from the date of this document but if market conditions or production volumes deteriorate over the longer term, this could impact the Group's ability to service its debt in the longer term.

The Group's assessment of a reasonable worst case scenario takes into account the Group's plausible Downside Case (as defined below) that it reviews as a part of its assessment of whether it is a going concern for accounting purposes, and also the Group's assessment of its own viability. To assess whether it is a going concern for accounting purposes, the Group considers its latest approved business plan, which underpins the Group's management's base case ('**Base Case'**), is in line with the Group's production guidance and uses oil price assumptions of $75.0/bbl for 2022 and $70.0/bbl for 2023, adjusted for hedging activity undertaken. This Base Case has then been subjected to stress testing by considering the impact of the following plausible downside risks: (a) 10.0% discount to Base Case prices resulting in Downside Case prices of $67.5/bbl for 2022 and $63.0/bbl for 2023; (b) Production risking of approximately 5% for 2022 and 2023; and (c) 2.5% increase in operating costs (the '**Downside Case**'). The viability of the Group has been assessed over a three-year period to March 2025. The viability assumptions are consistent with the above described going concern assessment, with the additional inclusion of an oil price of $70.0/bbl for the remainder of 2023 and 2024, a longer-term price of $60.0/bbl from 2025 and the potential refinancing of both the group's high yield and retail securities in the second quarter of 2023. The Base Case has further been stress tested to understand the impact on the Group's liquidity and financial position of reasonably possible changes in these risks and/or assumptions. These assessments of whether the Group is a going concern for accounting purposes and the Group's viability have led the Group to the belief expressed above regarding the impact of a reasonable worst case scenario, on the basis of the various assumptions described in this paragraph.

The Group's liquidity requirements also arise from its need to fund capital expenditure and working capital. A significant part of the Group's capital expenditures are contracted or necessary in order to maintain the Group's business. For the year ending 31 December 2021, the Group's cash capital and abandonment expenditures were $117.6 million.

The Group's ability to make payments on and refinance its indebtedness and to fund its capital expenditures, working capital requirements and other expenses will depend on the Group's future operating performance and ability to generate cash from operations. The Group's ability to generate cash from operations is subject, in large part, to general competitive, legislative, regulatory and economic

factors that are beyond its control, including the price of crude oil. This risk is not expected to inhibit the Group's ability to meet its present working capital requirements or its working capital requirements for at least 12 months from the date of this Exchange Offer Memorandum and Prospectus but may impact the Group over the longer term.

The Group is continuing to enhance its financial position through maintaining a focus on controlling and reducing costs through supplier renegotiations, assessing counterparty credit risk, hedging and trading and shutting down uneconomic operations and rationalisation. However, if market conditions deteriorate or production falls below expectations, this could affect the Group's ability to fund financial commitments, maintain adequate cash flow and liquidity and/or reduce costs in the longer term which could have a material adverse effect on its business, financial condition, prospects and/or results of operations.

All of the Group's production comes from a small number of offshore assets in the UKCS and Malaysia, making it vulnerable to risks associated with having significant production in two countries and only a small number of assets

The Group's assets are concentrated in the UKCS and Malaysia around a limited number of infrastructure hubs and existing production (principally only oil) is from mature fields. This amplifies the Group's exposure to key infrastructure (including ageing pipelines and terminals), political/fiscal changes and oil price movements.

The Group's UKCS assets accounted for 88.7% (39.4 boepd) and the Malaysia assets accounted for 11.3% (5,028 boepd), respectively, of the Group's production in the year ended 31 December 2021. A significant proportion of the Group's current production is from Kraken and the oil field located 160 kilometres northweast of the Shetland Islands, mainly in block 211/12a and 211/7a covered by License P.192 (**"Magnus"**). In the year ended 31 December 2019, Kraken and Magnus produced 25,172 and 18,267 net daily average boepd, respectively, comprising 36.7% and 26.6%, respectively, of the Group's total production. These proportions increased in the year ended 31 December 2020, when Kraken and Magnus produced 26,450 and 17,416 net daily average boepd, respectively, comprising 44.7% and 29.5%, respectively, of the Group's total production. In the year ended 31 December 2021, Kraken and Magnus produced 21,964 and 11,870 net daily average boepd, respectively, comprising 49.5% and 26.7%, respectively, of the Group's total production.

The Golden Eagle Acquisition reduces the Group's reliance on Kraken and Magnus as the Golden Eagle area development (the "**Golden Eagle Area Development**") and would have accounted for approximately 20% of total production for the year ended 31 December 2021 on a full-year equivalent basis. The Group is, and will still continue to be, disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells caused by processing or transportation capacity constraints, governmental regulation, political changes, availability of equipment, facilities, personnel or services, infrastructure disruptions, natural disasters, weather events or interruption of the processing or transportation of oil as a result of its geographic concentration of assets, particularly in the UKCS. The UKCS and Malaysia are prone to difficult weather conditions that can in some cases prevent the Group from shipping supplies, personnel and fuel to its facilities, each of which can cause production shutdowns or slowdowns.

Unusually difficult weather conditions may lead to a heightened risk of the floating facility at Kraken detaching from its moorings and difficulties in supplying this facility with fuel and there can be no assurances that the floating facility will not be affected in the future. Adverse changes in weather and natural hazards, including the occurrence of monsoon seasons, typhoons and tsunamis in Malaysia, may cause damage to the Group's vessels resulting in delays or suspension in its operations. In addition, if mechanical problems, storms or other events curtail a substantial portion of the Group's production in the UKCS or cause damage to any of its facilities, the Group's results of operations and financial condition could be adversely affected.

Mechanical problems, accidents, oil leaks or other events at any of the Group's installations, floating facility or the related pipeline systems or subsea infrastructure or third party operated infrastructure on which the Group relies, may cause a widespread, unexpected production shutdown of the Group's operations in the UKCS. The Group's hub-focused model means that it leverages its infrastructure to service multiple fields, which magnifies the impact of any unexpected shutdowns at its infrastructure. Most of the Group's producing assets in the UKCS are connected via pipeline systems or subsea tieback

so that the Group exports oil from multiple fields to shore. For example, in 2019 the Group's Heather platform experienced a small fire while shut-down for repair work on the facility's compressors and, following an analysis that the costs and risks of remediation and restarting production outweighed the economic benefits of doing so, the Group decided not to re-start production at the platform, leading to shut-downs at the Heather and Broom fields. Similarly, following a precautionary shutdown and down-man for safety reasons at the Thistle platform, the Group decided not to re-start production at the platform, leading to shut-downs at the Thistle and Deveron fields.

Due to the concentration of the Group's assets in two regions, a number of its assets could experience any of the above conditions at the same time, resulting in a relatively greater impact on the Group's results of operations than might be experienced by companies that have a more diversified portfolio of producing assets and wider geographic exposure. The Group would also be disproportionately affected by a decrease in production volumes or reserve estimates at one of its assets. Such circumstances could have a material adverse effect on its business, prospects, financial condition and results of operations. See also "*The Group's business is subject to licensing and other regulatory requirements, which are subject to change, in the countries in which it operates, and it is subject to the risks of licenses or other agreements being withheld, suspended, revoked or terminated and of the Group failing to comply with relevant licenses, agreements or other regulatory requirements*".

The Group may not be able to repay the High Yield Notes or the Existing Notes currently scheduled to be repayable

The High Yield Notes have a final maturity date of 15 October 2023 and as of 31 December 2021, the High Yield Notes had in principal (in aggregate) an outstanding amount of $827,165,861. The Existing Notes have a final maturity date of 15 October 2023 and as of the date of this Exchange Offer Memorandum and Prospectus, the Existing Notes had in principal (in aggregate) an outstanding amount of £190,534,573.

The Group's ability to refinance or amend and extend the High Yield Notes or the Existing Notes on acceptable terms or at all is not assured. The success of any such refinancing or amendment and extension will depend on a number of factors, including the Group's financial condition and prospects at the time, market conditions at the time and its ability to obtain holders' consent to any such extensions and amendment and/or successfully complete a new bond offering on terms attractive to investors, taking account of the willingness of investors to subscribe for new bonds which will rank junior to the rights of lenders under the RBL Facility Agreement and with a maturity date such that they will only be repayable after the RBL Facility. For a description of the meaning of "RBL Facility Agreement", please see the sections entitled "*Glossary*" and *"Description of certain financing arrangements – RBL Facility Agreement."*

Failure by the Group to repay, refinance, or amend or extend the High Yield Notes could have a material adverse effect on the Group's business, financial condition, prospects and/or results of operations.

In addition, if a significant proportion of the Existing Notes are not exchanged pursuant to the Exchange Offer, there is a risk that failure by the Group to repay, refinance, amend or extend such Existing Notes could have a material adverse effect on the Group's business, financial condition, prospects and/or results of operations.

Significant expenditure is required to maintain operability and operations integrity as the Group relies on infrastructure which is old and/or operated and owned by third parties, and improper maintenance and repair could harm the Group's operations

As the Group's strategy depends in part on acquiring relatively mature assets, it frequently own assets which utilise equipment that has had substantial prior use. In addition, many of the assets, prior to the Group's ownership, had not been drilled, developed or maintained for significant periods of time and in some cases the equipment at such assets had been subject to lengthy periods out of commercial operation. Such equipment can be subject to higher levels of wear and tear, be subject to a greater risk of failure and outage, give rise to higher maintenance costs and may need to be replaced more quickly than newer assets. There are inherent risks involved with the operation of this equipment, and any unexpected failures or outages leading to additional expenses could have a negative impact on the Group's production in both UKCS and Malaysia. In addition, part of the Group's business strategy is to re-use, retrofit or refurbish producing assets where possible to maximise the efficiency of its operations while avoiding

significant expenses associated with purchasing new equipment. There can be no assurances that such re-use, retrofitting or refurbishment will be commercially feasible to undertake in the future and there can be no assurances that the Group will not face unexpected costs during the re-use, retrofitting or refurbishment process. There can be no assurances that the Group will not be subject to such unexpected costs in the future and such costs could have a material adverse effect on the results of operation and financial condition.

The Group's current production in the UKCS also relies on some third party owned and controlled infrastructure that is old. The Group's limited ability to maintain or repair infrastructure that it does not own or operate may exacerbate the risks of relying on mature assets described above. The Ninian pipeline system, for instance, was first constructed in the 1970s. The Group relies on the Ninian pipeline system for the transport of oil produced at Magnus. As the Ninian pipeline systems have been extensively used, it requires regular maintenance to maintain efficiency. The pipeline systems may also need to be shut down to stop hydrocarbon leaks. In Malaysia, crude oil from PM8/Seligi is transported via the Tapis platform (operated by ExxonMobil) to the Terengganu Crude Oil Terminal (operated by PETRONAS Carigal Sdn Bhd) for processing and sale to the domestic market or export. The Group's ability to maintain and repair infrastructure which it does not operate is limited. If the owners or operators of these pipelines, as well as of other, old third party infrastructure upon which the Group's operations rely, fail to adequately maintain their integrity, the Group may not be able to efficiently deliver oil to onshore terminals for sale.

There are also extensive maintenance obligations in respect of assets operated by the Group. For example, a significant proportion of the Group's current production in the UKCS passes through the Sullom Voe Terminal, an oil terminal located in the Shetland Islands that receives oil from more than 30 fields from the Brent, Ninian and Clair pipeline systems. The Group also operates (on behalf of owner BP) gas reception facilities located at the Sullom Voe Terminal which receives gas produced from the BP operated Clair, Foinaven and Quad 204 fields. Gas is treated to grid specification and exported to market via the East of Shetland Pipeline System (the "**EOSPS**"), which the Group operates. If the infrastructure which it relies on experiences mechanical problems, an explosion, adverse weather conditions, a cyber-attack, a terrorist attack or any other event that causes an interruption in operations or a shutdown, the Group's ability to transport its oil could be severely affected. Any decrease in the Group's ability to transport its oil or the efficiency of its operations could have a material adverse effect on its business, prospects, financial condition and results of operations.

The Group's use of infrastructure is also subject to tariff charges which are required to be paid in order to maintain continued operations. These charges can be substantial and the per barrel charge of third-party infrastructure is not subject to the Group's direct control. The Group's tariff costs have decreased in recent years from approximately $3.0/bbl on average in 2019 to $2.4/bbl on average in 2021, in each case on a working interest basis. However, there can be no assurances tariffs will not increase. For example, the joint venture is currently negotiating terms of continued service with the Flotta operator and considering alternative export options such as via the Forties pipeline system, which could increase the Group's future tariff charges. A significant increase of the Group's tariff charges could have a material adverse effect on its business, prospects, financial condition and result of operations.

The Group's business is subject to licensing and other regulatory requirements, which are subject to change, in the countries in which it operates, and it is subject to the risks of licences or other agreements being withheld, suspended, revoked or terminated and of the Group's failing to comply with relevant licences, agreements or other regulatory requirements

The Group's current operations are, and its future operations will be, subject to licences, approvals, authorisations, consents and permits from governmental authorities for exploration, development, construction, operation, production, marketing, pricing, transportation and storage of oil and other hydrocarbons, taxation and environmental and health and safety matters. Relevant legislation provides that fines may be imposed and a licence may be suspended or terminated if a licence holder, or party to a related agreement, fails to comply with its obligations under such licence or agreement, or fails to make timely payments of levies and taxes for the licensed activity, provide the required geological information or meet other reporting requirements. It may from time to time be difficult to ascertain whether the Group has complied with obligations under licences as the extent of such obligations may be unclear or ambiguous and regulatory authorities may not be forthcoming with confirmatory statements that work obligations have been fulfilled, which can lead to further operational uncertainty. In addition, the Group and its commercial partners, as applicable, have obligations to develop the fields in accordance with

specific requirements under certain licences and related agreements, field development plans, laws and regulations. If the Group were to fail to satisfy such obligations with respect to a specific field, the licence or related agreements for that field may be suspended, revoked or terminated.

With regard to the Group's operations in the UKCS, UK authorities are typically authorised to, and do from time to time, undertake inspections to verify compliance by the Group or the Group's commercial partners, as applicable, with relevant laws and the licences or the agreements pursuant to which the Group conducts its business. The views of the relevant government agencies regarding the development and operation of the fields that the Group or its commercial partners operate or the compliance with the terms of the licences pursuant to which the Group conducts such operations may not coincide with the Group's views, which might lead to disagreements that may not be resolved. The UK government has also recently announced that it will introduce a "climate compatibility checkpoint" prior to awarding future oil and gas licenses in the North Sea to ensure that licenses awarded align with wider climate change objectives. This may make it more difficult for us to procure licenses in the future or make it more expensive or onerous to comply with existing licenses.

With regard to the Group's operations in Malaysia, upstream petroleum activities in Malaysia are primarily regulated by Petroliam Nasional Berhad (**"PETRONAS"**), which derives its powers from the Petroleum Development Act 1974 and the Petroleum Regulations 1974. Pursuant to the terms of the PM8/Seligi PSC with PETRONAS (the **"PM8/Seligi PSC"**), PETRONAS regulates the petroleum operations through its approval of well locations, area and field development plans, production operations, annual work programs and budget, and procurement of goods and services above a certain monetary threshold. PETRONAS' approval is also required for the disclosure of any data from the PM8/Seligi PSC contract areas, for any public announcement or for the sale or assignment of any of the interest in the PM8/Seligi PSC. The PM8/Seligi PSC and the PETRONAS Procedures and Guidelines for Upstream Activities contain strict provisions relating to procurement of goods and services. The Petroleum Regulations 1974 stipulates that all goods and services for upstream petroleum operations in Malaysia can only be supplied by companies which are licensed by PETRONAS. Non-compliance with the guidelines or procurement of goods and/or services from non-licensed companies would bar the relevant PSC contractor from recovering their costs under a PSC. All PSC accounts are subject to annual audits by PETRONAS. Any contractors or consultants hired by us under a PSC who fail to fulfil their obligations could cause the Group to be in breach under a PSC.

The Group's rights to exploit many of the Group's oil and gas assets are limited in time. There can be no assurance that such rights can be extended or that new rights can be obtained to replace any rights that expire. A portion of the licences pursuant to which the Group conducts operations are solely exploration licences, and as such the assets which are the subject of such licences are not currently producing, and may never produce commercial quantities of oil. Rather, these licences have a limited life before the Group is obliged to seek to convert the licence to a production licence, extend the licence or relinquish the licence area. If hydrocarbons are discovered during the exploration licence term, the Group or its commercial partners, as applicable, may be required to apply for a production licence before commencing production. If the Group or its commercial partners, as applicable, comply with the terms of the relevant licence, the Group would normally expect that a production licence would be issued; however, no assurance can be given that any necessary production licences will be granted by the relevant authorities.

Each of the exploration and production licences or related agreements pursuant to which the Group conducts operations have incorporated detailed work programmes which are required to be fulfilled, normally within a specified timeframe. These may include seismic surveys to be performed, wells to be drilled, production to be attained, limits to production levels and construction matters. Material non-compliance with these work programmes within the required timeframes, or failure to successfully negotiate extensions to the time permitted to carry out these work programmes, could result in the premature termination, suspension or withdrawal of licences and the Group's losing the associated resource potential therein. It may also restrict the ability to obtain new licences in the relevant jurisdictions.

The suspension, revocation, withdrawal or termination of any of the licences or related agreements pursuant to which the Group conducts business, as well as any delays in the continuous development of or production at the Group's fields caused by the issues detailed above, or by similar issues caused by a third party incident (such as a significant spill), could materially adversely affect the Group's business, prospects, financial condition and results of operations. In addition, failure to comply with the obligations under the licences or agreements pursuant to which the Group conducts business, whether inadvertent or

otherwise, may lead to fines, penalties, restrictions, withdrawal of licences and termination of related agreements, which could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

Moreover, the Group is subject to extensive government laws and regulations governing prices, taxes, royalties, allowable production, waste disposal, pollution control and similar environmental laws, the export of oil and other hydrocarbons and many other aspects of the oil and gas business. These laws and regulations are subject to change as the political and regulatory landscape evolves, and any amendments to or reforms of the laws and regulations to which the Group is subject could make compliance with them more challenging, onerous or expensive. The actions of present or future governments in the countries in which the Group does business or of governments of other countries in which the Group may acquire assets in the future may materially adversely affect the Group's business, prospects, financial condition and results of operations.

The Group's oil exploration and production operations are principally subject to the laws and regulations of the United Kingdom and Malaysia, including those relating to health and safety and the production, pricing and marketing of oil. The grant, continuity and renewal of the necessary approvals, permits, licences and contracts, including the timing of obtaining such licences and the terms on which they are granted, are subject to the discretion of the relevant governmental and local authorities in the United Kingdom and Malaysia.

The United Kingdom's transition to a 'net zero' economy by 2050 is likely to have an impact on the licensing and other regulatory requirements and obligations applying to oil and gas companies. In particular, a new legally binding strategy was adopted at the end of 2020, requiring oil and gas companies to take steps to assist the government to achieve the net zero carbon target, and the United Kingdom's government is currently undertaking a review of the oil and gas regime, which could result in further changes relating to decarbonisation and licensing or other regulatory requirements.

If the Group is unable to obtain, maintain or comply with necessary licences or comply with other applicable regulatory requirements, or if any of the licensing or other regulatory requirements to which the Group is subject are amended in a way that makes compliance with them more difficult or expensive, this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

There are risks inherent in the Group's acquisitions of appraisal, development and production assets

Prior to entering into an agreement to acquire an oil and gas asset (or companies holding such assets), the Group performs due diligence on the proposed acquisition. However, reviews of properties prior to acquisitions in the oil industry are inherently incomplete, even if consistent with market practice. Even an in-depth review of all properties and records may not reveal existing or potential problems, nor will it always permit a buyer to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. Physical inspections may not be performed on every well and other infrastructure, and structural or environmental problems are not necessarily observable even when an inspection is undertaken. There can be no assurance that the due diligence carried out by the Group or by third parties on its behalf in connection with any acquisition will reveal all of the risks associated with that asset, or the full extent of such risks. To the extent that the Group or third parties acting on the Group's behalf underestimate or fail to identify risks and liabilities associated with an acquisition or overestimate the value of an acquisition to the Group's business, it may be subject to one or more of the following risks:

- environmental, structural or operational defects or liabilities requiring remediation or decommissioning;
- an inability to obtain (or secure the transfer of) or maintain licences or other relevant agreements enabling the Group to use or develop the asset as intended;
- defects in title;
- the asset containing fewer oil reserves than anticipated or not being commercially viable to develop; and

- acquiring assets that are not consistent with the Group's strategy or that fail to perform in accordance with the Group's expectations.

The Group has historically undertaken a number of acquisitions of oil and gas assets (and of companies holding such assets) as part of its strategy in maintaining and growing its reserves. The Group may consider further acquisition opportunities inside and outside of the UKCS and Malaysia, in respect of assets that fit within the Group's overall strategy or which enhances its overall reserve base and production capability. However, there can be no assurances that the Group will be successful in identifying and completing further acquisitions. For example, the Group may be required to assume pre-closing liabilities with respect to an acquisition, including known and unknown environmental and decommissioning liabilities, and may acquire interests in properties on an "as is" basis without recourse to the seller of such interest. In addition, equity or debt financing may not be available to the Group in order to complete acquisitions in the future. There may also be additional risks associated with any acquisitions outside the Group's core geographies in the UKCS and Malaysia, such as potential lack of synergies with existing operations or regulatory or production risks associated with a new geography.

If any of its historic or future Group's acquisitions fail to perform as expected, or give rise to significant unforeseen costs or liabilities, this could have a material adverse effect on its business, prospects, financial condition and results of operations.

The Group conducts most of its operations with commercial partners which may increase the risk of delays, additional costs and the suspension or termination of the licences or the agreements that govern the Group's assets

The Group has entered into business ventures with commercial partners in respect of most of the Group's assets. While the Group is typically the operator of the Group's assets, the Group requires cooperation from its commercial partners in obtaining approval of field development plans and in funding the development of and production from an asset. The relevant operating agreement typically provides that the project partner(s) must be consulted or that they must provide their consent in relation to significant matters. Where there is a lack of cohesive collaboration between operators, such behaviour can lead to increased costs and delays and, ultimately, the poorer recovery of oil. There is also a risk that a commercial partner with interests in the Group's properties may elect not to participate in certain activities relating to those properties that require that party's consent (including decisions relating to drilling programmes, decisions on the number, identity and sequencing of wells, appraisal and development decisions and decisions relating to production). In these circumstances, it may not be possible for such activities to be undertaken by the Group alone or in conjunction with other commercial partners at the desired time or at all or otherwise, to the extent permitted, such activities may be undertaken with the Group bearing a greater proportion of the cost involved in the project.

Currently the Group's only non-operated producing asset is Alba, in relation to which the Group is dependent on its commercial partner, Ithaca Energy Limited, which acts as operator, and Golden Eagle Area Development, in relation to which the Group is dependent on its commercial partner, CNOOC Petroleum Europe Limited (**"CNOOC"**), which acts as operator. Thus the Group is not able to direct or control operations, the timing and performance of activities or the costs thereof at Alba or the Golden Eagle Area Development as it often would if it were the operator. The terms of the Group's agreements with operators generally impose standards and requirements in relation to the operatorship of the relevant oil field. However, there can be no assurance that the operator will observe such standards or requirements.

To the extent the Group's operations are delayed, incur additional costs or any relevant licenses or agreements that govern the Group's assets were to be suspended or terminated as a result of the Group's dependence on commercial partners, this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

One customer is a significant portion of the Group's outstanding trade and other receivables

The Group is subject to customer concentration risk as a result of its reliance on relatively few numbers of customers for a significant portion of its revenues. For the year ended 31 December 2021, the Group had one customer accounting for 84% of outstanding trade and other receivables as a result of purchasing cargoes near the year end. Additionally, in the year ended 31 December 2021, revenue from two

customers relating to the North Sea operating segment each exceeded 10% of its consolidated revenue arising from sales of crude oil.

If some or all of the customers which account for a significant portion of the Group's revenues were to cease to continue to do business with the Group, this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group is subject to counterparty credit risk in respect of its outstanding trade and other receivables

The Group is subject to agreements with a number of contractual counterparties in relation to the sale and supply of its production volumes. Therefore it is subject to the risk of a counterparty not meeting its obligations under such agreements, such as delayed payment for delivered production volumes or counterparty default. Such delays or defaults could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group's exit strategy in relation to any particular hydrocarbon interest may also be subject to the prior approval of its commercial partners. The terms of operating agreements often require commercial partners to approve of an incoming participant to the business venture or provide its commercial partners with pre-emption rights with respect to the transfer of its interest, either of which could affect the Group's ability to sell or transfer an interest

The Group may suffer unexpected costs or other losses if a commercial partner does not meet obligations under agreements governing its relationship. For example, commercial partners who have invested in the Group's properties may default in their obligations to fund capital, or other funding obligations, in relation to such properties. In such circumstances, the Group may be required under the terms of the relevant operating agreement to contribute all or part of any such funding shortfall, regardless of the percentage interests that it agreed with such commercial partner under such arrangements. Additionally, the Group may be required to increase its ownership stake and fundraising commitments in respect of assets to the extent its commercial partners exit their investment sooner than anticipated. For example, in respect of Kraken, as a result of the Group's then-partner First Oil PLC going into administration, the Group were obliged to take up an additional 10.5% interest in Kraken in February 2016, which at the time increased the proportion of the development costs on Kraken that the Group were required to bear. There are also credit risks of commercial counterparties including exposures in respect of outstanding receivables. As of 31 December 2021, there were $0.2 million of joint venture receivables past due. As of 31 December 2020, there were $nil of joint venture receivables past due compared to $0.1 million as of 31 December 2019. The Group trade only with recognised international oil and gas operators and recognise that it must accept a degree of exposure to the creditworthiness of partners and evaluate this aspect carefully as part of every investment decision.

The Group may also be subject to claims by its commercial partners regarding potential non-compliance with its obligations. It is also possible that the Group's interests, on the one hand, and those of its commercial partners, on the other, may not be aligned, resulting in possible project delays, additional costs or disagreements. Failure by the Group's commercial partners to comply with obligations under relevant licenses or the agreements pursuant to which it operates may lead to fines, penalties, restrictions and withdrawal of licenses or the agreements under which the Group operates. If any of the Group's commercial partners becomes insolvent or otherwise unable to pay debts as they fall due, licenses or agreements awarded to them may revert to the relevant governmental authority who will then reallocate the license. Although the Group anticipate that the relevant governmental authority may permit it to continue operations at a field during a reallocation process, there can be no assurances that it will be able to continue operations pursuant to these reclaimed licenses or that any transition related to the reallocation of a license would not materially disrupt the Group's operations or development and production schedule. The occurrence of any of the situations described above could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

In respect of the Golden Eagle Asset, the Group is subject to the terms of operating agreements which may contain provisions prohibiting a disposal of the Golden Eagle Asset without the consent of its commercial partners.

Failure by the Group, its contractors or its primary offtaker to obtain access to necessary equipment and transportation systems could materially and adversely affect its business, prospects, financial condition and results of operations

The Group relies on oil field suppliers and contractors to provide materials and services in conducting its exploration and production activities. Any competitive pressures on the oil field suppliers and contractors, or substantial increases in the worldwide prices of commodities, such as steel, could result in a material increase of costs for the materials and services required to conduct the Group's business. Such equipment, personnel and services can be scarce and may not be readily available at the times and places required. Future increases could have a material adverse effect on the Group's operating income, cash flows and borrowing capacity and may require a reduction in the carrying value of the Group's properties, the Group's planned level of spending for exploration and development and the level of the Group's reserves. Prices for the materials and services that the Group depends upon to conduct its business may not be sustained at levels that enable it to operate profitably. In certain cases, the Group may extend or provide financing to such parties in connection with the equipment or services they provide, sell or lease to it. See "*Management's discussion and analysis of financial condition and results of operations—Qualitative and quantitative disclosures about market risk—Credit risk management*".

Oil development and exploration activities are dependent upon the availability of drilling rigs and related third party equipment. High demand for equipment such as drilling rigs or access restrictions, which may be exacerbated by rising oil prices, may affect the availability and cost of, and the Group's access to, such equipment and may delay the Group's development and exploration activities. Additionally, the wage rates of qualified drilling rig crews generally rise in response to the increased number of active rigs in service and could increase sharply in the event of a shortage. Failure by the Group or its contractors to secure necessary equipment and services or a material increase in the costs of such equipment and services could materially adversely affect the Group's business, prospects, financial condition and results of operations.

Any future offtakers will rely upon the availability of storage tanks and transportation systems, such as pipeline systems and oil tankers, including such infrastructure systems that are owned and operated by third parties. The Group may be unable to access such infrastructure and systems that the Group uses currently or alternative infrastructure or systems, or may otherwise be subject to interruptions or delays in the availability of infrastructure which could result in disruptions to the Group's projects thereby impacting its ability to deliver oil to commercial markets. See "*—Significant expenditure is required to maintain operability and operations integrity, the Group relies upon infrastructure which is old and/or operated and owned by third parties, and improper maintenance and repair could harm the Group's operations.*"

If the Group fails to integrate acquisitions successfully, its financial condition and future performance could be adversely affected

Historically, the Group has acquired interests in new assets on a regular basis. The Group will continue to consider acquisition opportunities that fit within the Group's overall strategy. Integrating operations, technology, systems, management, personnel and pre or post-completion costs for acquisitions may prove more difficult or expensive than anticipated, thereby rendering the value of any company or assets acquired less than the amount paid. The integration of acquired businesses requires significant time and effort on the part of the Group's management. Integration of new businesses can be difficult and disrupt the Group's own business because its operational and business culture may differ from the cultures of the businesses it acquires, unpopular cost-cutting measures may be required, internal controls may be more difficult to maintain and control over cash flows and expenditures may be difficult to establish. The Group could experience difficulties in successfully integrating future acquisitions, which could materially and adversely affect its business, prospects, financial condition and results of operations.

The Group may face unanticipated increased or incremental costs in connection with decommissioning obligations

The Group is obliged under UK law to dismantle and remove equipment, to cap or seal wells and generally to remediate production sites. Although the Group typically aims to and has contracted for limited decommissioning liabilities, typically assuming responsibility for a fraction of the costs relative to the Group's working interest, it may retain additional potential liability to third parties under applicable regulations. Once the Group is required to submit a decommissioning plan, it will be jointly and severally

liable for implementing that plan with former or current commercial partners. If the Group's commercial partners default on their obligations, the Group will remain liable and its decommissioning liabilities could be magnified significantly through such default. Where the UK Secretary of State deems that a party with liability for a decommissioning programme is unlikely to be able to fulfil that liability, it is empowered to require the provision of appropriate financial security to cover those decommissioning costs.

The Group is currently conducting decommissioning operations at Thistle/Deveron, Heather/Broom, the oil fields located in blocks 30/24b, 30/24c, 30/25c in the UKCS (**"Alma/Galia"**), the oil field located in block 211/18c in the UKCS covered by License P.236 (the **"Dons Southwest"**), the oil field located in block 211/18b in the UKCS covered by License P.236 (**"West Don"**), Conrie and the oil field located in block 211/18e and 211/19c in the UKCS covered by License P2137 (**"Ythan"**) (Don Southwest, West Don, Conrie and Ythan together **"the Dons"**). Any unanticipated increased or incremental costs in connection with such decommissioning obligations are likely to materially and adversely affect the Group's business, prospects, financial condition and results of operations.

In Malaysia, PETRONAS regulates decommissioning of oil and gas structures through PSCs and PETRONAS's Guidelines for Decommissioning of Upstream Installations as part of its Procedure and Guidelines for Upstream Activities. The Group's obligation under the PM8/Seligi PSC includes the decommissioning of all assets approved by PETRONAS under the PM8/Seligi PSC as well as an annual contribution of a decommissioning fund for the PM8/Seligi PSC assets. This obligation to decommission the assets ceases at the expiry of the PM8/Seligi PSC or when the assets are being used by other PSC operators for their petroleum operations or by PETRONAS. No asset under the PM8/Seligi PSC is currently approved for decommissioning. The estimate of costs for the decommissioning of PM8/Seligi is reviewed annually, with the next review scheduled for 30 June 2022. Any decommissioning activity must be approved by PETRONAS before commencement and must be performed pursuant to a work program and budget, which must include detailed decommissioning plans and itemised cost estimates, approved by PETRONAS. If the Group is required to undertake decommissioning works during the term of the PM8/Seligi PSC, it may request from PETRONAS an amount equal to the lower of the cumulative decommissioning fund paid by it and the actual cost of the decommissioning operations. Under the PM8/Seligi PSC, the Group is liable for any damages, costs, claims or expenses arising out of any decommissioning operations caused by its willful misconduct or negligence.

Under the law of the jurisdictions in which the Group operates, the United Kingdom included, the Group may be liable for up to 100% of decommissioning liabilities with respect to enhancements that it makes to assets after it acquires them. In connection with the sale or transfer of the Group's assets, the Group may retain or be liable for decommissioning liabilities, even if it has not contractually agreed to accept these liabilities.

The Group's financial statements for the year ended 31 December 2021 include a provision for decommissioning liabilities, based on internal and third-party estimates taking into account current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. These estimates include the application of an annual inflation rate of 2.0% and an annual discount rate of 2.0% to the Group's UK assets. For the year ended 31 December 2021, the Group recorded a decommissioning provision of $835.7 million in respect of its decommissioning obligations under its licenses. Separately, for the year ended 31 December 2021, the Group recorded a decommissioning liability of $43.9 million in respect of its agreement with BP for the decommissioning at Thistle/Deveron. The ultimate costs of decommissioning wells and sites are difficult to accurately predict and may depend on a number of factors such as competition for decommissioning equipment and services increasing as a result of activity in the oil and gas industry accelerating. The costs of decommissioning may also exceed the value of the long-term provision set aside to cover such decommissioning costs. The Group's decommissioning provisions may not be sufficient and it may be required to provide new or increased financial security to the UK government or to its counterparties. Any increase in estimated decommissioning liability or in the amount of financial security the Group is required to provide could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

Furthermore, surety bonds used for insuring decommissioning liabilities are becoming increasingly difficult to put in place and the Group may be required to increase its reliance on letters of credit or escrow accounts. Letters of credit and escrow accounts, unlike surety bonds, affect the Group's debt capacity as these instruments require the deposit of cash as collateral or in escrow, respectively, which

restricts the amount of cash the Group has available to service its other obligations, including its debt facilities. As such, cash held as collateral in respect of letters of credit or in escrow may limit the amount of debt the Group could potentially take on and should be included in an existing or potential lender's assessment of the Group's ability to service debt. This could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

To the extent the Group's costs in connection with decommissioning are higher than anticipated, this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group's commodity hedging activities may not be effective

The nature of the Group's operations results in exposure to fluctuations in commodity prices. The Group's policy is to have the flexibility to hedge oil prices up to a maximum of 75% of the next 12 months' productions on a rolling annual basis, up to 60%. in the following 12 month period and 50% in the subsequent 12 month period. The Group uses financial instruments and physical delivery contracts to hedge its exposure to these risks and may continue to do so in the future.

As of 23 March 2022, the Group has hedged a total of approximately 8.6 Mmbbls and 3.5 Mmbbls of its production in the year ended 31 December 2022 and 2023, respectively, using financial inatruments (options and swaps) with an Average Floor Prices of approximately \$62.5/bbl and \$57.5/bbl, respectively, and an Average Ceiling Price of approximately \$77.6/bbl and \$77.1/bbl, respectively. For a description of the meaning of "Average Ceiling Price" and "Average Floor Price" please see the section entitled "*Glossary".*

However, hedging could fail to protect the Group or could adversely affect the Group due to, among other reasons:

- the available hedging instruments failing to correspond directly with the risk for which protection is sought;
- the duration or nominal amount of the hedge failing to match the duration or amount of the related liability;
- the Group's hedge counterparty defaulting on its obligation to pay the Group;
- the credit quality of the Group's hedge counterparty being downgraded to such an extent that it impairs the ability of the relevant members of the Group to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging being adjusted from time to time in accordance with applicable accounting rules to reflect changes in fair value, and any downward adjustments reducing the Group's net assets and profits.

In addition, hedging involves transaction costs. These costs may increase as the period covered by the hedging increases and during periods of volatility. In periods of extreme volatility, it may not be commercially viable to enter into hedging transactions due to the high costs involved, which may in turn increase the Group's exposure to financial risks. There can be no assurance that the Group will be able to enter into hedging contracts on suitable terms in the future.

If the Group experiences losses as a result of its hedging activities, or if it is unable to hedge its commodity price effectively in the future, this could have a material adverse effect on its business, prospects, financial condition and results of operations.

The Group depends on its board of directors, key members of management, independent experts, technical and operational service providers and on its ability to retain and hire such persons to effectively manage its growing business

The Group's future operating results depend in significant part upon the continued contribution of the Group's board of directors (the **"Board"**), key senior management and technical, financial and operations personnel. As a low cost, lean organisation, the Group relies on certain key, high quality employees to achieve its targets and manage its risks. The loss of the services of any of these key personnel or a

reduction in the availability of the personnel due to climate change perceptions could have a material adverse effect on the Group's business and prospects. Management of the Group's business requires, among other things, stringent control of financial systems and operations, the continued development of its management control, the ability to attract and retain sufficient numbers of qualified management and other personnel, the continued training of such personnel and the presence of adequate supervision.

In addition, the expertise and relationships of the Group's Board and key management are important to the conduct of its business. If the Group was to unexpectedly lose a member of its key management or fail to maintain one of the strategic relationships of its key management team, the Group's business and results of operations could be materially adversely affected.

The Group uses independent contractors to provide the Group with certain technical assistance and services. In certain cases, the Group may exercise limited control over the activities and business practices of these providers and any inability on its part to maintain satisfactory commercial relationships with them or their failure to provide quality services could materially and adversely affect the Group's business, prospects, results of operations and financial condition.

Attracting and retaining appropriate skilled personnel will be fundamental to the execution of the Group's strategy and the continued growth of the Group's business. The Group requires skilled personnel in the areas of exploration and development, operations, engineering, business development, oil marketing, finance and accounting relating to the Group's projects. The competition for qualified personnel in the oil and gas industry was, and may be in the future, intense. The Group may not successfully attract new personnel and retain existing personnel required to continue to expand its business and to successfully execute and implement its business strategy; and any inability to do so could have a material adverse effect on its business, prospects, financial condition and results of operations.

The Group's business reputation is important to its continued viability and any damage to such reputation could materially adversely affect its business

The Group's reputation is important to its business for reasons including, but not limited to, finding commercial partners for business ventures, securing licences with governments, attracting contractors and employees and negotiating favourable terms with suppliers. In addition, as a publicly listed company, the Group may be subject to shareholder activism, which may have adverse consequences for its reputation and business.

The Group requires adherence to its Code of Conduct, which sets out the behaviour it expects of its directors, managers and employees, and of its suppliers, contractors, agents and partners. However, the Group has significant reputational and commercial exposures, including to a major offshore incident or non-compliance with applicable laws and regulations. Any damage to its reputation, whether arising from litigation, regulatory, supervisory or enforcement actions, matters affecting its financial reporting, alleged non-compliance with administrative agencies in the jurisdictions in which the Group does business or environmental or safety incidents, negative publicity, including from environmental activists, or the conduct of its business or otherwise, could materially and adversely affect the Group's business, prospects, financial condition or results of operations.

The Group does not insure against certain risks and its insurance coverage may not be adequate for covering losses arising from potential operational hazards and unforeseen interruptions

Oil and gas development and production operations are inherently risky and hazardous and involve environmental, technical and logistical difficulties. Losses resulting from the occurrence of any such risks could result in delays, or interruption (permanent or temporary) to production, cost overruns, substantial losses and/or exposure to substantial environmental and other liabilities. The Group believes that the extent of its insurance cover is reasonable based on the costs of cover, the risks associated with its business, availability of insurance and industry practice. However, insurance is subject to limitations on liability and, as a result, may not be sufficient to cover all of the Group's losses. In addition, the risks and hazards associated with the Group's operations may not in all circumstances be insurable or, in certain circumstances, the Group may elect not to obtain insurance to deal with certain events due to the high premiums associated with such insurance or for other reasons. Consistent with insurance coverage generally available to the industry, the Group's insurance currently includes cover for damage to physical assets, operator's extra expense (well control, seepage and pollution clean-up and re-drill costs) and third party liabilities for the Group's global exploration and production activities, in each case subject to

excesses, exclusions and limitations. The Group does not carry loss of production insurance other than for Kraken. There can be no assurance that the Group's insurance will be adequate to cover any losses or exposure for liability, or that the Group will continue to be able to obtain insurance to cover such risks.

The Group is unable to give any guarantee that expenses relating to losses or liabilities will be fully covered by the proceeds of applicable insurance. Consequently, the Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage. The Group is also subject to the future risk of unavailability of insurance, increased premiums or excesses, and expanded exclusions.

The Group's operations are subject to the risk of litigation

From time to time, the Group may be subject to litigation or arbitration arising out of the Group's operations. Damages claimed under such proceedings may be material or may be indeterminate, and the outcome of such litigation or arbitration could materially adversely affect the Group's business, results of operations and financial condition. While the Group assesses the merits of each lawsuit and defends accordingly, the Group may be required to incur significant expenses in defending against such litigation or arbitration and there can be no guarantee that a court or tribunal finds in its favour.

The Group is also currently engaged in a dispute with PBJV Group Sdn Bhd ("**PBJV**"), a contractor in Malaysia in respect of which there has been an adjudication award against the Group in an amount of approximately RM70 million (being approximately $17 million, of which the Group's partner would be obliged to bear 50% of any such liability). The Group does not accept that this payment is due and the matter will now move to arbitration for a determination. For further details, see "*Description of the Issuer and the Group – Legal and arbitration proceedings.*".

While the Group assesses the merits of each lawsuit and defend accordingly, it may be required to incur significant expense in defending against such litigation or arbitration and if a court or tribunal fails to find in the Group's favour, it could have a material adverse effect on its business, prospects, financial condition and results of operations.

The Group is subject to both transactional and translational foreign exchange and inflation risks, which might adversely affect its financial condition and results of operations

Substantially all of the Group's revenues are in, and most of its working capital is in, US dollars. However, the Group's operations are entirely outside the United States and substantially all of its operating costs, including labour and employee costs, are typically incurred in local currencies other than US dollars, in particular, pounds sterling and Malaysian ringgits.

The Group's transactional foreign currency risk arises primarily from sales or purchases in currencies other than its functional currency, the US dollar. The Group converts funds to foreign currencies to meet its payment obligations in jurisdictions where the US dollar is not an accepted currency as required. Additionally, a portion of the Group's borrowing is denominated in currencies other than the US dollar. The Notes and the SVT working capital facility are denominated in pounds sterling. The Group's translational foreign currency exposure arises from the translation of assets and liabilities denominated in currencies other than US dollars into US dollars in the Group's financial statements and results.

Exchange rates between pounds sterling and the US dollar have fluctuated significantly in the past and may do so in the future, particularly after the United Kingdom's withdrawal from the European Union. As of the date of 28 March 2022, the exchange rate was £0.7642/$1.0. Consequently, construction, exploration, development, administration and other costs may be lower in terms of US dollars or other relevant currencies. However, if pounds sterling were to strengthen against US dollar, these costs would increase.

The Group engages in certain currency hedging activities to hedge the risk of substantial fluctuations in the currency markets. The hedging policy agreed by the Board allows for up to 70% of the non-US dollar portion of the denominated operating and capital expenditures to be hedged. For specific contracted capital expenditure projects, up to 100% can be hedged. The Group has entered into a number of foreign exchange currency forward contracts and structured products to hedge its foreign currency risk.

As of 31 December 2021, approximately 18% of the Group's sales (2020: 8%) and 89% of the Group's costs (2020: 86%) (including operating and capital expenditure and general and administration costs) were denominated in currencies other than the US dollar. The Group continually reviews its currency

exposures and when appropriate looks at opportunities to enter into foreign exchange hedging contracts. However, the Group's hedging activities do not cover the entirety of the currency exchange risks that it faces, and there can be no guarantee that these hedging activities will be effective.

Inflation expectations have recently risen globally and input costs are expected to rise accordingly and it may be that the Group's operational and capital expenditure and capital expenditure increases without a commensurate increase in its revenues.

The occurrence of any of the foregoing could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

The Group may be unable to dispose of assets on attractive terms and may be required to retain liabilities for certain matters

The Group regularly reviews its asset base to assess the market value versus holding value of existing assets, with a view to optimally manage its capital structure. The decision to dispose of an asset may be influenced by a variety of factors, including the Group's overall development and production strategy, prioritisation of projects and the commercial viability of development or production (which is affected by factors such as the oil price and expected costs). However, there can be no guarantee that the Group will be able to dispose of assets at the times it wants to do so, or that it will be able to dispose of assets on attractive terms. The Group's ability to dispose of non-strategic assets could be affected by various factors, including the availability of purchasers willing to purchase such assets at prices acceptable to the Group. Sellers typically retain certain liabilities or agree to indemnify buyers for certain matters and to divest certain assets the Group may provide an indemnity to a buyer. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestiture transactions, third parties may be unwilling to release the Group from guarantees or other credit support provided by the Group prior to the sale of the divested assets. As a result, after a sale, the Group may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations. See "*Risks relating to the Group's business—The Group may face unanticipated increased or incremental costs in connection with decommissioning obligations*."

The Group could incur material costs to comply with, or as a result of liabilities under, health and safety and environmental regulations

The Group operates in an industry that is inherently hazardous and consequently subject to comprehensive health and safety and environmental regulation, including those governing discharges of oil and other pollutants to air and water, the management of produced water and wastes, and the cleaning of contamination. Failure to adequately assess, mitigate and manage health and safety and environmental risks may result in loss of life, injury, or adverse impacts on the health of employees, contractors and third parties or the environment. Such failure, whether inadvertent or otherwise, by the Group to comply with applicable legal or regulatory requirements may give rise to significant liabilities, reputational damage and/or the loss of or delays in obtaining necessary licences or other permits. On 1 March 2018, a hydrocarbon release occurred on the Group's Heather platform without the flare being lit, which led to a release of uncombusted flammable hydrocarbon gas and an accumulation of gas on the platform. On 18 March 2018, the Health and Safety Executive (**"HSE"**) issued an enforcement notice regarding this incident. The Group expects that the HSE will decide in 2022 whether to make a recommendation to the Crown Office and Procurator Fiscal Service for consideration for prosecution. The Heather platform has ceased production and the Grouphas responded to all of HSE's requests for further information to date. On 22 December 2021, the oil and gas authority, now known as the NSTA, informed the Group in writing that they intend to investigate the restart of production and resumption of flaring without the NSTA's consent in writing. An internal legally privileged investigation is ongoing, which is focused on (i) how the Group operationally found itself exceeding the Magnus flare consent, (including the root causes of failures in the relevant procedures and tools) and (ii) the internal management decision making process and NSTA engagement. The NSTA's investigation is now underway. As of the date of this Exchange Offer Memorandum and Prospectus, there are three open instances of non-compliance with health and safety regulation. One which was in respect of pipework at the Sullom Voe Terminal identified which was identified as susceptible to microbial corrosion. An improvement notice has been issued at the Sullom Voe Terminal to ensure that the issue is rectified in accordance with the accepted plan by July 2022. On Magnus, the health and safety executive issued an improvement notice in relation to the draining of liquid hydrocarbons to open hazardous drains. Although control arrangements were in place,

the regulator wanted to see a reduction in the frequency of drainage being undertaken and an engineering solution to remove the manual draining. Additionally, a further improvement notice was issued on Magnus regarding assurance arrangements to ensure a robust plan is in place and visibility of findings are presented to senior management. The Group believes these will be rectified by October 2022, in relation to the drainage issues and April 2022 in relation to the plan for assurance arrangements, respectively, in accordance with the accepted plans. However, there can be no assurances that the Group will not incur material costs in the future, including clean-up costs, civil and criminal fines, penalties and sanctions and third-party claims, including for personal injury, wrongful death and environmental and property damages, and other environmental, health and safety claims under contract, as a result of violations of the Group's obligations under environmental, health and safety requirements.

Further, health and safety and environmental laws and regulations may expose the Group to liability for the conduct of others and legal and regulatory changes that are applied retroactively may expose it to liability for acts that complied with all applicable health and safety and environmental laws and regulations when they were performed.

The terms and conditions of licences, permits, permissions or other authorisations necessary for the Group's operations may include more stringent environmental and/or health and safety requirements over time. Since the Group's operations have the potential to impact air and water quality, biodiversity and ecosystems, obtaining exploration, development or production licences and permits may become more difficult or may be delayed due to governmental, regional or local environmental consultation, scientific studies, approvals or other considerations or requirements.

The Group incurs, and expects to continue to incur, substantial capital and operating costs in an effort to comply with increasingly complex health and safety and environmental laws and regulations and to develop and implement robust health, safety, environment and assurance ("**HSE&A**") systems to enable the Group to ensure compliance with all applicable requirements as the duty holder at many of the Group's operated interests. The Group has taken over the duty holdership of many of the Group's operated interests. This has increased the Group's liability to the UK government with respect to its interests in the UKCS, and the failure to comply with current health, safety and environment laws and regulations may result in regulatory action, the imposition of fines, penalties or sanctions or the payment of compensation to third parties which each could in turn have a material adverse effect on the Group's business, prospects, financial condition and results of operations. Although the Group believes that the assumption of duty holdership mitigates some of the risk associated with the lack of direct control over these conditions when the responsibility for them lies with other entities, it may expose the Group to more direct liability for HSE&A conditions. The Group has also formed an asset integrity review team to investigate how safety improvements can be made in 2022 which could cause us to incur substantial expenditure to ensure HSE&A compliance.

With regard to the Group's operations in Malaysia, the PM8/Seligi PSC and the Block PM409 PSC requires the Group as a contractor to conduct an initial assessment of the environment, health and safety risks involved in the execution of petroleum operations in the relevant contract area. Under the PM8/Seligi PSC and the Block PM409 PSC, the Group is also required to take appropriate measures to prevent any environment, health and safety incidents from occurring offshore and to minimise the consequences of such incidents in the event they do occur. The Group has to ensure that all of its personnel are competent, fully trained, experienced, skilled and certified to carry out the tasks of operating all machinery, equipment and tools offshore, and that its personnel comply with Department of Occupational Safety and Health (**"DOSH")** and PETRONAS' environment, health and safety requirements and all safety manual policies and procedures. These requirements are subject to an annual audit by PETRONAS and/or Offshore Self-Regulation audit by the Group, and to the extent any gaps are identified, it will be required to ensure that all such gaps are addressed to DOSH and/or PETRONAS' satisfaction.

New laws and regulations, the imposition of tougher requirements in licences, increasingly strict enforcement of, or new interpretations of, existing laws, regulations and licences, or the discovery of previously unknown contamination may require further expenditures to, for example:

- modify operations;
- install pollution control equipment;

- perform site clean ups;
- curtail or cease certain operations; or
- pay fees or fines or make other payments for pollution, discharges or other breaches of environmental requirements.

Although the costs of the measures taken to comply with environmental and health and safety regulations have not had a material adverse effect on the Group's business, prospects, financial condition or results of operations to date, the costs of such measures and liabilities (including for any environmental damage caused by the Group's operations in the future) may increase, which could materially and adversely affect the Group's business, prospects, financial condition and results of operations. In addition, it is not possible to predict with certainty what future environmental and health and safety regulations will be enacted or how current or future environmental and health and safety regulations will be applied or enforced in the future. Environmental and health and safety laws may result in a curtailment of production and/or a material increase in the cost of production, development or exploration activities.

The Group is also affected by international treaties on the environment to which the United Kingdom is a party such as the OSPAR Convention. Controls on the quantities of oil that can be discharged in process waters in the course of offshore operations have been implemented in the United Kingdom by the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (the "**OPPC**"). The OPPC was amended by the Offshore Petroleum Activities (Oil Pollution Prevention and Control) (Amendment) Regulations 2011 which, among other things, extends the scope of the OPPC to apply to all emissions of oil from pipelines used for offshore oil and gas activities and for gas storage and unloading activities.

The Offshore Combustion Installations (Pollution Prevention and Control) Regulations 2013 (the "**PPC**") have been implemented in the United Kingdom and applies to all of the Group's assets. Permits under the PPC have been issued to the Group by the BEIS (formerly the Department of Energy and Climate Change). Applications for these PPC permits normally contain an energy efficiency survey. Energy efficiency surveys that the Group have conducted as part of the PPC application process have identified potential energy efficiency measures and other upgrades to the installations that may be implemented by us, which have been built into the assets' life-of-field opportunity registers maintained by the Group, for future investment opportunities for improved performance. The Group has evaluated emission reduction opportunities and a number of these opportunities are expected to be implemented between 2021 and 2023. The costs associated with the PPC permit compliance and other measures to be undertaken may be material for the Group. To the extent the Group incurs material costs to comply with the HSE&A regulations, or as a result of liabilities, under the HSE&A regulations, this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group are exposed to the risk of violations of anti-corruption laws, related sanctions or other similar regulations

The Group operates in Malaysia, which like many countries in emerging markets, at times experiences high levels of fraud, bribery and corruption. Particularly, oil and gas companies operating in locations such as Malaysia may be targets of criminal, corruption or terrorist actions. Criminal, corruption or terrorist action against the Group and its assets or facilities could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

As a result, the Group is exposed to a risk of violating anti-corruption laws and sanctions regulations applicable in those countries where the Group or its joint venture partners or agents do business. Violations of anti-corruption laws and sanctions regulations may be punishable by civil penalties, including fines, denial of export privileges, injunctions, asset and bank account seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, disgorgements of profits or other gains as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on the Group's reputation and consequently on its ability to win future business and could also adversely affect the Group's access to financing. In particular, the Group's international operations may be subject to anti-corruption laws and regulations such as the US Foreign Corrupt Practices Act of 1977, the United Kingdom Bribery Act of 2010 ("**United Kingdom Bribery Act**") and the local anti-corruption laws of any jurisdiction applicable to the Group. Furthermore, the Group's international operations may be affected by sanctions and economic restrictions

imposed by the United Kingdom Office of Financial Sanctions Implementation ("**OFSI**"), the United States Office of Foreign Assets Control ("**OFAC**"), the European Union, the United Nations, the World Bank, or other law enforcement agencies or sanctions authorities. Such sanctions or economic restrictions can affect the Group's joint venture partners, host country governments or the oil sector of a host country government, suppliers and other stakeholders. While the Group reviews laws and regulations to determine if they are applicable to the Group, the its employees, consultants, agents and third parties engaged by or performing services for the Group, there can be no guarantee that a court or other enforcement authority will reach the same determination as the Group does. If the Group is found to be subject to any laws or regulations which it considered were not applicable, its policies, procedures and actions may be in breach of such law or regulation and it may be subject to censure, prosecution, fine or other negative consequences. While the Group has what it believes to be appropriate internal policies and procedures, including a Code of Ethical Conduct, as well as contractual arrangements in place with the Group's agents and joint venture partners which seek to prevent its agents or joint venture partners (as the case may be) from engaging in illegal or unethical activities, there can be no guarantee the Group's agents or joint venture partners (as the case may be) adhere to such contractual arrangements or policies and procedures and, if they do not, that the Group will be made aware of any breaches or potential breaches in a timely manner or at all. However, the Group may, nonetheless, remain liable for the unauthorised actions of its agents or joint venture partners (as the case may be).

In addition, even where the Group has compliant anti-corruption and other business ethics policies and procedures and it monitors compliance with such policies and procedures, there can be no assurance that such policies and procedures have been or will be followed at all times or have or will effectively detect and prevent all violations of the applicable laws and every instance of fraud, bribery and corruption in every jurisdiction in which one or more of the Group's employees, consultants, agents, joint venture partners, contractors or sub-contractors is located. As a result, the Group could be subject to penalties and reputational damage, which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations if the Group, its employees, agents or other parties it does business with or who have performed services for the Group have failed or fail to prevent any such violations or are or become the subject of investigations into potential violations.

If adverse investigations or findings are made, either erroneously due to differing but legal business norms or substantiated in the future, against the Group, its directors, officers, employees or joint venture partners, or such persons or their respective partners are found to be involved in corruption or other illegal activity, this could result in criminal or civil penalties, including substantial monetary fines, against the Group's directors, officers, employees or joint venture partners. Any such investigations or findings, either erroneous or substantiated in the future, could damage the Group's reputation with its investors, potential investors, joint venture partners or potential joint venture partners and the Group's ability to do business, including by affecting the Group's rights under its various production sharing contracts and joint operating agreements or by the loss of key personnel, and could materially and adversely affect the Group's business, prospects, financial condition and results of operations. The Group may also be subject to allegations of corrupt practices or other illegal activities, which, even if subsequently proved to be unfounded, may damage the Group's reputation and require significant expense and management time to investigate. Furthermore, alleged or actual involvement in corrupt practices or other illegal activities by the Group's joint venture partners, or others with whom the Group conducts business could also damage the Group's reputation and business and materially and adversely affect its business, prospects, financial condition and results of operations.

The Group's internal systems may be subject to intentional and unintentional disruption or failure, and its confidential information may be misappropriated, stolen or misused, which could adversely impact its reputation and future sales

The Group is exposed to risks arising from interruption to or failure of informational technology infrastructure. The risks of disruption to normal operations range from loss in functionality of generic systems (such as e-mail and internet access) to the compromising of more sophisticated systems that support the Group's operational activities. These risks could result from malicious interventions such as cyber-attacks designed to penetrate its network security or the security of its internal systems, misappropriate proprietary information and/or cause interruptions to the Group's services. Such attacks could include hackers obtaining access to the Group's systems, the introduction of malicious computer code or denial of service attacks. If an actual or perceived breach of the Group's network security occurs, it could adversely affect its business or reputation, and may expose it to the loss of information, litigation and possible liability. Such a security breach could also divert the efforts of the Group's technical and

management personnel. In addition, such a security breach could impair its ability to operate its business. If this happens, the Group's reputation could be harmed, its revenues could decline and its business could suffer.

In addition, confidential information that the Group maintains may be subject to misappropriation, theft and deliberate or unintentional misuse by current or former employees, third party contractors or other parties who have had access to such information. Any such misappropriation and/or misuse of the Group's information could result in it, among other things, being in breach of certain data protection and related legislation. The Group expects that it will need to continue closely monitoring the accessibility and use of confidential information in its business, educate its employees and third party contractors about the risks and consequences of any misuse of confidential information and, to the extent necessary, pursue legal or other remedies to enforce its policies and deter future misuse.

The Group collects, stores and uses personal data in the ordinary course of its business operations, and is therefore subject to data protection legislation (including the General Data Protection Regulation (EU 2016/679)). Non-compliance or technical defects resulting in a leak or the misuse of such data could result in fines, damage to the Group's reputation and/or otherwise harm the Group's business.

The Group does not register trademarks, service marks and trade names that it uses in conjunction with the operation of its business

The image and reputation of the Group constitutes a significant part of its business. The Group does not currently register trademarks, service marks and trade names that it uses in its business, including the "EnQuest" name and logo. In addition, the Group cannot make any assurances that third parties will not infringe on or misappropriate its rights or assert rights in, or ownership of, its trademarks and other intellectual property rights or in trademarks that are similar to trademarks that the Group uses. Litigation may be necessary to enforce the Group's intellectual property rights or to defend it against claimed infringement of the rights of third parties. If the Group is unable to protect its intellectual property rights against infringement or misappropriation, or if others assert rights in or seek to invalidate its intellectual property rights, this could materially harm the Group's future financial results and the Group's ability to develop its business.

The COVID-19 pandemic may adversely affect the Group's business and exacerbates other risks discussed within this section.

In December 2019, a novel strain of COVID-19 surfaced in Wuhan, China. The spread of this virus globally has caused significant business disruption, significant volatility in international debt and equity markets and significant disruption to the economy and a marked reduction in demand for oil. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the global economy. For example, Magnus suffered a seven-day shutdown due to key control room personnel being unavailable due to COVID-19.

The Group continues to monitor the evolving COVID-19 pandemic and although its operations have not incurred any significant disruption related to COVID-19 yet, the situation, whilst improving, could change quickly, in particular with the occurrence of new strains. In connection with COVID-19 or any governmental responses to COVID-19, the Group may experience, among other risks:

- materially lower oil prices for an extended period of time due to reduced demand for oil;
- operational shutdowns due to the unavailability of qualified personnel, third party utilities or spare parts required to safely maintain operations due to outbreaks of COVID-19;
- delayed execution of projects or increased project costs due to governmental restrictions and measures put in place to safeguard employees and contractors, such as reducing personnel and deferring discretionary activities at the Group's assets, which may cause delays in expected future cash flows; and
- a difficultly in attracting and retaining key personnel.

To the extent the COVID-19 pandemic adversely affects the Group's business, prospects, financial condition and results of operations, it may also have the effect of heightening other risks described in this "*Risk Factors*" section.

The Group may be subject to work stoppages or other labour disturbances, and the Group's employees may become unionised

Work stoppages or other labour disturbances, such as industrial action, with the Group's employees or those of the Group's contractors, suppliers and customers, may occur in the future. Such disturbances could have a material adverse effect on the Group's production and development activities in the periods during which they occur. In addition, the Group's employees, and those employed by the Group's contractors, may become members of or represented by labour unions. If this occurs, the Group or its contractors may not be able to negotiate acceptable collective bargaining agreements or future restructuring agreements or may become subject to material cost increases or additional work rules imposed by such agreements.

The Group has been the operator of the Sullom Voe Terminal since 1 December 2017 and the technicians employed at the Sullom Voe Terminal, comprising approximately 60% of the Sullom Voe Terminal employees, are covered by a collective agreement with the union UNITE. In March 2020, UNITE announced that 94% of members voted for strike action at the Sullom Voe Terminal in response to certain proposals, including changes to the pension scheme. The strike action was called off on 20 March 2020 but there can be no assurances that there will not be future work stoppages or labor disturbances.

Such disturbances could have a material adverse impact on the Group's production and development activities in the periods during which they occur. In addition, the Group's employees, and those employed by the Group's contractors, may become members of or represented by labor unions. If this occurs, the Group or its contractors may not be able to negotiate acceptable collective bargaining agreements or future restructuring agreements or may become subject to material cost increases or additional work rules imposed by such agreements.

The occurrence of any of the foregoing could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

The Group's tax liability is subject to estimation and the Group may be adversely affected by changes to tax legislation or its interpretation or increases in effective tax rates in the jurisdictions in which it does business

The Group is subject to corporate tax and production tax in the United Kingdom and petroleum income tax in Malaysia. Fluctuations in these tax rates can have an impact on projects and make certain projects less economically viable. The Group's tax rate, including its effective tax rate and value added tax (**"VAT"**), may be affected by changes in tax laws or interpretations of tax laws in any jurisdiction in which the Group operates and in any financial year will reflect a variety of factors that may not be present in succeeding financial years. During periods of high profitability in the oil industry, there are often calls for increased or windfall taxes on oil revenue. Taxes have increased or been imposed in the past and may increase or be imposed again in the future. As a result, the Group's tax rate may increase or tax allowances may be withdrawn or curtailed in future periods, which could have a material adverse effect on the Group's financial results and, specifically, its net income, cash flow and earnings may decrease.

Tax regimes in certain jurisdictions can be subject to differing interpretations and tax rules in any jurisdiction are subject to legislative change and changes in administrative and regulatory interpretation. The interpretation by the Group's relevant subsidiaries of applicable tax law as applied to their transactions and activities may not coincide with that of the relevant tax authorities. As a result, transactions may be challenged by tax authorities and any of the Group's profits from activities in those jurisdictions in which the Group operates may be subject to additional tax or additional unexpected transactional taxes (e.g. stamp duty, VAT or capital gains tax), which, in each case, could result in significant legal proceedings and additional taxes, penalties and interest, any of which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations. In addition, taxing authorities could review and question the Group's tax returns leading to additional taxes and penalties which could be material.

Additionally, the Group's tax provision is subject to estimation. In the UK, the Group prepares its tax provision before it files its UK corporation tax and supplementary charge returns with Her Majesty's Revenue and Customs (**"HMRC"**) and thus it must make estimates and judgements on factors in the tax provision process. Such estimates and judgements include those required in calculating the effective tax rate. In considering the tax on exceptional items, the Group applies the appropriate statutory tax rate to

each exceptional item to calculate the relevant tax charge. The Group also makes judgements and assumptions regarding the likelihood of future taxable profits and the amount of deferred tax that can be recognised on unused tax losses where it is probable that future taxable profits will be available for utilisation. Although the Group does not expect to pay material UK cash corporation tax on operational activities within the ring fence for the foreseeable future, the Group can make no assurances that it will not be required to pay taxes under current or future laws.

In Malaysia, petroleum income tax is imposed at the rate of 38% on income from petroleum operations in Malaysia. An effective petroleum income tax rate of 25% applies on income from petroleum operations in marginal fields. No other taxes are imposed on income from petroleum operations.

The Group and/or its field partners may not have good title to all its assets and licences

There can be no assurance that the Group and/or its field partners have good title to all of its and/or their assets and the rights to explore for, develop and produce oil from such assets. Moreover, the Group's predecessors from which it acquired its interests in the Group's assets may not have had good title to those interests.

There may be disputes concerning the validity of the Group's production and exploration licenses in the UKCS, Malaysia and in other countries in the future. Changing regulatory and environmental conditions may create disputes with the BEIS in the United Kingdom or other oil companies with operations in the UKCS. Similarly, the same may occur with other regulatory bodies and oil companies in other countries where the Group currently has assets (currently Malaysia). If such disputes concerning the validity of licences or title to assets are determined adversely against the Group and/or its field partners, such assets or licences could be taken away or revoked and/or the Group could be subject to fines or sanctions without any form of compensation.

The occurrence of any of the foregoing could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

The Group's international operations will require it to comply with various regulatory regimes and subject it to the challenges of running a business with global operations

The Group currently operates its business in the United Kingdom and Malaysia. Accordingly, the Group is subject to political, economic and social factors affecting Malaysia, regional diplomatic developments affecting Malaysia and changes in Malaysian laws, regulations and policies implemented by the local government from time to time.

In addition, the Group's Malaysian operations are potentially subject to some or all of the following risks of doing business internationally, among others:

- foreign laws and governmental regulation, including those governing tax, worker immigration and customs;
- expropriation, confiscatory taxation and nationalisation of the Group's assets located in areas in which the Group operates;
- unfavourable changes in foreign monetary and tax policies, and unfavourable and inconsistent interpretation and application of foreign tax laws; and
- foreign currency fluctuations and restrictions on currency repatriation.

The Group's Malaysian operations are subject to the laws and regulations of Malaysia. If the existing body of laws and regulations in Malaysia are interpreted or applied, or relevant discretions exercised, in an inconsistent manner by the courts or applicable regulatory bodies, this could result in ambiguities, inconsistencies and anomalies in the enforcement of such laws and regulations, which in turn could hinder the Group's long-term planning efforts and may create uncertainties in the Group's operating environment. Additionally, the Group's ability to compete in Malaysian markets may be adversely affected by governmental regulations or other policies that favour the awarding of contracts to contractors in which nationals of those countries have substantial ownership interests. The Group's Malaysian operations may also face governmentally imposed restrictions or taxes from time to time on the transfer of funds to it.

Various national and local taxing authorities may also periodically examine the Group's operations. Such examinations, including audits, may result in an assessment of additional taxes and other costs payable in relation to prior periods.

Any acts of terrorist activity, piracy, social and civil unrest, political upheaval and armed conflicts causing disruptions of oil and gas exports could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

Certain emerging and developing market economies have been, and may continue to be, adversely affected by market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems outside countries with emerging or developing economies or an increase in the perceived risks associated with investing in such economies could discourage foreign investment in and adversely affect the economies of these countries (including countries in which the Group has assets).

3. Risks relating to the Notes and the Group's capital structure

The Group's leverage and debt service obligations could adversely affect its business, financial condition, results of operations and the Group's ability to satisfy its obligations under its debt, including the Notes and the Guarantee

As of 31 December 2021, the Group had an aggregate principal amount of $1,508.6 million of debt outstanding, of which $256.6 million was unsecured indebtedness represented by the Existing Notes and $827.2 million was unsecured indebtedness represented by the High Yield Notes. As of 31 December 2021, the Group had $415.0 million drawn and $32.0 million in undrawn commitments under the RBL Facility. The Group is permitted to borrow substantial additional indebtedness, including secured debt.

The degree to which the Group is leveraged could have important consequences to the Group's business and holders of the Notes, including but not limited to:

- making it difficult for the Group to satisfy its obligations with respect to the Notes or its other indebtedness;
- increasing the Group vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of the Group's cash flow from operations to make interest and principal payments on its debt, thereby reducing the availability of such cash flow for other purposes;
- limiting the Group's ability to obtain additional financing to fund working capital, capital investments, acquisitions, debt service requirements, business ventures, or other general corporate purposes;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business, the competitive environment and the industry in which the Group does business; and
- adversely affecting the Group's competitive position due to its debt burden being higher than that of its competitors.

Any of these or other consequences or events could have a material adverse effect on the Group's business, financial condition and results of operations and its ability to satisfy its obligations under the Notes.

Despite the Group's current level of debt, it may incur substantially more debt in the future, which may make it difficult for it to service its debt, including the Notes

The Group may incur substantial additional indebtedness in the future, including secured indebtedness and indebtedness that is structurally senior to the Notes. Although the High Yield Note Indenture and the RBL Facility Agreement contain restrictions governing the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If the Group incurs new debt or other obligations, the related risks that the Group faces, as described in *"—the*

Group's leverage and debt service obligations could adversely affect its business, financial condition, results of operations and its ability to satisfy its obligations under its debt, including the Notes and the Guarantee" and elsewhere in these "*Risk factors*," could increase. In addition, the Trust Deed will not, and the High Yield Notes Indenture and the RBL Facility Agreement do not, prevent the Group from incurring obligations that do not constitute indebtedness as defined under those agreements. The Trust Deed will not prevent the Group from providing guarantees in respect of additional high yield notes that would rank *pari passu* with the Guarantee.

The Group's non-Guarantor subsidiaries may also incur substantial additional indebtedness in the future, further increasing the risks associated with leverage. If any of the Group's non-Guarantor subsidiaries incur additional indebtedness, the holders of that debt will be entitled to any proceeds distributed in connection with any insolvency, liquidation, reorganisation, dissolution or other winding-up of such subsidiaries ahead of the Noteholders. See "*—The Notes and the Guarantee will be structurally subordinated to the liabilities and preference shares (if any) of the Group's non-Guarantor subsidiaries*."

For further information regarding the Group's leverage and for more information about the Group's outstanding indebtedness, see "*Management's discussion and analysis of financial condition and results of operations*" and "*Description of certain financing arrangements*."

If the Group were to incur substantially more debt, this could have a material adverse effect on the Group's business, financial condition and results of operations and its ability to satisfy its obligations under the Notes.

The Group requires a significant amount of cash to service its debt and sustain its operations, and its ability to generate sufficient cash depends on many factors beyond the Group's control

The Group's ability to make payments on, or repay or refinance, its debt, and to fund working capital and capital investments, will depend on its future operating performance and ability to generate sufficient cash. This depends on the success of its business strategy and on general economic, financial, competitive, market, legislative, regulatory, technical and other factors as well as the risks discussed in these "*Risk factors*," many of which are beyond the Group's control. In addition, the Group's ability to borrow funds in the future to make payments on its debt will depend on the satisfaction of the covenants in its RBL Facility Agreement and the Group's other debt agreements, including the High Yield Note Indenture, and other agreements the Group may enter into in the future. Specifically, the Group will only be permitted to draw under its RBL Facility if no default or event of default is continuing or would result from the utilisation and certain representations and warranties are true in all material respects. Therefore, the Group cannot assure you that its business will generate sufficient cash flow from operations or that future debt and equity financings will be available to it in an amount sufficient to enable it to pay its debt, including the Notes, or to fund the Group's other liquidity needs.

Prior to repayment of the Notes, the Group will be required to refinance or repay certain other debt, including debt under the RBL Facility. See "*Management's discussion and analysis of financial condition and results of operations*." The Group cannot provide assurance that it will be able to refinance or repay any of its debt, including the Notes, on commercially reasonable terms or at all. Any refinancing of its debt could be at higher interest rates than its current debt and may require the Group to comply with more onerous covenants, which could further restrict its business operations. If the Group is unable to make payments or refinance its debt or obtain new financing under these circumstances, it would have to consider other options, such as:

- selling assets;
- seeking to raise additional capital;
- restructuring or refinancing all or a portion of the Group's debt on or before maturity;
- foregoing opportunities such as acquisitions of other businesses; or
- reducing or delaying the Group's business activities and capital investments.

The Group cannot assure potential investors that it would be able to accomplish any of these alternatives on a timely basis or on commercially reasonable terms, if at all. Any failure to make payments on the

Group's debt, including the Notes, on a timely basis would likely result in a reduction of its credit rating, which could also harm the Group's ability to incur additional indebtedness. In addition, the terms of the Group's debt, including the High Yield Bond Indenture and the RBL Facility, limit or will, and any future debt may also limit, the Group's ability to pursue any of these alternatives. There can be no assurance that any assets that the Group may elect to sell can be sold or that, if sold, the timing of such sale will be acceptable and the amount of proceeds realised will be sufficient to satisfy the Group's debt service and other liquidity needs. If the Group is unsuccessful in any of these efforts, it may not have sufficient cash to meet its obligations, which could cause an event of default under its debt and result in:

- the Group's debt holders declaring all outstanding principal and interest to be immediately due and payable;
- the lenders under the RBL Facility being able to terminate their commitments to lend the Group money and foreclose against the assets securing its borrowings thereunder; and
- the Group being forced into bankruptcy or liquidation, which could result in you losing your investment in the Notes.

The Group is subject to restrictive debt covenants that may limit its ability to finance its future operations and capital needs and to pursue business opportunities and activities

The High Yield Notes Indenture and the Group's RBL Facility Agreement restrict, among other things, the Group's ability to:

- incur additional debt and issue guarantees and preferred stock;
- make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- repay or redeem subordinated debt or share capital;
- create or incur certain liens;
- in the case of the High Yield Note Indenture, impose restrictions on the ability of the Group's subsidiaries to pay dividends or make other payments to the Issuer and other subsidiaries;
- make certain investments or loans;
- sell, lease or transfer certain assets, including shares of any of the Group's restricted subsidiaries;
- in the case of the High Yield Note Indenture and the Trust Deed, guarantee certain types of its other indebtedness without also guaranteeing the High Yield Notes and the Notes respectively;
- expand into unrelated businesses;
- merge or consolidate with other entities; and
- enter into certain transactions with affiliates.

All these limitations are subject to significant exceptions and qualifications. The Group's compliance with these covenants could reduce its flexibility in conducting its operations, particularly by:

- affecting the Group's ability to react to changes in market conditions, whether by increasing its vulnerability in relation to unfavorable economic conditions or by preventing the Group from profiting from an improvement in those conditions;
- affecting the Group's ability to pursue business opportunities and activities that may be in its interest;
- limiting the Group's ability to obtain certain additional financing in order to meet its working capital requirements, make investments or acquisitions and carry out refinancings; and

- forcing the Group to dedicate a significant portion of its cash flows to payment of the sums due for such loans, thus reducing the Group's ability to utilise its cash flows for other purposes.

In addition, the Group is subject to affirmative and financial covenants contained in the RBL Facility Agreement, including the requirement to maintain a specified ratio of consolidated net financial indebtedness to Adjusted EBITDA. See "*Description of certain financing arrangements*." The Group's ability to meet financial ratios and other tests can be affected by events beyond its control, and the Group cannot assure you that it will meet them. A breach of any of those covenants, ratios, tests or restrictions could result in an event of default under the RBL Facility Agreement or the Trust Deed. Upon the occurrence of any event of default under the RBL Facility Agreement, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the facilities and elect to declare all amounts outstanding, together with accrued interest, immediately due and payable. Furthermore, the RBL Facility Agreement will limit or prohibit the Group from withdrawing funds from bank accounts that consist of amounts that it has received in connection with certain assets or any disposal of such assets or of any subsidiary that holds, whether directly or indirectly, any such asset. In addition, any default under the RBL Facility Agreement or the outstanding High Yield Notes could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the High Yield Note Indenture. If the Group's creditors, including the creditors under the RBL Facility or the High Yield Notes accelerate the payment of those amounts, the Group cannot assure you that its cash flow or its assets and the assets of its subsidiaries would be sufficient to repay in full such amounts, to satisfy all other liabilities of its subsidiaries which may be due and payable and to repay amounts outstanding under the Notes. If the Group is unable to repay the amounts due and payable under the RBL Facility, its creditors thereunder could proceed against the collateral that secures such debt. Accordingly, the Group could be forced into bankruptcy or liquidation, and the Issuer and Guarantors may not be able to fulfil their respective obligations under the Notes and the Guarantee and investors could lose their entire investment in the Notes.

Certain of the Group's borrowings bear interest at floating rates, which could rise significantly, thereby increasing the Group's interest cost and reducing cash flow

A portion of the Group's indebtedness, including borrowings under the RBL Facility and the SVT Working Capital Facility, bear interest at per annum rates equal to a SONIA and SOFR linked interest rate and GBP LIBOR linked interest rate, respectively (and the Group is currently negotiating the use of a risk free rate to replace GBP LIBOR), in each case adjusted periodically, plus a margin and a credit adjustment spread, if applicable. Interest rates could rise significantly in the future, thereby increasing the Group's interest expenses associated with these obligations, reducing cash flow available for capital investments and limiting the Group's ability to make payments on the Notes. Although the Group has entered into certain hedging arrangements designed to fix a portion of these rates and may continue to do so, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. In addition, hedging itself carries certain risks, including that the Group may need to pay a significant amount (including costs) to terminate any hedging arrangements.

The Issuer is a holding company that has no revenue generating operations of its own and will depend on cash from its operating companies to be able to make payments on the Notes

The Issuer is a holding company with no business operations or significant assets other than the equity interests it holds in its subsidiaries and certain intercompany loans. Following the proposed issue of the Notes to be issued by the Issuer, the Issuer's material liabilities will be the Notes, amounts due to subsidiaries under intercompany loans, and any amounts outstanding under the Existing Notes, the High Yield Notes and the RBL Facility. The Issuer will be dependent upon cash flows from its operating subsidiaries in the form of loans, dividends or other distributions and payments to meet its obligations, including its obligations under the Notes. However, subsidiaries of the Issuer that do not guarantee the Notes have no obligation to pay amounts due under the Notes or to make funds available for that purpose. If the Group's subsidiaries do not distribute cash to the Issuer to make scheduled payments on the Notes, the Issuer may not have any other source of funds that would allow it to make payments to holders of the Notes.

The amounts of dividends and distributions available to the Issuer will depend on the profitability and cash flow of its subsidiaries, which, in turn, will be affected by all the factors discussed in these "*Risk factors*" and elsewhere in this Exchange Offer Memorandum and Prospectus. Even if the subsidiaries of

the Issuer have sufficient cash available, they may be restricted or prevented from distributing dividends or advancing upstream loans to the Issuer to make payments in respect of its indebtedness, including the Notes. Various agreements governing the Group's debt may restrict, and in some cases, may prevent the ability of the subsidiaries to move cash within their restricted group. Applicable laws may also limit the amounts that the Group's subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. Such laws include financial assistance rules, corporate benefit laws, requirements that dividends must be paid out of reserves available for distribution and other legal restrictions which, if violated, might require the recipient to refund unlawful payments. Therefore, even if the Issuer and its subsidiaries, in aggregate, have sufficient resources to meet their obligations, they may not be permitted to make the necessary transfers from the entity or entities with funds to the entity owing the obligations under the Notes or the Guarantee. Applicable tax laws may also subject such payments to further taxation.

Arrangements with the Issuer's subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of the Issuer's subsidiaries may not provide the Issuer with sufficient dividends, distributions and loans to fund payments on the Notes when due.

4. Risks relating to the Notes and the Guarantee

The Notes are not protected by the FSCS

Unlike many bank deposits, the Notes are not protected by the FSCS. As a result, neither the FSCS nor any anyone else will pay compensation to Noteholders upon the failure of the Issuer, the Guarantors or the Group as a whole. If the Issuer or any Guarantor were to go out of business or become insolvent, the Noteholders may lose all or part of their investment in the Notes.

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit majorities of certain sizes to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a different manner than the majority did.

The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to: (a) any modification of any of the provisions of the Trust Deed that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error, and (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Trustee indemnity

In certain circumstances, the Noteholders may be dependent on the Trustee to take certain actions in respect of the Notes, in particular if the Notes become due and repayable following the occurrence of an Event of Default. Prior to taking such action, pursuant to the Conditions the Trustee may require to be indemnified and/or secured and or pre-funded to its satisfaction. If so, and the Trustee is not indemnified and/or secured and/or pre-funded to its satisfaction it may decide not to take such action and such inaction will not constitute a breach by it of its obligations under the Trust Deed. Consequently, the Noteholders would have to either provide such indemnity and/or security and/or pre-funding or accept the consequences of such inaction by the Trustee. Noteholders should be prepared to bear the costs associated with any such indemnity and/or security and/or pre-funding and/or the consequences of any potential inaction by the Trustee. Such inaction by the Trustee will not entitle Noteholders to take action directly against the Issuer or the Guarantors to pursue remedies for any breach by any of them of terms of the Trust Deed or the Notes unless the Trustee having become bound to act has failed within a reasonable time to do so and such failure is continuing.

The payment obligations of the Guarantors under the Guarantee will be subordinated to the Group's existing and future senior debt

The payment obligations of each Guarantor under the Guarantee will:

a) be subordinated in right of payment to all existing and future senior obligations of the respective Guarantor, including, where applicable, such Guarantor's obligations under the RBL Facility;

(b) rank *pari passu* (which means ranking equally) in right of payment with all future senior subordinated obligations of that Guarantor (where "senior subordinated obligations" means any obligations of such Guarantor which rank ahead of obligations set out at (c) below and rank below the obligations described in (a) above), including, for example, the High Yield Notes and the Existing Notes;

(c) rank senior in right of payment to all future obligations of that Guarantor that are expressly contractually subordinated to the Guarantee; and

(d) be effectively subordinated to all existing and future secured obligations of that Guarantor (including under the RBL Facility, where applicable), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Guarantee on an equal and rateable or prior basis.

See "Description of certain financing arrangements—Guarantee Subordination Agreement" and "Terms and Conditions of the Notes".

In addition, no enforcement action with respect to the Guarantee (or any future guarantee of the Notes) may be taken unless (subject to certain limited exceptions): (i) any enforcement action has been taken with respect to a Guarantor in relation to the Group's senior debt (provided that the Trustee on its own behalf and on behalf of the holders of the Notes will be limited to taking the same action against that same Guarantor); (ii) certain insolvency, liquidation or other similar enforcement events with respect to a Guarantor have occurred and such actions are taken with respect to such Guarantor (subject to certain limited exceptions) or (iii) there is a continuing event of default under the Notes after a period of 179 days (or earlier in limited circumstances) from the date the agents with respect to the Group's senior debt received written notice of such default. See "*Description of certain financing arrangements—Guarantee Subordination Agreement*."

Upon any distribution to the creditors of a Guarantor in a liquidation, administration, bankruptcy, moratorium of payments, dissolution or other winding-up of such Guarantor, the holders of senior debt of such Guarantor will be entitled to be paid in full before any payment may be made with respect to the Guarantee. In addition, any amount available for distribution to the Noteholders after senior creditors of such Guarantor, including lenders under the RBL, have been repaid in full would be shared on a *pro rata* basis with other creditors of such Guarantor who also benefit from a senior subordinated guarantee constituting senior subordinated obligations of such Guarantor. As a result, holders of the Notes may receive less than the holders of senior debt of the Guarantors and may not be able to recover the entirety of their investment, or may recover less than the full investment.

There are circumstances other than repayment or discharge of the Notes under which the Guarantee will be released automatically, without your consent or the consent of the Trustee

The terms and conditions of the Notes provide that a Guarantee will be released automatically if the relevant Guarantor is no longer required to provide a guarantee or indemnity in respect of any indebtedness for or in respect of notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being or are intended to be quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market.

As a result, holders of the Notes will no longer have the benefit of the Guarantee but would be in the same position as holders of other capital markets indebtedness of the Issuer. In such circumstances, there is a risk that if the Issuer were unable to make payments under the Notes then the Noteholders would not have any recourse to the Guarantors and might recover less than they could have done had the Guarantee remained in place and may lose some or all of their investment.

The Notes and Guarantee will be structurally subordinated to the liabilities and preference shares (if any) of the Group's non-Guarantor subsidiaries

Some, but not all, of the Group's subsidiaries will guarantee the Notes. Generally, claims of creditors of a non-Guarantor subsidiary, including trade creditors, and claims of preference shareholders (if any) of such subsidiary, will have priority with respect to the assets and earnings of such subsidiary over the claims of creditors of its parent entity, including claims by holders of the Notes under the Guarantee. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceeding of any of the Group's non-Guarantor subsidiaries, holders of such subsidiary's indebtedness and its trade creditors will generally be entitled to payment of their claims in full from the assets of such subsidiary before any assets are made available for distribution to its parent entity as equity holder and the creditors of the Issuer and the Guarantors (including holders of the Notes) will have no right to proceed against such subsidiary's assets except claims as an equity holder to the extent the Issuer or any of the Guarantors is a direct parent entity of such subsidiary. As such, the Notes and Guarantee will be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of the Group's non-Guarantor subsidiaries.

Although the Group's non-Guarantor subsidiaries currently represent only a small portion of its revenue and other operating income, the covenants in the Notes will permit these non-Guarantor subsidiaries to incur additional indebtedness, which may also be secured, and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries. In the future the revenue and other operating income of such entities could increase, possibly substantially.

As of and for the twelve months ended 31 December 2021, the Group's subsidiaries that are not Guarantors collectively represented nil% of its revenue and other operating income and 6.4% of the Group's total assets. As of 31 December 2021, such non-Guarantors were not obligors on any of the Group's consolidated third party debt, but were in some cases guarantors under the RBL Facility.

If the non-Guarantor subsidiaries were to incur significant indebtedness and/or granted security over their assets, there is a risk that this would diminish the assets available to the Noteholders should the Issuer become unable to make payments under the Notes and the Noteholders could lose some or all of their investment in the Notes.

Holding CREST Depository Interests

Investors may hold the Notes through CREST. CREST allows noteholders to hold notes in a dematerialised form rather than holding physical notes. Instead of issuing physical notes, CREST issues what are known as depositary interests which are held, settled and transferred through CREST ("**CDIs**"), representing interests in the Notes underlying the CDIs. Holders of CDIs (the **"CDI Holders"**) will hold, or have an interest in, a separate legal instrument and will not be the legal owners of the Notes. The rights of CDI Holders to the Notes are represented by the relevant entitlements against CREST Depository Limited (the "**CREST Depository**") through which CREST International Nominees Limited (the "**CREST Nominee**") holds interests in the Notes. Accordingly, rights under the Notes cannot be enforced by CDI Holders directly against the Issuer; instead they must be enforced indirectly through CREST and certain companies acting as intermediary depositaries and custodians. The enforcement of rights under the Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries. If such risk should materialise, Noteholders may receive reduced payments under the Notes and may not recover their investment in full or at all, which could pose a material risk for Noteholders.

CDIs are constituted under English law and transferred through CREST and will be issued by the CREST Depository pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the "**CREST Deed Poll**"). The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll. Potential Investors should note that the provisions of the CREST Deed Poll, the CREST Manual issued by Euroclear UK & Ireland (including the CREST International Manual dated 14 April 2008) as amended, modified, varied or supplemented from time to time (the "**CREST Manual**") and the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement

Links Service (the "**CREST Rules**") contain indemnities, warranties, representations and undertakings to be given by CDI Holders, and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of, and returns received by, CDI Holders, may differ from those of holders of Notes which are not represented by CDIs. This could have an adverse effect on the payments received under the Notes by Noteholders.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service (the "**CREST International Settlement Links Service**"). These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service.

Potential Investors should note that none of the Issuer, the Guarantors, the Joint Lead Managers, the Trustee or the Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations. The CDIs are not the subject of this Exchange Offer Memorandum and Prospectus.

Claims of the secured creditors of the Issuer and the Guarantors will have priority with respect to their collateral over the claims of unsecured creditors, such as the holders of the Notes, to the extent of the value of the assets securing such indebtedness

Claims of the secured creditors of the Issuer and the Guarantors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, the Notes and the Guarantee will be effectively subordinated to any secured indebtedness and other secured obligations of the Issuer and the Guarantors (including obligations under the RBL Facility) to the extent of the value of the assets securing such indebtedness or other obligations (except to the extent such assets in the future also secure the Notes and/or the Guarantee on an equal and rateable basis or priority basis). In the event of any foreclosure, dissolution, winding up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceeding of the Issuer or any Guarantor that has secured obligations, holders of secured indebtedness will have priority claims to the assets of the Issuer or such Guarantor that constitute their collateral (other than to the extent such assets in the future also secure the Notes or the relevant Guarantee on an equal and rateable basis or priority basis). Subject to certain limitations, the holders of the Notes will participate rateably with all holders of the unsecured indebtedness of the Issuer or the relevant Guarantor (other than the Group's indebtedness to which the Guarantees have been expressly subordinated), and potentially with all their other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Issuer or the relevant Guarantor. If any of the secured indebtedness of the Issuer or the relevant Guarantor becomes due or the creditors thereunder proceed against the operating assets that secure such indebtedness, the Group's assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes or the Guarantee. As a result, holders of Notes may receive less, rateably, than holders of secured indebtedness of the Issuer or the relevant Guarantor.

5. Risks relating to the Market generally

Set out below is a brief description of the principal market risks, including liquidity risk:

5.1 There may not be a liquid secondary market for the Notes and their market price may be volatile

The Notes may have no established trading market when issued, and one may never develop. Therefore, Noteholders may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary (i.e. after the issue date) market. The Notes are sensitive to interest rate, currency or market risks. This lack of liquidity may have a severely adverse effect on the market value of Notes.

Each of Peel Hunt LLP and WH Ireland Limited is expected to be appointed as a registered market-maker on the London Stock Exchange's ORB market in respect of the Notes from the date of admission

of the Notes to trading. Market-making means that a person will quote prices for buying and selling the Notes during trading hours. However, Peel Hunt LLP and WH Ireland Limited may not continue to act as market-makers for the life of the Notes. If a replacement market-maker was not appointed in such circumstances, this could have an adverse impact on your ability to sell the Notes.

5.2 **Realisation from sale of the Notes**

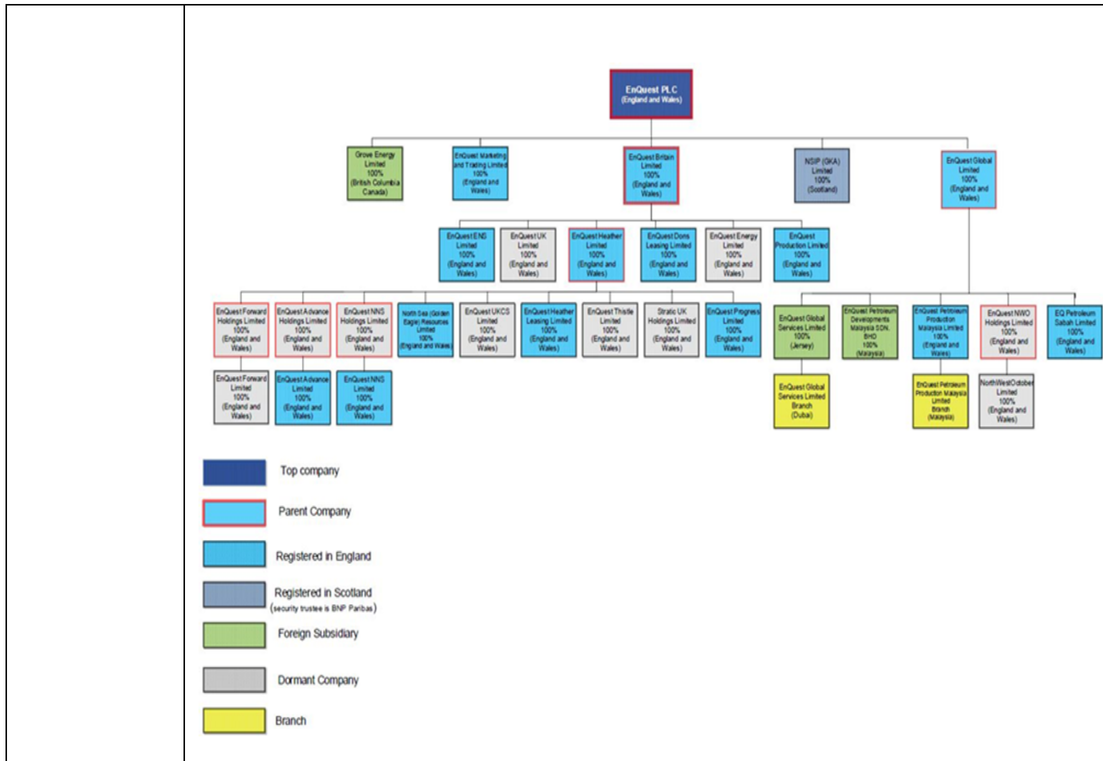
If a Noteholder choose to sell the Notes at any time prior to their maturity, the price received from such sale could be less than the original investment they made. Factors that will influence the price may include, but are not limited to, market appetite, inflation, the time of redemption, prevailing interest rates and the current financial position and an assessment of the future prospects of the Issuer and/or the Guarantors.

5.3 **Changes in interest or inflation rates may adversely affect the value of the Notes**

The Notes bear interest at a fixed rate rather than by reference to an underlying index. Accordingly, Noteholders should note that if interest rates rise, then the income payable on the Notes might become less attractive and the price that they could realise on a sale of the Notes may fall. However, the market price of the Notes from time to time has no effect on the total income they receive on maturity of the Notes if they hold the Notes until their maturity date. Further, inflation will reduce the real value of the Notes over time, which may affect what they could buy with their investment in the future and may make the fixed rate payable on the Notes less attractive in the future, again affecting the price that they could realise on a sale of the Notes.

INFORMATION ABOUT THE NOTES

What are the Notes?	The Notes are debt securities to be issued by EnQuest PLC. The Notes will be subject to the "*Terms and Conditions of the Notes*" which are set out in this Exchange Offer Memorandum and Prospectus. The Notes: (a) entitle Noteholders to receive semi-annual interest payments at a fixed rate of 9.00 per cent. per annum payable in two equal instalments of £0.045 per £1 in principal amount of the Notes on 27 April and 27 October in each year, with the first payment due to be made on 27 October 2022; (b) have a principal amount of £1 per Note; (c) are guaranteed by the Guarantors; (d) are due to be issued on 27 April 2022 and fall due to be paid back in full on 27 October 2027; and (e) are intended to be admitted to trading on the London Stock Exchange plc's regulated market, and through its ORB market. (f) See "*Terms and Conditions of the Notes*" for further information.
Who is issuing the Notes?	The Notes will be issued by EnQuest PLC.
Who is guaranteeing the Notes?	The Notes will be guaranteed by EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest NWO Limited, EnQuest Production Limited, EnQuest Petroleum Production Malaysia Ltd, NSIP (GKA) Limited, EnQuest Marketing and Trading Limited, EnQuest Petroleum Developments Malaysia Sdn Bhd, EnQuest Advance Limited, EnQuest Advance Holdings Limited, EQ Petroleum Sabah Limited and North Sea (Golden Eagle) Resources Ltd.
What is the relationship between the Issuer, the Guarantors and the Group?	The Issuer is the holding company of the Group. Each of the Guarantors is a wholly-owned subsidiary of the Issuer. The "**Group**" means the Issuer and its subsidiaries taken as a whole. Below is a table illustrating the Group structure at the date of this Exchange Offer Memorandum and Prospectus:

	
Will the Notes be secured?	No, the Notes will not be secured on issue. The Notes contain a negative pledge provision with respect to the Issuer and its subsidiaries (which includes the Guarantors). Under the negative pledge provision, those entities are not permitted to create or at any time have outstanding any security over any of their present or future undertakings, assets or revenues to secure any "Relevant Indebtedness" without securing the Notes equally.
What will the Noteholders receive on a winding-up of the Group?	If the Issuer becomes insolvent or is otherwise unable to meet its payment obligations under the Notes, the Guarantors will be required to satisfy any such payments on behalf of the Issuer. The Guarantors have each irrevocably guaranteed (on a joint and several basis) (the "**Guarantee**") that if the Issuer does not pay any sum payable by it under the Notes by the time and date required by the Conditions (whether on the original due date, on early repayment of the Notes or otherwise) then the Guarantors will pay that sum. Any claim under the Guarantee will be made by the Noteholders (or the Trustee on their behalf) as unsecured creditors of the Issuer and the Guarantors. The Guarantee is subject to a guarantee subordination agreement dated 9 April 2014 (as amended, supplemented or varied from time to time) (the **"Guarantee Subordination Agreement"**) to which U.S. Bank Trustees Limited (in its capacity as trustee in respect of the Existing Notes (the "**Existing Notes Trustee**") under the trust deed dated 24 January 2013 pursuant to which the Existing Notes were issued (the **"Existing Notes Trust Deed"**)) acceded on 5 November 2014 and U.S. Bank Trustees Limited (in its capacity as Trustee in respect of the Notes under the Trust Deed) will accede to on or around the Issue Date. Pursuant to the Guarantee Subordination Agreement, the Guarantors' obligations under the Guarantee are subordinated to the Guarantors' obligations in respect of the Issuer's senior debt, including the RBL Facility. The Guarantee is a direct, unconditional and irrevocable, joint and several guarantee by each Guarantor to the Trustee (for itself and on behalf of the Noteholders) of the payment of principal and interest payable under the Notes and all other monetary

obligations of the Issuer to the Noteholders or the Trustee under the Trust Deed in respect of the Notes and any additional amounts payable pursuant to Condition 8 (Taxation) of the Notes. Pursuant to the Guarantee Subordination Agreement, the payment obligations of the Guarantors under the Guarantee:

(a) will be subordinated in right of payment to all existing and future senior obligations of the Guarantors, including the RBL Facility;

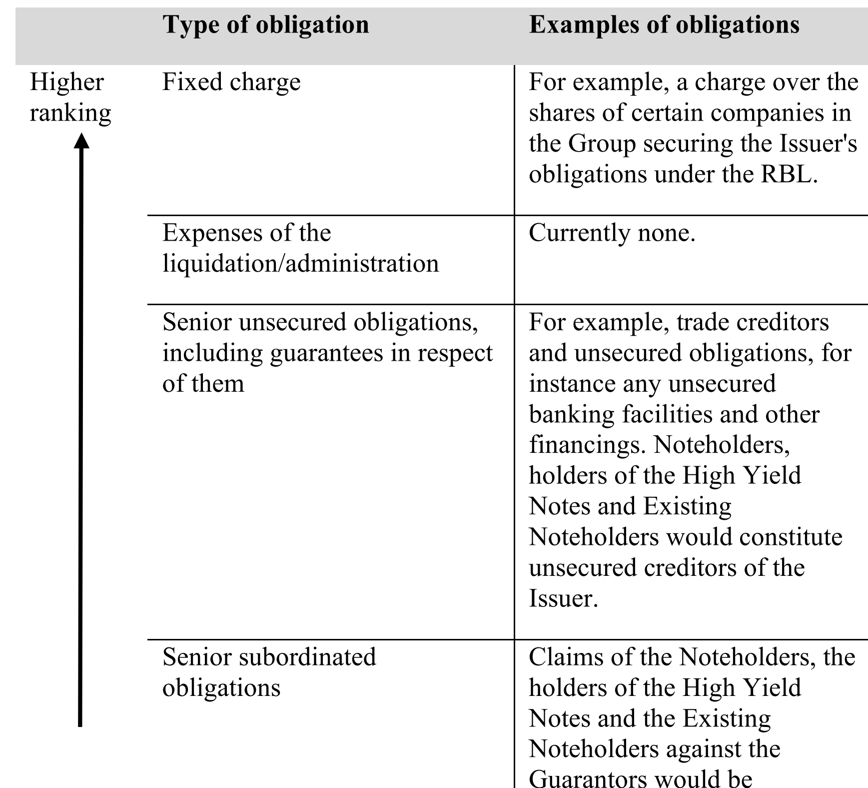
(b) will rank *pari passu* in right of payment with all existing and future senior subordinated obligations of the Guarantors, including the guarantees in respect of the Existing Notes and the High Yield Notes and the Guarantors' guarantees in respect thereof (the **"High Yield Notes Guarantees"**);

(c) will rank senior in right of payment to all future obligations of the Guarantors that are expressly contractually subordinated to the Guarantee and the High Yield Notes Guarantees; and

(d) will effectively, be subordinated to all existing and future secured obligations of the Guarantors (including under the RBL Facility), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Guarantee on an equal and rateable or senior basis.

For further information on this risk, see the section "*Risk Factors – The Notes are not protected by the FSCS – The payment obligations of the Guarantors under the Guarantee are subordinated in right of payment to outstanding claims of certain senior creditors of the Guarantor.*"

The table below illustrates the ranking in priority of payment to the creditors of the Group, including the proposed Noteholders. Any fixed charge holders (being holders of security over a particular asset giving such holders the rights to the proceeds of the sale of the assets subject to such security upon enforcement) would take priority over unsecured creditors and once each category of secured lender has been satisfied in full, any residual monies would be payable firstly to the unsecured creditors of the relevant entity and then finally to the shareholders of the relevant entity.



	Type of obligation	**Examples of obligations**
Higher ranking	Fixed charge	For example, a charge over the shares of certain companies in the Group securing the Issuer's obligations under the RBL.
	Expenses of the liquidation/administration	Currently none.
	Senior unsecured obligations, including guarantees in respect of them	For example, trade creditors and unsecured obligations, for instance any unsecured banking facilities and other financings. Noteholders, holders of the High Yield Notes and Existing Noteholders would constitute unsecured creditors of the Issuer.
	Senior subordinated obligations	Claims of the Noteholders, the holders of the High Yield Notes and the Existing Noteholders against the Guarantors would be

			subordinated, and therefore payments under the Guarantee would rank behind the payment obligations of senior unsecured creditors.
	Lowest ranking	Shareholders	Shareholders of the Issuer and/or the Guarantors.

What assets are available to the Issuer and Guarantors to fund their obligations under the Notes and Guarantee respectively?	The ability of the Issuer and Guarantors to service their respective payment obligations under the Notes and Guarantee, respectively, is ultimately dependent on the performance of the wider Group. This is in the sense that they (and, in particular, the Issuer as the holding company of the Group) are reliant on repayment of intercompany loans by subsidiaries within the Group. Moreover, it should be noted that the repayment to the Issuer and each Guarantor (as applicable) of amounts owing to them by the relevant subsidiaries will only be repaid after the relevant subsidiaries have satisfied amounts owing to their respective secured lenders. It should also be noted that the payment obligations of the Guarantors under the Guarantee are subordinated in right of payment to outstanding claims of senior creditors of the Guarantors and therefore payments to be made by the Guarantors may, in certain circumstances, only be made after payment has been made to certain other creditors of the Guarantors. This is described in further detail above under the heading "*What will the Noteholders receive on a winding-up of the Group?*".
How will interest payments on the Notes be funded?	Interest payments in respect of the Notes will effectively be paid from cash flow generated from the business of the Group which, as referred to next to the heading "*What is the relationship between the Issuer, the Guarantors and the Group*" above, is generally conducted through the Issuer's direct and indirect subsidiaries.
What is the interest rate?	The interest rate payable on the Notes will be fixed until the Maturity Date at 9.00 per cent. per year.
Can the interest rate change?	No, the interest rate payable on the Notes is fixed for the life of the Notes.
When will interest payments be made?	The first payment of interest in relation to the Notes is due to be made on 27 October 2022. Following the first payment, interest is expected to be paid on 27 April and 27 October in each year up to and including Maturity Date.
How is the amount of interest payable calculated?	The Issuer will pay a fixed rate of 9.00 per cent. interest per year in respect of the Notes. Interest will be payable in two semi-annual instalments. Therefore, for each £1 principal amount of Notes that you buy on 27 April 2022, for instance, you will receive £0.045 on 27 October 2022 and £0.045 on 27 April 2023, and so on every six months until and including the Maturity Date (unless you sell the Notes or they are repaid by the Issuer before the Maturity Date).
Will I be able to trade the Notes?	The Issuer will make an application for the Notes to be admitted to trading on the London Stock Exchange plc, on its regulated market and through its ORB market. If this application is accepted, the Notes are expected to commence trading on 28 April 2022. Once admitted to trading, the Notes may be purchased or sold through a broker. The market price of the Notes may be higher or lower than their initial issue price depending on, among other things, the level of supply and demand for the Notes,

	movements in interest rates and the financial performance of the Group. See the section headed "*Risk Factors – Risks related to the market generally – There may not be a liquid secondary market for the Notes and their market price may be volatile*" for further information.
Do the Notes have a credit rating?	No, the Notes will not when issued be rated by any credit rating agency. The Issuer currently does not have any intention of applying for a credit rating from any credit rating agency.
When will the Notes be repaid?	Unless repaid earlier, the Issuer must repay all the Notes on the Maturity Date which is 27 October 2027. The repayment price under such circumstances will be equal to the principal amount of the Notes. The Issuer may repay all or any part of the Notes prior to the Maturity Date if a change in United Kingdom tax law results in the Issuer becoming obliged to increase the amounts payable under the Notes. If the Issuer repays the Notes under such circumstances, the repayment price will be the principal amount of the Notes plus any accrued interest.
Do the Notes have voting rights?	Noteholders have certain rights to vote at meetings of the Noteholders but are not entitled to vote at any meeting of shareholders of the Issuer, the Guarantors or any other member of the Group. The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit majorities of certain sizes to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a different manner than the majority did.
Who will represent the interests of the Noteholders ?	U.S. Bank Trustees Limited (the "**Trustee**") is appointed to act on behalf of the Noteholders as an intermediary between Noteholders and the Issuer throughout the life of the Notes. The main obligations of the Issuer and the Guarantors (such as the obligation to pay and observe the various covenants in the Conditions) are owed to the Trustee. These obligations are enforceable by the Trustee only, not the Noteholders themselves. Although the entity chosen to act as Trustee is chosen and appointed by the Issuer, the Trustee's role is to protect the interests of the Noteholders in accordance with the terms of the Trust Deed.
How do I apply for Notes if I am not an Existing Noteholder?	Details on how to apply for the Notes are set out in the following sections, headed "*Information about the Exchange Offer*" and "*How to Apply for the Notes*".
What if I have further questions?	If you are unclear in relation to any matter, or uncertain if the Notes are a suitable investment for your circumstances, you should seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether or not to invest.

INFORMATION ABOUT THE EXCHANGE OFFER

Existing Noteholders should read all of the information above under the heading "*Information about the Notes*". In addition:

Why is the Exchange Offer being made?	The purpose of making the Exchange Offer is to extend the maturity profile of part of the Group's debt financing and, together with the issuance of the Notes, is intended to raise funds for its general corporate purposes.
For the Exchange Offer, what is the price of the Notes?	The Notes will be issued at their principal amount in exchange for the tendering of Existing Notes, at a ratio of 1:1. This means that for every £1 of Existing Notes when valued in their principal amount, an Existing Noteholder would receive £1 in principal amount of Notes. In addition, for every £1 of Existing Notes (again when valued in their principal amount), an Existing Noteholder would receive an exchange fee in cash of £0.015 plus any accrued and unpaid interest on the Existing Notes.
What is the yield on the Notes?	The yield in respect of the Notes will be calculated on the basis of the issue price (being 100 per cent. of the Notes) and an indicative yield is specified in this Exchange Offer Memorandum and Prospectus. This indicative yield is not an indication of future price.
Is there a minimum or maximum amount of Notes that Existing Noteholders can apply to exchange for?	An Existing Noteholder must validly offer for exchange a minimum of £1,000 in principal amount of Existing Notes. The Issuer has not specified a maximum aggregate principal amount of the Notes that any one Existing Noteholder may apply to exchange for.
How do I apply to participate in the Exchange Offer?	Details on how to participate in the Exchange Offer are set out in the section "*Procedures for participating in the Exchange Offer*" on page 162 of this Exchange Offer Memorandum and Prospectus.
What if I have further questions?	Requests for information in relation to the procedures for offering Existing Notes in, and for any documents or materials relating to, the Exchange Offer should be directed to Lucid Issuer Services Limited (Email: enquest@lucid-is.com).

HOW TO APPLY FOR THE NOTES

This section relates to applications for Notes from investors who are not participating in the Exchange Offer (and references to "**applications**" and "**applicants**" should be read accordingly).

How and on what terms will Notes be allocated to applicants for Notes?	Applications to purchase Notes cannot be made directly to the Issuer or the Guarantors. Notes will be issued to applicants in accordance with the arrangements in place between them and their stockbroker or other financial intermediary, including as to application process, allocations, payment and delivery arrangements. Applicants should approach their stockbroker or other financial intermediary to discuss any application arrangements that may be available to them. It is important to note that none of the Issuer, the Guarantors, the Joint Lead Managers, the Trustee, the Existing Notes Trustee, the Agents or the Existing Notes Agents are party to such arrangements between them and the relevant financial intermediary. They must therefore obtain this information from the relevant financial intermediary. Because they are not party to the dealings they may have with any financial intermediary, the Issuer, the Guarantors, the Joint Lead Managers and the Trustee will have no responsibility to them for any information provided to them by their appointed financial intermediary.
How many Notes will be issued to investors?	The total amount of the Notes to be issued will depend on (i) the amount of the Notes for which indicative offers to purchase Notes are received during the Offer Period (as defined below) and (ii) the number of holders of the Issuer's £190,534,573 million 7.00 per cent. Extendable PIK Toggle Notes originally due 15 February 2022, as extended to 15 October 2023 (the **"Existing Notes"**) who, pursuant to the Exchange Offer which was announced by the Issuer on the date of this Exchange Offer Memorandum and Prospectus, offer their Existing Notes in exchange for Notes to be issued pursuant to this Exchange Offer Memorandum and Prospectus. This total amount will be specified in an announcement which the Issuer intends to publish via Regulatory News Service (**"RNS"**) operated by the London Stock Exchange plc (www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) on or about 21 April 2022 (the **"Sizing Announcement"**).
How and when must applicants pay for their allocation and when will that allocation be delivered to them?	Applicants will be notified by the relevant financial intermediary of their allocation of Notes (if any) and the arrangements for the Notes to be delivered to them in return (i) for payment; or (ii) for Existing Notes in the case of those tendered by Existing Noteholders pursuant to the Exchange Offer.
When can the Authorised Offerors offer the Notes for sale?	An offer of the Notes may be made by the Joint Lead Managers and the other authorised distributors in the United Kingdom, Guernsey, Jersey and/or the Isle of Man during the period from the date of this Exchange Offer Memorandum and Prospectus until 4.00 p.m. (London time) on 20 April 2022 (the **"Offer Period"**), or such earlier time and date as agreed between the Issuer, the Guarantors and the Joint Lead Managers and announced via RNS during the Offer Period.
Is the offer of the Notes conditional on anything else?	The issue of the Notes is conditional upon the Subscription Agreement being signed by the Issuer, the Guarantors and the Joint Lead Managers. The Subscription Agreement will include certain conditions customary for transactions of this type which must be satisfied (including the delivery of legal opinions from legal counsel and comfort letters from the independent auditors of the Issuer and the Guarantors, in each case satisfactory to the Joint Lead Managers). If these conditions are not satisfied, the Joint Lead Managers may be released from their obligations under the Subscription Agreement before the issue of the Notes. For

	further information on the Subscription Agreement, see the section headed "*Subscription and Sale*".
Is it possible that applicants may not be issued with the number of Notes they apply for? Will they be refunded for any excess amounts paid?	Applicants may not be allocated all (or any) of the Notes for which they apply. This might happen for example if the total amount of orders for the Notes exceeds the number of Notes that are issued. There will be no refund as they will not be required to pay for any Notes until any application for Notes has been accepted and the Notes have been allocated to them.
Is there a minimum or maximum amount of Notes that applicants can apply for?	The minimum application amount for each investor is £2,000, unless the investor is an exchanging Existing Noteholder, in which case the minimum principal amount which can be exchanged is £1,000. The Issuer has not specified a maximum aggregate principal amount of the Notes that any one applicant may apply for.
How and when will the results of the offer of the Notes be made public?	The results of the offer of the Notes will be made public in the Sizing Announcement, which will be published by the Issuer via RNS prior to the Issue Date. The Sizing Announcement is currently expected to be made on or around 21 April 2022.
Who can apply for the Notes? Have any Notes been reserved for certain countries?	Subject to certain exceptions, Notes may only be offered by the authorised distributors in the United Kingdom, Guernsey, Jersey and/or the Isle of Man during the Offer Period (and to the extent that the relevant authorised distributor is appropriately authorised to make offers in the relevant jurisdiction(s), in accordance with all applicable laws, rules and regulations). No Notes have been reserved for certain countries.
What is the Exchange Offer?	EnQuest PLC has outstanding £190,534,573 in principal amount of its Existing Notes. The maturity date of the Existing Notes is 15 October 2023, on which date they become repayable by EnQuest PLC to its holders. The Issuer has invited holders of the Existing Notes to offer to exchange their Existing Notes for the Notes as set out in this Exchange Offer Memorandum and Prospectus. The final aggregate principal amount of Notes to be issued to investors on the Issue Date will therefore be a combination of (a) Notes issued to any Existing Noteholders who offer to exchange their Existing Notes for Notes pursuant to the Exchange Offer; plus (b) Notes issued to investors who agree to subscribe for Notes pursuant to this Exchange Offer Memorandum and Prospectus. The aggregate principal amount of Notes to be issued will be made public in the Sizing Announcement referred to above.
When and how will applicants be told of how many Notes have been allotted to them?	Applicants will be notified by the relevant financial intermediary of their allocation of Notes (if any) in accordance with the arrangements in place between them and their appointed financial intermediary.

Have any steps been taken to allow dealings in the Notes before investors are told how many Notes have been allotted to them?	No steps have been taken to allow the Notes to be traded before informing investors of their allocation of Notes.
What is the amount of any expenses and taxes specifically that will be charged to applicants?	None of the Issuer, any of the Guarantors or the Joint Lead Managers will charge applicants any expenses relating to the issue of the Notes. The Notes will be issued at the issue price (which is 100 per cent. of the principal amount of the Notes), and the aggregate principal amount of the Notes to be issued will be specified in a Sizing Announcement to be published by the Issuer by RNS at the end of the Offer Period. Authorised Offerors may offer the Notes at the issue price (i.e. 100 per cent. of the principal amount of the Notes) or, if such financial intermediary charges applicants any expenses, then it may offer them the Notes at a corresponding amount more than the issue price. For example, if their stockbroker or financial adviser charges them total dealing expenses of, for instance, 1 per cent., then he or she would offer the Notes to them at 101 per cent. of the principal amount of the Notes (i.e. a price to you of £1.01 per £1 Note). Applicants must check with their stockbroker or financial adviser what expenses he or she will charge to them, and therefore what the offer price to them will be. Any such expenses charged by their financial intermediary are beyond the control of the Issuer, the Guarantors and the Joint Lead Managers, are not knowable by the Issuer or Guarantors, and must be disclosed to any potential investor by the relevant financial intermediary at the relevant time.
What are the names and addresses of those distributing the Notes?	As of the date of this Exchange Offer Memorandum and Prospectus, the persons listed below are the persons known to the Issuer and the Guarantors who intend to offer and distribute the Notes during the Offer Period: ***Joint Lead Managers*** **Peel Hunt LLP (incorporated in England and Wales with registered number OC357088)** 100 Liverpool Street London EC2M 2AT **WH Ireland Limited (incorporated in England and Wales with registered number 02002044)** 24 Martin Lane London EC4R 0DR ***Initial Authorised Offeror*** **Hargreaves Lansdown Asset Management Limited** 1 College Square South, Anchor Road, Bristol, BS1 5HL Each of the Issuer and the Guarantors has granted consent to the use of this Exchange Offer Memorandum and Prospectus by the persons listed above and other relevant stockbrokers and financial intermediaries in the United Kingdom during the Offer Period on the basis of and so long as they comply with the conditions described in the section headed "*Important Legal Information - Consent*". None of the Issuer, the Guarantors or the Joint Lead Managers has

	authorised, nor will they authorise, the making of any other offer of the Notes in any other circumstances.
Will a registered market-maker be appointed?	Each of Peel Hunt LLP and WH Ireland Limited has agreed to be appointed as a registered market-maker through the London Stock Exchange's order book for retail Notes (ORB) market in respect of the Notes from the date on which the Notes are admitted to trading on the London Stock Exchange plc's regulated market. Market-making means that a person will quote prices for buying and selling the Notes during trading hours.

DESCRIPTION OF THE ISSUER AND THE GROUP

Information about the Issuer

The Issuer was incorporated and registered in England and Wales on 29 January 2010 under the name EnQuest PLC as a public company limited by shares under the Companies Act 2006 with the registered number 7140891. The principal legislation under which the Issuer operates is the Companies Act 2006. The Issuer's registered office is at 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR. The Issuer's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

The Issuer's LEI is 2138008LJU6WFQWOXJ73.

The issued share capital of the Issuer is £94,296,216.95 divided into 1,885,924,339 ordinary shares of 5 pence each (all of which were fully paid or credited as fully paid). The Issuer does not hold any shares in treasury.

The Issuer is the holding company of the Group which covers a full range of upstream activities, with a portfolio of production and development assets, together with appraisal and exploration opportunities. For more information on the Group's structure, see "*Description of the Issuer - Group's Subsidiaries*".

Principal Activities and Funding Structure

The Issuer's objects and purposes are unrestricted in its articles of association. The Issuer is an independent oil and gas production and development company whose current activities are primarily focused on the UKCS. The Issuer was originally incorporated to acquire the UKCS assets and operations of Lundin Petroleum AB ("**Lundin**") and Petrofac Limited.

Use of Proceeds

The Issuer intends to use the net proceeds from the issue of the Notes for general corporate purposes.

Strategies

The Group aims to remain one of the UK's leading independent oil and gas production and development companies with a focus on sustainability and the energy transition. The Group operates a production based portfolio with exposure predominantly to the established and hydrocarbon basin of the UKCS. The Group intends to deliver sustainable growth by focusing on exploiting its existing reserves, commercialising and developing discoveries, converting its significant Contingent Resources into reserves and pursuing selective acquisitions.

*Continued operational excellence with a focus on environmental, social and governance (**"ESG"**) and Sustainability*

The Group has a strong track record for conducting its operations in a safe and environmentally responsible manner and seek to maintain high safety standards. As an oil and gas company, safely improving the operating, financial and environmental performance of mature and late-life assets will remain a key focus. The Group's highly skilled and integrated teams strive to enhance hydrocarbon recovery through focused improvement programs with the aim of ensuring employee safety is a top priority and limiting the effects of climate change.

The Group recognises that industry, along with other key stakeholders such as governments and regulators must contribute to reducing the impact on climate change of carbon-related emissions. The Group is committed to playing its part in achieving national emissions reduction targets and the drive to 'net-zero', with the Infrastructure and New Energy segment having overall responsibility for delivering the Group's emission reduction objectives. Through the Group's environmental management system (**"EMS"**) it strives to ensure that its operations are undertaken in a manner that manages and mitigates its impact on the environment. The EMS is aligned with the requirements of the International Organisation for Standardisation's environmental management system—ISO 14001—and is independently verified every two years. In the United Kingdom the Group will continue to publish its annual Environmental Statement and in Malaysia, environmental management and reporting is undertaken through PETRONAS Malaysia Petroleum Management.

In 2021, the Group set a target of reducing its absolute Scope 1 and 2 CO_2 equivalent emissions by 10% by 2023. The Group has linked this target as a key performance metric in its 2021 long-term incentive scheme for executive directors and applicable employees and it is also linked to appropriate targets within its short-term incentive plan.

As the energy transition progresses and other industry operators continue to shift their focus from mature basins within various geographies, it is expected that there will be further opportunities for the Group to access additional oil and gas resources. However, it will aim to ensure it identifies the right opportunities where the Group can deliver incremental emission reductions relative to the carbon footprint of the seller. In addition, the Group's Infrastructure and New Energy segment will continue to assess renewable energy and decarbonisation opportunities that would leverage existing infrastructure.

The safety of the Group's people and operations is and will continue to be integral to its values. The Group has a group-wide health, safety, environment and assurance policy. The Group will continue to undertake improvement activities in support of its four key pillars of operations which are i) standards, setting rules and procedures; ii) awareness, ensuring employees understand the hazards and relevant controls; iii) fairness, or adopting the correct behaviours; and iv) engagement, communicating effectively with the Group's employees. Despite the challenges and uncertainties of 2021 and managing late life assets through production operations and decommissioning activities, the Group's LTI performance remained relatively stable at 0.21, as compared to 0.57 and 0.22 in 2019 and 2020, respectively, in line with the International Association of Oil and Gas Producers benchmark for LTI frequency for the year ended 2021 which was 0.22.

The Group's employees are central to its continued operational excellence and, as such, the Group is committed to providing an inclusive culture that recognises and celebrates difference, encourages diversity of thought and embraces new ways of working to create an environment that enables the development of creative solutions to continue to deliver performance and value. The Group's diversity and inclusion strategy, developed in the first quarter of 2021, is now embedded in the overall strategy of the business. In 2021, the Group was named one of three finalists for the 2021 OGUK Diversity & Inclusion Award, from over 90 applicants from across the industry. The Group has set targets for gender and ethnicity representation in leadership, with a target of 30% women in both leadership roles and management grades across the business and a 20% minority ethnic representation in executive leadership roles. The Group aims to achieve these targets by 2025.

Maximise the performance of the Group's existing asset portfolio and deliver innovative value-add initiatives

The Group aims to employ a cost conscious approach to its operations and implement innovative initiatives to add value to its operations. For the year ending 31 December 2022, the Group expects cash capital expenditure of approximately $165 million in this regard. The Group strives to utilise innovative transaction structures to facilitate getting the right assets in the right hands.

The Group believes that it is strongly positioned to take advantage of the energy transition by responsibly optimising production at its existing assets, leveraging existing infrastructure, delivering a strong decommissioning performance and exploring new energy and further decarbonisation opportunities. For example, for the year ending 31 December 2022, the Group expects cash abandonment expenditure of approximately $75 million. Moreover, to support these ambitions over the medium- to long-term, the Group established its Infrastructure and New Energy segment in 2021.

The Group is disciplined in its assessment of acquisition opportunities, ensuring it reviews potential targets to ensure a fit for its portfolio and capabilities, as well as ensuring the right price.

For example, in October 2021, the Group completed the acquisition of Golden Eagle, a highly cash generative asset providing significant value enhancement through the addition of approximately 18 MMboe to the Group's 2P reserves and approximately 3 MMboe to net 2C Resources for cash consideration of $249.7 million. The acquisition of Golden Eagle demonstrates the Group's approach to selectively identify assets that fit the Group's business model at the right price to strengthen the Group's portfolio assets.

Leverage integrated technical capabilities

The Group believes it has the right mix of integrated technical capabilities to select appropriate development and production options, deliver high levels of production efficiency and control costs to realise value from maturing and underdeveloped assets. The Group aims to achieve asset life extension and maximise economic recovery from those assets to enable future growth. For the year ending 31 December 2022, the Group expects its average net production to be between 44,000 and 51,000 boepd.

Maintain a disciplined approach to financial management and a strong balance sheet

The Group aims to have a conservative financial profile and strong balance sheet with ample liquidity. Debt reduction and active management of the Group's debt maturities will remain a priority with leverage of 1.6x as of 31 December 2021 down from 6.6x as of 31 December 2017. The Group has identified a medium to long-term net leverage target of 0.5x. Net debt as of 31 December 2021 was $1,222.0 million, the Group's lowest level since 2014. The Group has also continued to reduce its net debt, down to $1,090.0 million as of 28 February 2022, lowering leverage to 1.5x, calculated using net debt as of 28 February 2022 over Adjusted EBIDA for the year ended 31 December 2021. The Group's deleveraging is driven by solid free cash flow, supported by material hedging revenues and the Group's U.K. tax allowance position. While the Group intends to use debt financing and access to capital markets when appropriate, it will seek to manage the business with leverage levels that are reflective of the financial capacity of the Group's assets.

The Group's liquidity is primarily derived from its RBL Facility. As of 31 December 2019, 31 December 2020 and 31 December 2021, the Group's total cash and available facilities were $288.6 million, $284.1 million and $318.7 million respectively. The Group repaid $85.3 million under its RBL Facility during the first quarter of 2022.

The Group will continue to focus its capital allocation strategy on identifying investments that prioritise positive cash flow generation. With a focus on short-cycle projects, the Group can adjust its capital allocation decisions to match the prevailing oil demand and price environment. In the year ended 31 December 2021, the Group's cash outflow on capital expenditure was $51.8 million, excluding the acquisition of Golden Eagle, as compared to $131.4 million in the year ended 31 December 2020.

As part of the Group's prudent risk management program, it actively hedges its exposure to oil prices on a graduated rolling basis to provide strong price protection throughout the economic cycle and support consistent, predictable cash flows. Liquidity risk will continue to be monitored closely through cash flow forecasts and sensitivity analysis. The Group will also continue to manage credit risk by assessing the creditworthiness of potential counterparties before entering into transactions with them and by continuing to evaluate their creditworthiness after transactions have been initiated.

Strengths

The Group believes that the combination of its high-quality asset portfolio, operational scale and financial strength, will position it to deliver on its strategy and take advantage of production and development opportunities in the UK North Sea and beyond.

High-quality, operated asset base in developed petroleum markets with material upside and well positioned to benefit from the strong commodity price outlook

The Group has an attractive portfolio of operated producing and non-producing assets primarily located in the UK North Sea. The Group is the operator at fields comprising 94.8% of its average daily production as of 31 December 2021, constituting all but two of its fields, which provides it with significant influence over capital expenditures, development and production, environmental, social and governance initiatives, as well as relevant appraisal activities. Operatorship of its assets also facilitates strong control over cost management, enabling the Group moderate expenditures as appropriate throughout the economic cycle. For 2022, the Group has planned nine infill wells and seven workovers, which is its largest sanctioned program since 2014 and the Group's first new wells in over two years.

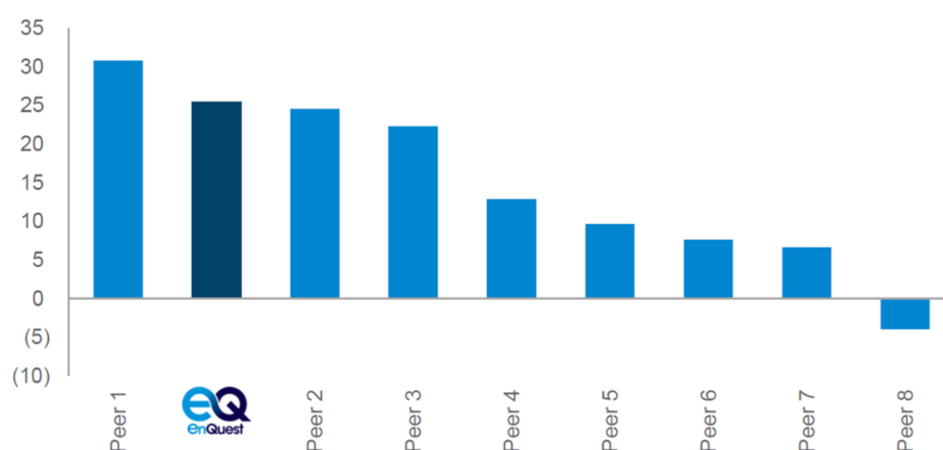
A large portion of the Group's portfolio consists of long-life assets that are oil-weighted providing material upside and positioning us to benefit from the strong commodity price outlook. As of 31 December 2021, the Group's assets had a reserve life of 12 years and a resource life of 25 years and the Group had 194 MMboe of 2P Reserves, of which 174 MMboe are located in the UKCS and 20 MMboe

are located in Malaysia, and 402 MMboe and 2C Resources, of which 316 MMboe are located in the UKCS and 86 MMboe are located in Malaysia. The Group believes that the continued focus on established jurisdictions with developed petroleum markets, such as the UK, provide us with an attractive operating environment highlighted by a stable and consistent regulatory regime and fiscal environment.

Strong, resilient free cash flow generation that facilitates both reinvestment and deleveraging, aided by attractive fiscal dynamics

The Group generated Free cash flow of $386.5 million, $210.5 million and $396.5 million during the years ended 31 December 2019, 2020 and 2021, respectively, resulting in strong and resilient free cash flow generation that facilitated both reinvestment and deleveraging, aided by attractive fiscal dynamics. As a result, the Group's investment ratio was 34%, 34% and 58% during the years ended 31 December 2019, 2020 and 2021. The Group's net cash flows from operating activities for the years ended 31 December 2019, 2020 and 2021 was $962.3 million, $521.4 million and $674.1 million, respectively. The Group's strong cash flow performance during the periods under review enabled it to refinance and repay certain of its indebtedness leading to a simplified capital structure, with a lower than expected utilisation and an early voluntary repayment of the RBL Facility as well as enabling the payment of $249.7 million cash consideration in connection with the Golden Eagle Acquisition.

The table below shows the Group's free cash flow per boe. For comparability purposes, the below table presents free cash flow defined as operating cash flow less capital expenditure and abandonment expenditure, where operating cash flow is calculated as Adjusted EBITDA less cash interest paid, cash taxes paid and lease expenses. For the years ended 31 December 2021, the Group's free cash flow breakeven was at approximately $40/boe.



Source: Company information and third-party reports. Peers include Aker BP, DNO, Harbour, Kosmos, Lundin, Neptune, Seplat and Tullow. The information included in the table above is as per the latest company reporting for the year ended December 31, 2021. For comparability purposes, in the above table free cash flow is defined as operating cash flows, calculated as EBITDA less cash interest paid, cash taxes paid and lease expenses, less capital expenditure and abandonment expenditure. This differs from how we present free cash flow elsewhere in this Exchange Offer Memorandum and Prospectus. For more information on our definition of Free cash flow, See "*—[Summary financial data—Other financial data and key ratios]*".

The Group believes its existing capital structure, as well provide it with scope for further deleveraging in 2022 and beyond, particularly in light of the current strength of oil prices.

The Group also has an active hedging strategy that provides predictability of cash flows and enables resilient cash flows even at lower oil prices. As of 23 March 2022, the Group has hedged a total of approximately 8.6 MMbbls and 3.5 MMbbls of its production in the year ended 31 December 2022 and 2023, respectively, using financial instruments (options and swaps) with an average floor price of approximately $62.5/bbl and $57.5/bbl, respectively, and an average ceiling price of approximately $77.6/bbl and $77.1/bbl, respectively.

In addition, the Group has unused UK mainstream corporation tax losses of $431.7 million and ring-fenced tax losses of $957.8 million associated with the Bentley acquisition for which no deferred tax has

been recognised as of 21 December 2021, as recovery of these losses is to be established and the Group believes the tax losses have the ability to shield UK profits from taxes for several years

Proven operational and safety track record with significant in-house technical and operating experience

The Group's in-house technical and operations teams underpin its development and operations-focused strategies. The Group is differentiated from its peers by the breadth and depth of these teams, their knowledge and experience in engineering, subsurface, execution and operations and the Group's leadership in innovative integrated developments, such as the integration of Magnus. The Group has a spectrum of integrated technical capabilities, combining subsurface, facilities planning and drilling, providing it with the right mix of capabilities to deliver successfully new oil field developments and strong production from producing assets in maturing basins. The Group's combination of technical capabilities has competitive levels of drilling, production efficiency and Scope 1 and 2 emission reductions while extending field life and delivering cost efficient decommissioning.

In the years ended 31 December 2020 and 2021, the Group achieved excellent levels of production efficiency and high operational uptimes at Kraken, achieving 88% production efficiency, respectively, compared to 2020 UKCS average rating of 73%, a top quartile position in the NSTA rankings. The Group's technical and operating experience enabled a reduction in its unit operating costs at Magnus from a budgeted unit operating costs of more than approximately $60/boe in the year ended 31 December 2015 to an average of less than $24/boe for the years ended 31 December 2019, 2020 and 2021, representing a reduction in average unit operating expenditure of approximately 60% between 2015 and the average unit operating expenditure for the ended 31 December 2019, 2020 and 2021 at Magnus. Similarly at PM8 Seligi in Malaysia, the Group were able to lower its unit operating costs from approximately $30/boe in the year ended 31 December 2014 to an average of approximately $20/boe in the years ended 31 December 2019, 2020 and 2021, representing a reduction in average unit operating expenditures of approximately 32% between 2014 and the average unit operating expenditure for the years ended 31 December 2019, 2020 and 2021.

The Group's operational expertise also enabled it to achieve a lost time incident frequency (**"LTI"**) of 0.21 in the year ended 31 December 2021 compared to 1.28 in the year ended 31 December 2015, an 84% decrease over this period and LTI of nil in the year ended 31 December 2021 in the UK North Sea.

The Group believes that its management has demonstrated that it has differentiated project management and execution capabilities and that this has led to innovative, fast and cost efficient development of challenging hydrocarbon assets. For example, the development of Kraken was completed approximately $1.0 billion under the budget due to the Group's strong capabilities in control of its operational and capital expenditures. Additionally, the Group believes that its technical leadership position should allow it to continue attracting talent in a competitive market.

Prudent capital allocation and conservative financial policies focused on deleveraging and risk mitigation

The Group's prudent capital allocation and financial policies are focused on deleveraging and risk mitigation. Balance sheet strength, active management of capital structure and financial discipline continue to remain the Group's key priorities. The Group's active hedging strategy also enables resilient cash flows, even at lower oil prices. For example, the Group has repaid certain of its indebtedness leading to a more simplified capital structure.

In addition, the Group believes that it benefits from having limited decommissioning obligations as compared to the Group's working interests. The Group aims to keep its decommissioning obligations to a minimum and will only take on further decommissioning obligations on a case by case basis, where appropriate.

The Group employs a rigorous framework for all mergers and acquisitions that it believe delivers value accretive acquisitions, including the BP-Magnus transaction and more recently the Golden Eagle Acquisition, which re-weights its portfolio to mid-life assets. The Group expects the Golden Eagle Acquisition to generate more than $100.0 million of tax loss benefits compared to a collective purchase price of $325.0 million.

Sector-leading ESG delivery with business model that is strongly positioned to play an important role in the energy transition

The Group believes it has a strong business model that is well-positioned to play an important role in the energy transition, by delivering sector-leading environmental, social and governance metrics, responsibly optimising production, leveraging existing infrastructure, delivering strong decommissioning performance and exploring new energy and further decarbonisation opportunities.

The Group has achieved UK Scope 1 and 2 emissions reduction of approximately 44% in 2021 as compared to 2018 levels, significantly ahead of UK Government's North Sea Transition Deal target of a 10% reduction by 2025, a 25% reduction by 2027 and close to the 50% reduction targeted by 2030. On a group-wide basis the Group has also made progress in materially reducing emissions, with total Scope 1 and 2 CO2 equivalent emissions reduced by approximately 15% as compared to 2020 levels. The Group is continuing to pursue contributions to Scope 3 emission reductions on certain UKCS assets. In addition, through the Group's Infrastructure and New Energy segment, it has also been evaluating opportunities in the medium-term, including the Sullom Voe Terminal, pipelines and underground reservoirs to facilitate potential electrification, hydrogen and carbon capture and storage initiatives. The Group has linked certain ESG targets as key performance metric in its 2021 long-term incentive scheme for executive directors and applicable employees and it is also linked to appropriate targets within the Group's short-term incentive plan. In addition, the Group is almost in line with the FTSE Women Leaders' target of 33% female board representation with 30% female representation currently on the board and is ahead of the Parker review target with respect to minority ethnic on the representation, with three minority board members.

Experienced management team with proven track record of value delivery

The Group's board of directors and senior management team have significant of experience in the energy, oil and gas industries. Additionally, the Group's leadership team features individuals with extensive, diverse experience that it believes is vital to managing a company that identifies value-creating opportunities in maturing oil field assets. The Group believes that its leadership team has the varied experience and proven track record in the oil and gas industry necessary to provide a strong platform to deliver long-term growth and identify new production and development opportunities.

The Group's management team has a proven track record of adding value organically by lowering costs, enhancing production efficiency, extending field life and deferring decommissioning. Between the years ended 31 December 2015 to 31 December 2021, under the direction of the Group's management team, the Group has improved production from 37 Kboed to 44 Kboed, a 39% improvement. Over the same period, the Group has reduced its unit operating costs from $29/boe in 2015 to $21/boe in 2021, a 29% reduction. At the same time, management has been able to strengthen the balance sheet, reducing net leverage from 3.3x in 2015 to 1.6x as of 31 December 2021, a 52% reduction.

Recent Developments

The preliminary information is based on internal management estimates and has been prepared under the responsibility of the Group's management, and has not been prepared in accordance with IFRS. This preliminary information has not been audited, reviewed or verified. The preliminary financial information is not intended to be a comprehensive statement of the Group's financial or operational results for the two months ended 28 February 2022, and investors should not place undue reliance thereon.

Current trading

Based on preliminary management estimates, the Group's performance through 28 February 2022 is in line with expectations, with production for the two months ended 28 February 2022 averaging 50,408 Boepd. As of 28 February 2022, net debt was $1,090.0 million, down a further $132.0 million from 31 December 2021. In line with previous drilling programs and the Group's budget, the Group believes average well cost will be between $12.0 and $14.0 million for Magnus, approximately $10.0 million for Golden Eagle and less than $10.0 million for PM8/Seligi.

The Group has repaid an aggregate amount of $85.3 million under the RBL Facility in the first quarter of 2022.

History

The Group was founded in 2010 through a combination of Petrofac Energy Developments Limited ("**PEDL**") and certain assets of Lundin. The Issuer purchased PEDL and the UKCS assets of Lundin in exchange for stock. Following the Issuer's initial public offering in April 2010, the Issuer's shares are listed and trade on both the London Stock Exchange and the NASDAQ OMX Stockholm. As of 23 March 2022, the Group's market capitalisation was approximately $717.0 million. In 2014, the Group diversified its geographical footprint through acquiring initial production licenses in Malaysia. In January 2021, the Group acquired a 40.8% operating interest in the Bressay oil field in the UK North Sea; in July 2021, the Group acquired a 100.0% working interest in the P1078 license containing the Bentley heavy oil field in the UK North Sea; and in October 2021 the Group completed the acquisition of a 26.7 non-operated working interest in the Golden Eagle Asset, all in the UK North Sea. The Group also has interests in two licenses in Malaysia, both of which it operates.

The Group's operational capabilities and experienced technical staff and management have allowed us to grow production, reserves and resources since 2010 and that in the UKCS, Malaysia, and potentially other geographic regions the Group has, and will continue to have, substantial opportunities for development through low-cost, near-field drilling and subsea tie-back projects, while maintaining a focus on the health, safety and environmental impacts of the Group's operations.

Summary of historical reserves, resources and operating data

The Group retains GaffneyCline as its independent reserve engineer for the purposes of auditing the Group's 1P and 2P Reserves. The Group estimates its reserves and resources internally. The Group's 1P and 2P Reserve estimates, but not the Group's 2C Resource estimates, are audited by GaffneyCline. The Group's 1P and 2P Reserves and 2C Resources are estimated using the classifications as defined by the SPE-PRMS and supporting guidelines issued by the SPE. See also the section entitled "*Certain Reserves and Production Information*" in this document.

Typical to the industry in which the Group operates, there are a number of uncertainties inherent in estimating quantities of 1P and 2P Reserves. Therefore, the reserve information in the GaffneyCline Reports represents only estimates. Reserve assessment is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of a number of variable factors and assumptions, many of which are beyond the Group's control, including the quality of available data and of engineering and geological interpretation and judgment and assumptions as to oil price. As a result, estimates of different reserve assessors may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the limited nature of reservoir data and the inherently imprecise nature of reserves estimates, the initial reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. The significance of such estimates depends primarily on the assumptions upon which they were based. For a summary of certain assumptions used in reporting the Group's estimates, see "*Certain Reserves and Production Information—Hydrocarbon data*." Thus, investors should not place undue reliance on the accuracy of the information in this document in predicting actual reserves or on comparisons of similar reports concerning companies established in other economic systems. In addition, except to the extent that the Group acquire additional properties containing 1P and 2P Reserves or conduct successful appraisal and development activities, or both, the Group's 1P and 2P Reserves will decline as reserves are produced. The following reserve information should be read along with the sections entitled "*Risk factors—Risks relating to the oil and gas industry*" and "*Risk factors—Risks relating to the Group's business*."

Potential investors should note that the GaffneyCline Reports have not estimated 1P and 2P Reserves under the standards of reserves measurement applied by the SEC (the "**SEC basis**") for any of the relevant periods reviewed in the Exchange Offer Memorandum and Prospectus, or otherwise. The SEC basis differs from PRMS. See *"Certain reserves and production information."*

The Group assesses the commercial recoverability of its reserves based on forecasts for items such capital expenditures to develop the reserves against future oil prices, operating costs and taxation. If the costs of development are less than the present value of future income streams associated with the development, the reserves are "commercially recoverable".

Pursuant to the classifications and definitions provided by the PRMS, 1P Reserves are defined as those quantities of oil which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations ("**Proved Reserves**", or "**1P Reserves**"). If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Pursuant to the classifications and definitions provided by the PRMS, 2P Reserves are defined as those quantities of oil, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations ("**Proved Reserves**"), plus those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves ("**Probable Reserves**"); it is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved Reserves plus Probable Reserves (2P Reserves). See the section of this Exchange Offer Memorandum and Prospectus entitled "*Certain reserves and production information*."

Pursuant to the classifications and definitions provided by the PRMS, Contingent Resources are those quantities estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. The 2C Contingent Resources represent the "best estimate" scenario of Contingent Resources (the **"2C Resources")**; there is a probability of at least 50% that the amount actually recovered will equal or exceed the 2C Resources estimate, in the event that the development project goes ahead.

The following tables set forth certain information with respect to the Group's 2P Reserves and 2C Resources as of the years ended 31 December 2019, 2020 and 2021 and as at 1 January.

(MMboe)	2P Reserves 1 January	Production[(1)]	Net Revisions	2P Reserves 31 December	Reserve life (years)[(2)]
2019	245	(24)	(8)	213	9
2020	213	(22)	(2)	189	9
2021	189	(16)	21	194	12

(1) Sales volume for the period.

(2) Based on year-end reserves divided by the prior year average net working interest production.

(MMboe)	2C Resources 1 January	Transferred to 2P Reserves	Net revisions	2C Resources 31 December	Resource Life
2019	198	(18)	(7)	173	17
2020	173	(10)	116[(1)]	279[(1)]	13
2021	279[(1)]	(4)	127	402	25

Notes:

(1) Includes 115 MMbbls associated with the completion of the Bressay acquisition in January 2021.

The following tables set forth certain information with respect to the 2P Reserves and 2C Resources as of 31 December 2021 for the Golden Eagle Area Development and the Golden Eagle Asset.

(MMboe)	Gross figures attributable to the Golden Eagle Area Development	Net figures attributable to the Golden Eagle Asset
2P oil reserves	65.6	17.5
2C oil resources	6.6	1.8

(Bscf)[(1)]	Gross figures attributable to the Golden Eagle Area Development	Net figures attributable to the Golden Eagle Asset
2P gas reserves	15.6	4.1
2C gas resources	14.2	3.8

(1) More than 80% of the gas is fuel in both the 2P and 2C.

Internal controls over reserves estimates

The Issuer's policy regarding internal controls over the recording of reserves is structured to objectively and accurately estimate the Group's oil reserve quantities and values in compliance with SPE-PRMS. These definitions and guidelines are designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. They are intended to improve clarity in global communications regarding petroleum resources. Each of the Group's assets is managed by a dedicated asset team staffed with technically qualified industry professionals and led by a highly experienced team leader. Preliminary reserve estimates are prepared by the asset teams for review with the regional senior management and with technical advisers based in the Group's head office. All staff are graduates in a relevant technical discipline and have substantial industry experience. The review teams in particular are typically comprised of individuals with over thirty years' experience in reservoir and petroleum engineering and include experts in reserves auditing standards.

1P Reserves are estimated using standard recognised evaluation techniques. The estimates for each asset are reviewed by GaffneyCline annually or more frequently upon the occurrence of a material change or acquisition. The Group provides GaffneyCline technical information including production, geological, geophysical, petrophysical, engineering and financial data as well as fiscal terms applicable to the various assets. Future development costs are provided consistent with the activities required to produce the 1P Reserves. GaffneyCline audits the information provided and recommends changes to the technical assumptions as required. Approved profiles and cost estimates are used to carry out economic modeling to determine economic cut-offs of profiles, and forward oil prices recommended by GaffneyCline. These models are provided to GaffneyCline, which then reports 1P Reserve figures.

2P Reserves are estimated using standard recognised evaluation techniques. The estimates for each asset are reviewed by GaffneyCline annually or more frequently upon the occurrence of a material change or acquisition. The Company provides GaffneyCline technical information including production, geological, geophysical, petrophysical, engineering and financial data as well as fiscal terms applicable to the various assets. Future development costs are provided consistent with the activities required to produce the 2P Reserves. GaffneyCline audits the information provided and recommends changes to the technical assumptions as required. Approved profiles and cost estimates are used to carry out economic modeling to determine economic cut offs of profiles. These models are provided to GaffneyCline, which then reports 2P Reserve figures.

In addition, the Technical and Reserves Committee (a sub-committee of the Board), which was established in October 2019 and comprises Board members with technical backgrounds and associated knowledge, provides oversight and review of the Group's annual reserves report.

Qualifications of third party engineers

The technical personnel responsible for auditing the reserve estimates at GaffneyCline meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by SPE-PRMS. GaffneyCline is an independent international energy advisory company; it does not own

an interest in the Group's properties and is not employed on a contingent fee basis. See "*Certain reserves and production information*".

Production and development

The Group's average daily production on a working interest basis for the year ended 31 December 2021 was 44,415 boepd.

The following table provides a summary of the Group's production and development portfolio by asset as of 31 December 2021.

Asset	Working interest (%)	Operator	Production (boepd) For the year ended 31 December		
			2019	2020	2021
UK North Sea upstream production and development					
Kraken & Kraken North	70.5	EnQuest Heather	25,172	26,450	21,964
Magnus[1]	100.0	EnQuest NNS Limited	18,267	17,416	11,870
Golden Eagle	26.7	CNOOC	-	-	1,701
Kittiwake	50.0	EnQuest	1,961	1,257	485
Mallard	50.0				
Grouse & Gadwall	50.0				
Goosander	50.0				
Eagle	100.0				
Scolty/Crathes	50.0	EnQuest	2,848	4,561	2,610
Alba	8.0	Ithaca Oil and Gas Limited	835	650	590
Bressay[2]	40.8	EnQuest	-	-	-
Bentley[3]	100.0	EnQuest	-	-	-
Malaysia production and development					
Seligi, North & South Raya, Lawang, Langat, Yong & Serudon	50.0	EnQuest	8,579	6,436	5,028
Kecubung, Tinggi Timur, Payung, NW Pinang, Tg. Pulai, Ophir	85.0	EnQuest	74	-	-
UK North Sea decommissioning					
Heather[2]	N/A	EnQuest			
Broom[2]	N/A		1,855	-	–
Thistle[2]	N/A	EnQuest	4,111	-	–
Thistle & Deveron[2]	N/A				
Alma & Galia	N/A	EnQuest	1,900	714	-
Don SW & Conrie	N/A	EnQuest	3,604	1,632	167
West Don	N/A				
Ythan	N/A				

Notes:

(1) BP is entitled to 37.5% of free cash flow from the assets subject to the terms of the transaction documents between BP and the Group.

(2) On 20 January 2021, the Group concluded the acquisition of a 40.81% working interest in the Bressay field. The field lies across the P234, P493, P920 and P977 licenses covering blocks 3/28a, 3/28b, 3/27b, 9/2a and 9/3a.

(3) On 6 July 2021, the Group concluded the acquisition to purchase Whalsay Energy Holdings Limited's entire 100.0% working interest in the P1078 license containing the Bentley heavy oil field in the UK North Sea.

The following table sets forth certain information with respect to the Group's oil production, volumes and realised pricing (which reflects the impact of derivatives) for the years ended 31 December 2019, 2020 and 2021.

	For the year ended 31 December		
	2019	2020	2021
Production/Sales:			
Sales Volume (MMboe)	28.2	22.2	18.4
Realised oil price ($/Boe)	65.3	41.3	68.6
Average unit operating Costs ($/Boe)	20.6	15.2	20.5

The following table sets forth information on the Group's production and sales volumes for the years ended 31 December 2019, 2020 and 2021:

	For the year ended 31 December		
(boepd)	2019	2020	2021
Total average daily production for the period	68,606	59,116	44,415
Total average daily sales volume for the period[(1)]	77,362	60,736	50,513

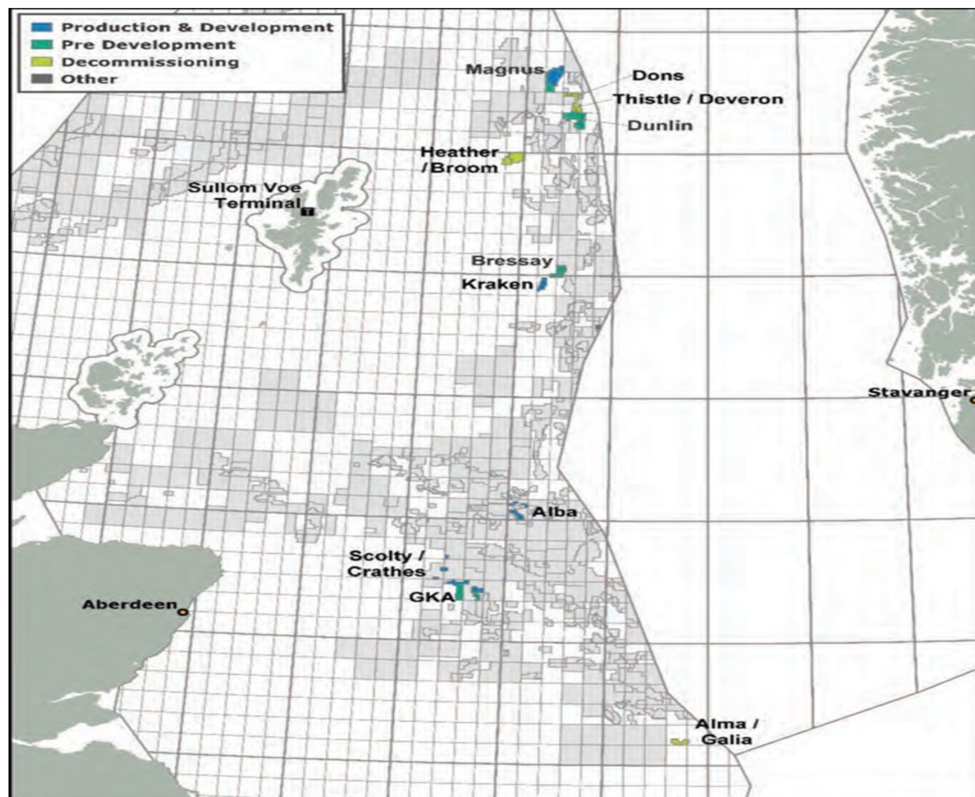
Notes:

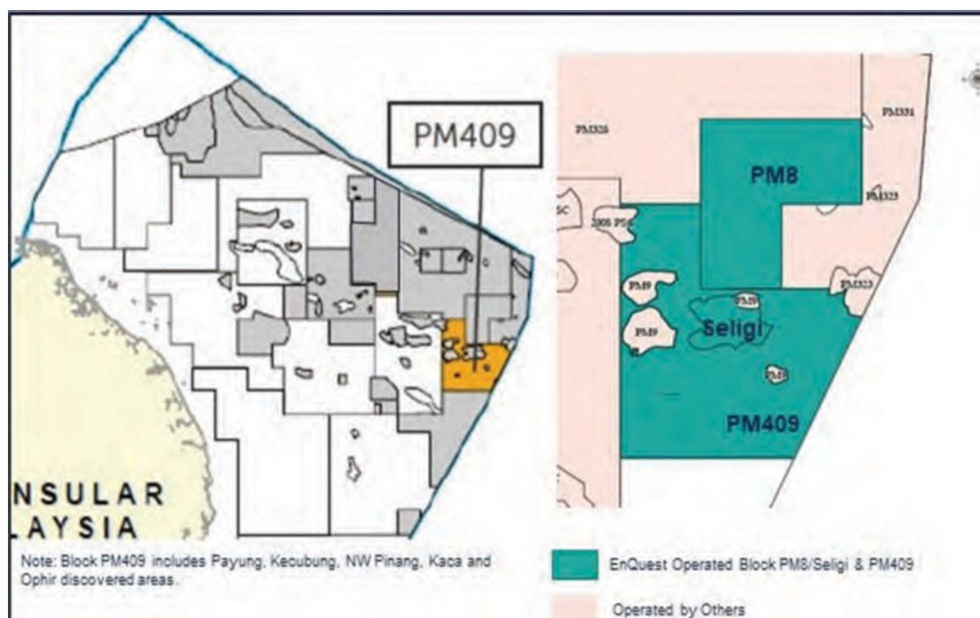
(1) Includes volumes related to onward sale of third-party gas purchases not required for injection activities at Magnus.

Overview of the Group's Assets

The Group has an asset portfolio of producing assets and development and appraisal opportunities, which are primarily located in the UKCS with others in Malaysia. For operational review purposes, the Group divides its assets into three UK directorates (UK Upstream, UK Decommissioning and Infrastructure and New Energy) and Malaysia.

The following map sets forth the locations of the Group's assets in the UKCS:





Overview of the Group's UKCS assets

The UK North Sea business is organised into three directorates:

- **UK Upstream**: *Kraken, Magnus, Golden Eagle, Greater Kittiwake Area, Scolty/Crathes, Alba and Bressay*

  The UK Upstream producing assets are characterised by their high production and operating efficiency. The Group's strategy is focused on reservoir management and resource development. In the year ended 31 December 2021, daily average net production in the UK Upstream directorate was 39,220 Boepd, representing 88.3% of the Group's total daily average net production for that period.

- **UK Decommissioning**: *Heather/Broom, Thistle/Deveron, Alma/Galia and the Dons*

  The UK Decommissioning operations manage end of field life decommissioning programs for assets that have already, or are about to cease production.

- **Infrastructure and New Energy**: *Sullom Voe Terminal (**"SVT"**) and pipelines*

  The Infrastructure and New Energy business is assessing renewable energy and decarbonisation opportunities using the existing infrastructure at the Sullom Voe Terminal. The Group is working collaboratively with Shetland Island Council, Project ORION and the Net Zero Technology Centre, to better understand how it can contribute further to the industry approach to achieving net zero, whilst remaining aligned with the Group's strategies and values.

UK Upstream

The Group's UK Upstream assets are as follows: (a) Kraken, the Group's largest project to date and one of the largest projects in the UKCS in recent years, (b) Magnus, in which the Group has acquired a 100.0% working interest from BP in two tranches in 2017 and 2018, (c) Golden Eagle, in which the Group acquired a 26.7% working interest in October 2021 and (d) other UK North Sea assets (comprising the oil fields located in UKCS blocks 21/12a, 21/18a, 21/19a and 21/19b (the **"Greater Kittiwake Area"**), the oil fields located in blocks 21/12c, 21/13a and 21/18a in the UKCS covered by License P.1617 (blocks 21/12c and 12/13a) and License P.1107 (block 21/8a) (**"Scolty/Crathes"**) and Alba offshore producing assets, and the undeveloped Bressay field and Bentley discovery).

The UK Upstream assets contributed 39,220 boepd of average net production for the year ended 31 December 2021 (94% liquids and 6% gas), a decrease of 11,114 boepd compared to the year ended 31 December 2020.

The decrease in the average production of UK Upstream assets in the year ended 31 December 2021 was primarily driven by well integrity and topside downtime at Magnus, outages due to planned maintenance and a subsea power umbilical failure at Greater Kittiwake Area and natural declines across the UK Upstream assets, partially offset by the contribution from Golden Eagle.

Kraken

The Group's Kraken operations produced a gross average of 31,155 boepd in the year ended 31 December 2021, reflecting a decrease of 17.0% compared to the gross average of 37,518 boepd in year ended 31 December 2020 due to natural decline.

Production Facility	Kraken FPSO
Working Interest (%)	70.5
Operator	EnQuest Heather
Field Partner	Waldorf Production Limited(1)
Decommissioning liability	As per working interest

Notes:

(1) In November 2021, Cairn Energy PLC, the Group's previous field partner at Kraken, announced that it had completed the sale of its interests in the UK Catcher and Kraken fields to Waldorf Production Limited. The Group does not expect the sale to affect the Group's operations at Kraken.

Overview

Kraken is a large heavy oil accumulation in the East Shetland basin, located in block 9/2b to the west of the North Viking Graben located approximately 350 kilometres northeast of Aberdeen, Scotland. The Group's interest in Kraken is governed by license P1077, which expires on 30 September 2029. The Group is the operator of the asset with a 70.5% working interest. First oil was delivered in June 2017, with the field development plan completed at approximately the end of the first quarter of 2019.

The Group completed the drilling program at Worcester in the western area of the field in the first half of 2020, with a new producer-injector pair coming on-stream late in the second quarter. As of 31 December 2021, 14 production wells and 12 injection wells were on-stream.

The Kraken Floating, Production, Storage and Offloading (**"FPSO"**) is connected to wells via subsea infrastructure. Offload tankers transport produced oil from the Kraken FPSO to buyers.

Average production of 21,964 boepd for the year ended 31 December 2021 was in line with expectations. Overall subsurface and well performance was good with aggregate water cut evolution remaining in line with expectations and the FPSO continued to perform well throughout the year, with top quartile production efficiency at 88% and 87% in the years ended 31 December 2021 and 2020, respectively. In the year ended 31 December 2021, the UKCS average for floating hubs was 73%. In addition, the Group also had top quartile water injection efficiency at 89% in the year ended 31 December 2021. During the first half of the year, a number of opportunistic maintenance activities were successfully undertaken, allowing for the deferral of the planned shutdown to 2022. However, production was impacted by short duration shutdowns related to the repair of a subsea tether, an oil heater failure and natural decline.

During the fourth quarter of 2021, Kraken production reached the milestones of over 50 million barrels produced since inception and the 100th cargo offload. For 2022, Kraken average daily production is expected to be between 15,500 boepd to 18,500, reflecting the planned shutdown and natural decline.

The Group continues to optimise Kraken cargo sales into the shipping fuel market with Kraken oil, a key component of the International Maritime Organisation (**"IMO"**) Guidelines and Standards for the Removal of Offshore Installations and Structures on the Continental Shelf and in the Exclusive Economic Zone (**"IMO Guidelines"**) 2020 compliant low-sulphur fuel oil. As such, the Group have benefitted from strong pricing in the market and avoid refining-related emissions.

Near-field drilling and subsea tie-back opportunities continue to be assessed. A successful 3D seismic campaign completed in July, continuing to provide the Group with valuable data to evaluate fully the

development potential of the western area of the field, and supports ongoing optimisation of the main Kraken field, including potential infill opportunities.

In March 2020, Cairn Energy PLC, the Group's field partner at Kraken, announced that it had entered into an agreement to sell its interests in the UK Catcher and Kraken fields to Waldorf Production Limited. The sale was completed in November 2021. The Group does not expect the sale to affect its operations at Kraken.

The Group is not scheduled to return to drilling until 2023. However, Kraken continues to offer near-field opportunities through the evaluation and development of the Pembroke, Antrim, and Maureen sands discoveries and prospects in the western area, which hold an estimated 70-130 MMbbls of stock-tank oil initially in place. The Group expects Kraken to have a field life of over 20 years with the prospect of relatively low decommissioning costs.

Recent developments

Over the summer of 2022, a two-week shutdown is planned to undertake safety critical maintenance work.

Evaluation of the 3D seismic imaging is ongoing. The Group is currently assessing main field side-track drilling opportunities along with further opportunities within the Pembroke and Maureen sands.

Magnus

Production Facility..	Magnus platform
EnQuest Working Interest (per cent.)........................	100.0
Operator..	EnQuest NNS Limited
Decommissioning liability	BP has retained the decommissioning liability in respect of the existing Magnus wells and infrastructure. The Group will pay BP additional deferred consideration by reference to 30.0% of BP's actual decommissioning costs on an after-tax basis, which the Group estimates will result in a payment equivalent to approximately 9.0% of the gross estimated decommissioning costs. The additional consideration payable is capped at the amount of cumulative positive cash flows received by the Group from Magnus, Sullom Voe Terminal and the associated infrastructure assets.

Overview

Magnus is the UK's most northerly field, located 160 kilometres northeast of the Shetland Islands, mainly in Block 211/12a. The Magnus field is governed by license P193, which expires on cessation of production. The Group acquired an initial 25.0% working interest in Magnus from BP on 1 December 2017, on which date the Group also became the operator of Magnus, for $nil cash consideration. On 1 December 2018, the Group acquired an additional 75.0% working interest in Magnus from BP subject to certain profit share arrangements with BP.

At Magnus, unit operating costs have been lowered from approximately $60/boe in the year ended 31 December 2015 to less than $20/boe in the year ended 31 December 2020, leading to a 67% reduction in unit operating costs. The Group has also improved its production efficiency from 59% in the year ended 31 December 2017 to a 77% average for the years ended 31 December 2018 through 31 December 2021 and to 80% for the year ended 31 December 2020.,

Overall the Magnus field has approximately 2.0 billion boe hydrocarbons initially in place, with just over 50% Recovery Factor and with 2C Resources of approximately of 35 MMboe. Over 100 well penetrations have been drilled in over almost 40 years, and there are 29 platform slots and three subsea wells. It has 15 active gas-lifted producers and six available injectors.

Average production for the year ended 31 December 2021 was lower than expected at 11,870 boepd. Performance was impacted by well integrity issues, topside power and compression failures, third-party infrastructure outages, and natural decline. A production enhancement program was undertaken in the second quarter of 2021, including a coil tubing intervention campaign, returning four wells to service. Repairs to a compressor gear box failure which resulted in single train operations during much of the fourth quarter 2021 were completed bringing both trains back into operation.

Recent developments

A shutdown of around three to four weeks is planned in the third quarter of 2022 to complete scheduled safety critical activities along with plant equipment upgrades, while further asset integrity maintenance and plant opportunities will continue to be assessed and implemented throughout the year.

It is anticipated that three wells will be drilled in 2022, largely mitigating natural decline at the field, with a further two wells expected to be drilled during 2023.

Golden Eagle Area Development

Overview

The Golden Eagle Area Development comprises three fields, namely, Golden Eagle, Solitaire and Peregrine located approximately 110 kilometres northeast of Aberdeen, Scotland, offshore in the UKCS in water depths of up to 114 meters. The Golden Eagle field was discovered in 2007 and first oil was produced in 2014 following development by Nexen Oil, and the Solitaire and Peregrine fields were subsequently developed as satellites with subsea wells tied back to the Golden Eagle field facilities. The Golden Eagle Area Development covers two UK licenses namely P300 and P928 (the **"Golden Eagle Area Licenses"**) and the current joint venture partnership consists of CNOOC with 36.5%; NEO Energy with 31.6%; ONE DYAS with 5.2% and the Issuer with 26.7%.

The Golden Eagle Area Development produces good quality, sweet, low acid 36 American Petroleum Institute (**"API"**) oil from Upper Jurassic and Lower Cretaceous Punt and Burns reservoirs. Production is conducted via 18 gas-lifted subsea wells, including the four-well drilling program completed during 2020 and 2021. There are six water injection wells which are all on the Golden Eagle field, with the Solitaire and Peregrine fields producing under natural depletion with limited aquifer influx. There are two subsea drill centers situated to the North (six slots) and South (four slots) of the facilities, which produce oil to a bridge linked wellhead platform ("**WHP**") and a production utilities and quarters ("**PUQ**") platform via rigid, pipe-in-pipe flowlines and two production and two gas lift and two water injection risers. The WHP and PUQ are supported by a four steel-leg substructure in 100 meters water depth.

Crude oil from the Golden Eagle Area Development is processed on the platform and then transported through the Golden Eagle pipeline to the Claymore line, where it is then routed to the Flotta system and processed into stabilised Flotta Gold blend at the Flotta Terminal. Gas is currently exported from the platform to the Ettrick "T" piece and pipeline into the SAGE system for processing and sales at St Fergus. However, gas exports are due to finish in 2022 as from then on all available gas will be utilised for fuel.

Following completion of the Golden Eagle Acquisition on 22 October 2021, oil production from the Golden Eagle Area Development contributed 1,701 boepd to the Group. This reflected high uptime and continued good well performance through the infill drilling campaign earlier in 2021. Following acquisition of the Golden Eagle through 31 December 2021, the Group expects that the unit operating costs at Golden Eagle will be $10/boe. The Group believes that the asset offers further development opportunities for both sub-sea and platform infill drilling.

Recent developments

A two-well drilling campaign is scheduled late in 2022 and preparations are ongoing for additional infill drilling in 2023. The Group believes there is potential for platform drilling in the medium-term.

Greater Kittiwake Area ("GKA")

	Kittiwake	**Gadwall**	**Grouse**	**Goosander**	**Mallard**
Production Facility..................			Kittiwake platform		
Working Interest (%)..............	50.0	50.0	50.0	50.0	50.0
Operator..................................			EnQuest		
Field Partners..........................			Dana Petroleum (E&P) Limited		
Decommissioning liabilities (%)	25.0	50.0	50.0	50.0	30.9

Overview

GKA is located in UKCS blocks 21/12a, 21/18a, 21/19a and 21/19b, and the Group's assets there comprise five offshore oil fields: Kittiwake, Mallard, Gadwall, Goosander and Grouse. The Group's interest in GKA is governed by licenses P238 and P073, which expires on cessation of production.

GKA lies in water at depths ranging from 85 to 90 meters while the oil reservoir lies at depths ranging between approximately 2,800 meters and 3,900 meters. These fields have been developed as subsea tie-backs to a steel offshore platform located at Kittiwake. Oil from GKA is processed at the offshore platform and then exported via a 33 kilometre 10" pipeline, in which the Group holds a 100.0% interest, to the Forties Unity platform. From there, the oil is exported to shore at Cruden Bay via the Forties Unity Pipeline system and then on to Grangemouth for further processing.

The Group received payback on the Scolty/Crathes original drilling and sub-sea tie back development costs within 24 months and the subsea tie-back target an original life extension of the GKA hub by four years, which has been exceeded.

Production performance in the GKA in the year ended 31 December 2021 was 485 boepd, slightly below expectations with reduction driven by a planned four-week shutdown, the failure of a power umbilical supporting the Mallard and Gadwall wells and natural decline. The power umbilical was successfully replaced as planned in September, restoring Mallard and Gadwall to production.

Recent developments

A short shutdown is planned during the second quarter of 2022, in line with a short shutdown of the related infrastructure.

Other assets

Scolty/Crathes

Production Facility	Kittiwake platform
Working Interest (%)	50.0
Operator	EnQuest
Field Partner	MOL GROWEST (II) Limited
Decommissioning liability	As per working interest

Overview

The Scolty/Crathes assets are in blocks 21/8a (Scolty) and 21/12c and 21/13a (Crathes) of the UKCS. Scolty was discovered in 2007 by well 21/8-3 and Crathes was discovered in 2011 by well 21/13a-5. The Group has a 50% working interest in each of Scolty and Crathes and are the operator of both. The Group's interest in Scolty/Crathes is governed by licenses P1107/1617, which expire on 30 September 2029 and 11 February 2035, respectively.

The Scolty/Crathes development received regulatory approval and was sanctioned by us in the second half of 2015 and consists of single horizontal wells, equipped with gas lift, drilled in each of the Scolty and Crathes fields. The fields are tied back to the Kittiwake platform, in the Greater Kittiwake Area, where the fluids are processed and the oil exported to shore via the Forties pipeline system.

On 21 November 2016, the Group delivered first oil from Scolty/Crathes.

Average net production for the year ended 31 December 2021 was 2,610 boepd, slightly lower than expected reflecting a planned four-week shutdown, gas compression outages and natural decline.

Recent developments

A two-week shutdown is planned during the second quarter of 2022, in line with a short shutdown of the Forties Pipeline System.

Alba

Production Facility	Alba Northern platform
Working Interest (%)	8.0
Operator	Ithaca Oil and Gas Limited
Field Partner	Ithaca Oil and Gas Limited, Waldorf Production, NEO Energy, Mitsui E&P UK Limited and Spirit Energy
Decommissioning liability	As per working interest

Overview

Alba is located in block 16/26a in the UKCS, approximately 209 kilometres northeast of Aberdeen, Scotland. Alba was discovered in 1984 and first produced oil in 1994. Ithaca Energy is the operator of the Alba oil field. The Group's interest in Alba is governed by license P213, which expires on cessation of production.

The field includes 15 active platform production wells, 6 platform injector wells and active subsea wells, consisting of 6 producing wells and 3 injector wells. There are 3 platform wells and 1 subsea well shut-in. The Alba Northern offshore platform is located in the northern area of the oil field, and there are two subsea manifolds located in the south of the field that are tied back to the platform. Oil is exported from the Alba Northern platform by offload tankers and delivered to onshore oil terminals.

During the year ended December 2021, production performance at Alba continued in line with the Group's expectations.

Recent developments

The partners expect to begin a continuous 2022-2024 drilling program during the third quarter of 2022. The first wells from this program are expected to come online during 2023.

Bressay

Production Facility	N/A
Working Interest (%)	40.8
Operator	EnQuest
Field Partners	Harbour Energy, Equinor
Decommissioning liability	N/A

Overview

In January 2021, the Group completed the transaction to acquire a 40.8% interest and operatorship in the Bressay oil field, from Norwegian oil company Equinor, which retains a 40.8% interest in the field. The remaining 18.4% interest is held by Harbour Energy.

Bressay is a heavy oil field east of the Shetland Islands, approximately 12 kilometres northeast of the Kraken field. Discovered in 1976, Bressay is believed to be one of the largest undeveloped oil fields in the UKCS, with approximately 115 MMboe of net 2C Resources.

During 2021, detailed analysis of existing reservoir data and an assessment of potential development options, one of which is a potential tie back to Kraken, continued with strong partner engagement throughout. It is expected that a field development plan will be developed during 2022.

Bentley

Production Facility	N/A
Working Interest (%)	100.0
Operator	EnQuest
Field Partners	N/A
Decommissioning liability	N/A

In July 2021, the Group completed the transaction to acquire a 100.0% equity interest in the P1078 license containing the proven Bentley heavy-oil discovery from Whalsay Energy Holdings Limited. Upon completion, the Group funded certain accrued costs and obligations of Whalsay Energy Holdings Limited, which amounted to less than $2 million.

Bentley is a heavy oil field in the UK North Sea located in 113 meters water depth, 15 kilometres east of the Kraken heavy oil field and 8 kilometres southeast of the Bressay field, both of which are operated by EnQuest. Bentley is one of the largest undeveloped oil fields in the UKCS with the current operator estimating stock-tank oil initially in place of approximately 912 MMbbls and the Group reported net 2C resources of 131 MMboe at 31 December 2021.

The initial evaluation of the development potential is due to commence in the first quarter of 2022.

__Malaysia__

The Group's Malaysian operations include the PM-8 Extension PSC, comprising the PM8 and Seligi fields, and the Block PM409 PSC, located off the east coast of the Malay peninsular.

Below is an overview of each of the assets included in the Group's Malaysian operations, including recent developments and performance.

__PM8/Seligi__

	PM-8 including North Raya, South Raya, Lawang, Langat, Yong and Serudon producing fields	**Seligi**
Location	Offshore Malaysia	Offshore Malaysia
Production Facility	Raya Alpha, Raya Bravo, Lawang, Serudon platforms	Seligi platforms (Alpha, Bravo, Charlie, Delta, Echo, Foxtrot, Golf, Hotel)
Working Interest (per cent.)	50.0	50.0
Operator	EnQuest	EnQuest
Field Partners	PETRONAS Carigali Sdn Bhd	PETRONAS Carigali Sdn Bhd (40.0%) E&P Malaysia Venture Sdn Bhd (10.0%)
Decommissioning liabilities	As per working interest	EnQuest is liable for legacy (pre-2014) Seligi petroleum facilities decommissioning of 1.8% of the actual decommissioning cost during the PSC term. For newly installed petroleum facilities, EnQuest is liable as per working interest. For 2022 well abandonment work, EnQuest is liable for 2.6% as per working interest. Decommissioning costs will be drawn down from the abandonment fund.

Overview

The Group assumed operatorship in October 2014 and the overall transition was completed in December 2014. The Group's interest in PM8/Seligi is governed by the PM8/Seligi PSC, which expires on 31 March 2033. The Group received payback on its initial cash consideration following the acquisition of PM8/Seligi within 12 months.

The production sharing contract for PM8/Seligi covers a group of oil fields, including the producing Seligi oil field. The Seligi oil field is located in the Malay basin, approximately 240 kilometres offshore from Peninsular Malaysia in a water depth of 73 meters. The field was discovered in 1971 through the Seligi-1 exploration well, and a total of 11 appraisal wells were drilled to delineate the fields. First oil at Seligi oil field was achieved in 1988. The Seligi oil field encompasses approximately 80 square kilometres and was developed via two central processing platforms and seven satellite wellhead platforms which were installed between 1988 and 2001. A total of more than 230 wells have been drilled to date.

PM8 comprises six developed fields: Lawang, Langat, Serudon, North Raya, South Raya and Yong. PM8 fields together encompass approximately 20 square kilometres. PM8 fields are developed via four unmanned minimum facility wellhead platforms (installed between 1998 and 2001) which are linked back to the Seligi central processing facility. A total of 22 wells have been drilled to date.

After separation, crude oil from PM8/Seligi is transported via the Tapis platform (operated by ExxonMobil) to the Terengganu Crude Oil Terminal (operated by PETRONAS Carigal Sdn Bhd) for processing and sale to the domestic market or export.

Following the assumption of operatorship, the Company safely improved production performance through a number of initiatives, including idle well restoration activities, low cost well interventions, facility projects and process simplification to improve plant reliability and production efficiency. In each of 2018 and 2019, the Group drilled two new production wells to offset underlying natural declines. Overall, the Group has added 10 MMbbls to its 2P Reserves from its 2C Resources using idle well restoration program at a cost of less than $8/bbl.

In the year ended 31 December 2021, the Malaysian operations produced an average of 5,028 Boepd, a 21.9% decrease from an average production of 6,436 Boepd in the year ended 31 December 2020. This reduction primarily reflects the impact of the detached riser system at the Seligi Alpha platform and the impact of COVID-19 on the execution of certain work scopes. In spite of this, production for the year was in line with expectations following an acceleration of initial production recovery activities in the early part of the year.

In December 2021, the new riser pipeline was successfully laid on the seabed, although final completions were delayed by the late arrival and subsequent availability of the third-party dive support vessel. The riser pipeline was fully installed and commissioned in the first quarter of 2022.

Recent developments

A two-week shutdown at Seligi to undertake asset integrity and maintenance activities is planned for the summer, which will help to improve reliability and efficiency at the field.

The Group expects to drill four infill wells and four workovers during 2022. The Group also continue to discuss options with PETRONAS around the potential development of the material gas resource at PM8/Seligi. PM8/Seligi has a long-term gas opportunity of more than 3.5 tcf initially in place.

Block PM409 PSC

Production Facility	N/A
Working Interest (%)	85.0
Operator	EnQuest
Field Partners	PETRONAS Carigali Sdn Bhd
Decommissioning liability	N/A

Overview

In December 2019, the Group was awarded a production sharing contract for Block PM409. The block is in a proven hydrocarbon area containing several undeveloped discoveries and is contiguous to the existing PM8/Seligi PSC, providing low-cost tie-back opportunities to the existing Seligi main production hub. The partners are committed to the drilling of one well within the initial four-year exploration term of the PSC. Under the joint operating agreement, the Group has a contractual obligation to spend at least $7.7 million until 2023 in connection with drilling of the wells and review of the hydrocarbon potential.

During 2021, the Group completed geotechnical studies in preparation for future appraisal drilling.

Recent developments

At PM409, a well proposal for drilling in 2023 is being developed for approval by the partnership, while a site survey and other associated preparatory activities will also be undertaken.

UK Decommissioning

The Group's decommissioning directorate manages the decommissioning programs for assets that have ceased production and the Group's mature producing assets which are between one and five years from cessation of production.

The timely transfer of assets to the directorate allows for effective end of life field management and the development of relevant decommissioning programs. The Group's UK Decommissioning directorate oversees the safe and efficient execution of these work programs and is committed to delivering them in a responsible manner, which includes minimising emissions and maximising the recycle and reuse of recovered materials.

Following cessation of production at Alma/Galia, the Dons and Broom, preparation continue ahead of the anticipated commencement of subsea well P&A and infrastructure removal at all three fields, with the target to be execution-ready by the end of 2023.

Heather/Broom

	Heather	Broom
Location	Offshore, UKCS,	Offshore, UKCS
Production Facility	Heather A platform	Heather A platform
Operator	EnQuest	EnQuest
Field Partners	BG Great Britain Limited, Harbour Energy	MOL GROWEST (I) Limited, MOL GROWEST (II) Limited and Ithaca Minerals (North Sea) Limited
Decommissioning liabilities (%)	37.5[(1)]	63.0

Notes:

(1) The Group's decommissioning liability for Heather as acquired is 37.5%, with 100.0% decommissioning liability for any developments the Group undertook from acquisition to cessation of production.

Heather and Broom are adjacent oil fields that were produced through Heather Alpha, a fixed steel offshore platform, with Broom connected via a subsea tieback.

In February 2020, the Group confirmed it would not restart production from the Heather field following production being shut down in late 2019. The cessation of production application at Heather was accepted by the regulator in June 2020, reducing the Group's share of costs from 100.0% to 37.5% and allowing decommissioning to commence.

During 2021, the well plug and abandonment programme continued on schedule, while the topside decommissioning programme was approved by the Secretary of State and topside removal contractors submitted initial tenders in the fourth quarter of 2021.

Recent developments

The well plug and abonnment program is ongoing, with 16 well abandonments scheduled during 2022.

Thistle/Deveron

	Thistle	Deveron
Location	Offshore, UKCS,	Offshore, UKCS
Production Facility	Thistle Alpha platform	Thistle Alpha platform
Operator	EnQuest	EnQuest
Field Partners	Britoil Limited, Harbour Energy	Britoil Limited, Harbour Energy
Decommissioning liabilities	The Group is liable for the decommissioning costs associated with investment since it assumed operatorship, with the balance remaining with the former owners. Following the exercise of the Thistle decommissioning options in January and October 2018, the Group will undertake the management of the physical decommissioning of Thistle/Deveron and are liable to make payments to BP by reference to 7.5% of BP's decommissioning costs of Thistle/Deveron, which equates to 6.1% of the gross decommissioning costs.	

With the field having been shut-in since October 2019 due to a proactive safety-related shutdown as a result of a deterioration in the condition of a metal plate connecting one of the redundant subsea storage tanks to the facility's legs being identified during the ongoing subsea monitoring and inspection program, in March 2020, the Company announced it no longer expects to re-start production at the Thistle field. A cessation of production application was approved by the regulator in June 2020, with an effective decommissioning date of 31 May 2020. The Group's share of post-tax costs have reduced to 6.1% (from 99.0%).

The first phase of the platform rehabilitation was successfully completed in June 2021, in line with expectations. The subsea integrity campaign concluded in September 2021 and platform reactivation and hydrocarbon removal was completed in October 2021.

Recent developments

The drilling rig at Thistle will shortly be reactivated, with 16 wells also anticipated to be abandoned as part of the Group's well P&A program this year, which is planned to commence in April 2022.

Alma/Galia

	Alma	Galia
Location	Offshore, UKCS	Offshore, UKCS
Production Facility	N/A	N/A
Operator	EnQuest	EnQuest
Field Partner	KUFPEC	KUFPEC
Decommissioning liabilities (%)	65.0	65.0

The Alma and Galia fields were re-developed as a single joint development, revitalising reservoirs where production had previously been shut-in, and tied back to the EnQuest Producer FPSO vessel.

On 30 June 2020, cessation of production occurred as planned. As of the date of this Document, the EnQuest Producer FPSO remains in warm stack at Nigg.

The Dons

	Don Southwest	West Don	Conrie	Ythan
Location	Offshore, UKCS	Offshore, UKCS,	Offshore, UKCS	Offshore, UKCS
Production Facility	N/A	N/A	N/A	N/A
Operator	EnQuest	EnQuest	EnQuest	EnQuest
Field Partners	Ithaca Energy (UK) Limited	Ithaca Energy (UK) Limited	Ithaca Energy (UK) Limited	Ithaca Gamma Limited
Decommissioning liabilities (%)	60.0	78.6	60.0	60.0

The Dons are a collection of offshore oil fields that were produced via subsea tiebacks to the Northern Producer Floating Production Facility.

At the Dons, production in 2020 was impacted by a lack of gas lift which is no longer available from Thistle, combined with underlying natural declines. As such, preparations commenced in 2020 for the field to cease production. Following regulatory approvals in February 2021, cessation of production activities concluded in March 2021. The Northern Producer floating production facility was used for initial decommissioning activities, such as flushing of the subsea infrastructure and to support implementation of effective well isolations. These activities have now been completed and the vessel has departed the field and been handed back to its owner.

Infrastructure and New Energy

The Group's Infrastructure and New Energy operations include the Group's onshore Sullom Voe Terminal, the EOSPS, which transports purchased gas from the BP sweetening facility to Magnus, the Ninian Pipeline System ("**NPS**"), which transports crude oil to the Sullom Voe Terminal, and the Northern Leg Gas Pipeline ("**NLGP**"), which transports natural gas via the Brent A platform into the UK National Transmission System. Through this segment, the Group is assessing and delivering on new energy opportunities over the medium-to long-term to create a hub of growth in infrastructure and renewables at SVT in line with its responsibility for its decrabonisation activities. The Infrastructure and New Energy business is assessing renewable energy and decarbonisation opportunities using the existing infrastructure at the Sullom Voe Terminal. The Group is working collaboratively with Shetland Island Council, Project ORION and the Net Zero Technology centre to better understand how it can contribute further to the industry approach to achieving net zero, while remaining aligned with the Group's strategy and values.

Sullom Voe Terminal

Overview

The SVT is a 1,000 acre brownfield industrial Control of Major Accident Hazards site with 16 crude oil storage tanks (of which ten are currently operational) and four jetties (of which two are currently operational). Each jetty at SVT can accommodate different ship types in the range of 30,000 to 350,000 deadweight tons. SVT currently receives oil by pipeline from the oilfields of its customers in the East Shetland Basin and the Deep waters West of Shetland, which is then stored in the crude oil storage tanks and later exported via the jetties. SVT was commissioned in 1978 and receives East of Shetland oil via

the Brent Pipeline System, which services Brent, Alwyn and TENCCA, and the NPS, which services Ninian and Magnus. Since 1998, the terminal has also provided services to West of Shetland fields, including Schiehallion, Clair and Foinaven, whereby gas from these three fields is "sweetened" at the Sullom Voe Terminal before being shipped to Magnus for onward export. The terminal also now processes condensate from the Laggain-Tormore development.

On 1 December 2017, the Group completed the acquisition of an additional 3.0% interest in the Sullom Voe Terminal (bringing the Group's interest to 6.0%) and assumed operatorship of the Sullom Voe Terminal (all as part of the same transaction whereby the Group obtained its initial 25.0% interest in Magnus). On 1 December 2018, the Group acquired a further 9.1% interest from BP bringing the Group's total interest to 15.1%. In connection with the transfer of Thistle to BP and Chrysaor in 2021, the Group transferred a total of 2.1% to those parties, reducing the Group's total interest to 13.0%. Since taking over operatorship at the Sullom Voe Terminal, the Group has worked in close collaboration with all of its stakeholders to optimise safely and sustainably the size and scale of plant required to ensure the terminal continues to meet existing and future customer needs.

During the second quarter of 2020, a major milestone was achieved in bringing Jetty 3 back into operation after almost seven years, with safe operations maintained throughout project delivery. The reintroduction of operations at the jetty provides the Group with additional capacity which helps to ensure greater service availability for customers.

Recent developments and performance

At the Sullom Voe Terminal and its related infrastructure, the delivery of safe and reliable performance enabled 99.9% service availability during the year ended 31 December 2021. The Group continued to work throughout the year in close collaboration with its stakeholders to ensure the terminal meets existing and future customer needs.

The Group remains focused on maintaining safe and reliable operations at the terminal, with a significant asset integrity program planned. Working closely with the SVT co-owners and other stakeholders, the Group is developing cost-effective and efficient plans to prepare and repurpose the site in line with the Group's new energy ambitions. Engagement with a variety of stakeholders, including potential technical and financial partners and fellow participants in Project ORION, referring to the Shetland Energy Hub, is ongoing.

Pipelines

The Group purchased the associated pipelines when it acquired the operating interests in the producing Magnus asset and the onshore Sullom Voe Terminal in Shetland. These pipelines are of strategic importance.

The NPS, where the Company has an 18.1% share, the NLGP, where the Group has a 43.9% share and the EOSPS, where the Group has a 100.0% share, gather production from approximately 18 fields in the North Sea and deliver oil and gas to onshore terminals at Sullom Voe and St Fergus.

During the year ended 31 December 2021, the Group made good progress undertaking the planned repair and remediation work on delivery infrastructure relating to Kraken, Magnus and Thistle, in addition to in-line pipeline inspection evaluations at GKA.

Competition

The oil industry is competitive, and the Group competes with a substantial number of other companies, many of which have greater resources than it does. Many of these companies explore for, produce and market oil and natural gas, carry on refining operations and market the resulting products on a worldwide basis. The Group's competitors include national oil and gas companies, major international oil and gas companies and independent oil and gas companies. The oil and gas business is highly competitive in the search for and acquisition of reserves, in the procurement of rigs and other production equipment, in the production and marketing of oil and gas and in the recruitment and employment of qualified personnel. See "*Risk factors—Risks relating to the Group's business—The Group carries out business in a highly competitive industry.*"

In addition, the Group competes with oil and gas companies in the bidding for production licenses, farm-ins and other contractual interests in licenses that are made available by governments or are for sale by third parties. Competition for such assets is likely to come from companies already present in the region in which the production licenses are located as well as new entrants. Competition also exists between producers of oil and natural gas and other industries producing alternative energy and fuel, such as solar and wind.

Furthermore, competitive conditions may be substantially affected by various forms of energy legislation and/or regulation considered from time to time by the governments of the jurisdictions in which the Group operates. It is not possible to predict the nature of any such legislation or regulation that may ultimately be adopted or its effects upon the Group's future operations. Such legislation and regulations may, however, substantially increase the costs of developing, producing, marketing or exploring for natural gas and oil and may prevent or delay the commencement or continuation of a given operation. The effect of these risks cannot be accurately predicted. See "*Risk factors—Risks relating to the Group's business—the Group's business is subject to licensing and other regulatory requirements, which are subject to change, in countries in which it operates, and it is subject to the risks of licences or other agreements being withheld, suspended, revoked or terminated and of the Group's failing to comply with relevant licences, agreements or other regulatory requirements*".

Business Arrangements

Product lifting and distribution

Petroleum from Magnus is transported to the Sullom Voe Terminal through the Ninian Pipeline System. Purchases of third-party gas from West of Shetland fields and produced gas is transported through the Northern Leg Gas Pipeline system and FLAGS to the St Fergus SEGAL gas plant; dry gas is exported to the National Transmission System and natural gas liquids ("NGLs") are transported to Mossmorran for processing.

As part of the Group's acquisition of working interests in the Magnus asset in December 2017 and 2018, the Group acquired an equity interest in the Sullom Voe Terminal bringing the Group's total equity interest to 15.1% by December 2018. In connection with the same transactions, the Group acquired an additional equity interest of 15.3% in the Ninian Pipeline system, bringing the Group's total equity interest in the Ninian Pipeline system to 18.1%, including the 2.7% equity interest the Group had in the Ninian Pipeline system through Heather. Finally, the Group also acquired 43.9% equity working interests in the Northern Leg Gas Pipelines ("NLGP") in connection with the 2017 and 2018 acquisition of Magnus working interests, bringing the Group's total equity in the NLGP to 51.1%. Following the retransfer of Thistle to Britoil and Chrysaor, which included a 2.7% interest in NLGP, the Group's equity interest in the NLGP is 43.9%. Also, in connection with the Thistle retransfer, the Group's equity interest in the Sullom Voe Terminal on 1 December 2017 reduced to 13.0%.

The Group's participation in these pipeline systems and the Sullom Voe Terminal is regulated by various operating agreements, and it holds working interests in these assets. The costs of maintaining and operating these facilities are shared among the users thereof on a throughput-related basis. The Group is party to a cross-user liability agreement that provides indemnities between the various groups of owners and between the individual owners for injury or damage caused by the performance or non-performance of their obligations in respect of the Sullom Voe Terminal, the Ninian Pipeline System and the Brent system pipeline. See "*Risk factors—Risks relating to the Group's business—Significant expenditure is required to maintain operability and operations integrity as the Group relies upon infrastructure which is old, and/or operated and owned by third parties, and improper maintenance and repair could harm the Group's operations.*"

Petroleum from Alba, where the Group holds a minority interest, is transported by offload tanker from the Alba Northern platform to onshore terminals. With respect to production from the Greater Kittiwake Area and Scolty/Crathes, the Group holds a working interest in an offshore platform at Kittiwake and a 100% interest in a pipeline linking this platform to the Forties Unity platform. The Greater Kittiwake Area and Scolty/Crathes fields are tied via subsea infrastructure to the offshore platform at Kittiwake. Petroleum from the platform at Kittiwake is transported via pipeline to the Forties Unity platform where it is then transported to shore at Cruden Bay via the Forties Unity pipeline system. The petroleum is taken from Cruden Bay to Grangemouth for further processing.

Production from PM8/Seligi is transported via the Tapis platform (operated by ExxonMobil) to the Terengganu Crude Oil Terminal (operated by PETRONAS Carigali Sdn Bhd) for processing and sale.

With respect to Kraken, the Kraken FPSO is connected to wells via subsea infrastructure. Offload tankers transport produced oil from the Kraken FPSO to buyers.

Crude oil from the Golden Eagle Area Development is processed on the platform and then transported through the Golden Eagle pipeline to the Claymore line, where it is then routed to the Flotta system and processed into stabilised Flotta Gold blend at the Flotta Terminal. Gas is currently exported from the platform to the Ettrick 'T' piece and pipeline into the SAGE system for processing and sales at St. Fergus.

Sales and customers

The Group's entitlement to Brent oil (from Magnus) is made available for sale at the Sullom Voe Terminal. The Group's entitlement to Forties Blend crude oil (from GKA and Scolty/Crathes) is made available for sale at the Kinneil Oil Terminal through the Forties Pipeline System ("**FPS**") to Cruden Bay. The Group's entitlement to Flotta Gold blend crude oil is made available for sale at the Flotta Terminal and the Group's Malaysian production is made available for sale at the Terengganu Crude Oil Terminal. Production from Kraken and Alba is lifted by tanker, provided by Altera Infrastructure and delivered to the relevant buyer.

The Group's oil sales for the Group's UKCS assets (excluding Kraken) are primarily priced based on the Platts Dated Brent crude oil benchmark with differentials to the benchmark determined by market conditions and negotiations with customers. Kraken cargo sales continue to be optimised into the shipping fuel market with Kraken oil a key component of IMO 2020 compliant low-sulphur fuel oil. As such, the Group benefits from strong pricing associated with the very low sulphur (0.5% sulphur) fuel oil (**"VLSFO"**) market and avoid refining-related emissions. Prices for the Group's Malaysian oil sales are set by the Malaysian OSP, which is generally a significant premium to the Platts Dated Brent benchmark. A Tapis differential is then applied to the Malaysian OSP and further differentials are negotiated with customers.

As of 31 December 2019, 2020 and 2021, the Group had trade receivables past due of $2.4 million $2.6 million and $0.2 million, respectively. The Group had joint venture receivables past due but not impaired of $0.1 million, $2.5 million and $nil million as of 31 December 2019, 2020 and 2021, respectively.

As of 31 December 2021, the Group had one customer accounting for 84% of outstanding trade and other receivables (2020: three customers, 77%; 2019: four customers, 84%) and one joint venture partner accounting for 20% of joint venture receivables (2020: one joint venture partner, 16%; 2019: two joint venture partners, 26%).

With Kraken's suitability as a component for the production of IMO 2020 compliant shipping fuel, i.e. VLSFO, the Group has continued to diversify its customer base by selling the its production lifted by tanker and delivering to buyers via ports in Northwestern Europe, the United States, the Mediterranean and/or the Far East.

Supplies and third party contractors

The Group relies on the services of various contractors in the performance of the Group's activities, including drilling and related operations.

Field and commercial partners

The majority of the Group's assets are owned, explored and developed through commercial partnerships with international, national and private-equity backed oil and gas companies. When the Group evaluates whether to enter into a commercial partnership or joint venture, it seeks prospective commercial partners who will complement the Group's existing strengths. The Group conducts thorough business and financial diligence on all of its prospective commercial partners and strives to ensure they will be able to finance their portion of any development.

During the life cycle of the commercial partnership or joint venture, the Group often has a very active role in the technical, financial and administrative management of operations including in situations in which the Group does not take on an official operator role. The Group typically maintains involvement

with many aspects of operations and works closely with the Group's commercial partners to ensure that the Group continues to comply with the ongoing obligations under the licenses or agreements pursuant to which the Group operates. For a discussion of certain risks associated with the Group's reliance on commercial partners, see "*Risk factors—Risks relating to the Group's business—The Group conducts most of its operations with commercial partners which may increase the risk of delays, additional costs and the suspension or termination of the licenses or the agreements that govern the Group's assets.*"

In relation to the Golden Eagle Acquisition, the Group will work alongside an established UKCS operator and aim to contribute positively to the existing joint venture partnership with the Group's proven expertise/capability in drilling and subsea tie-backs.

Seasonality

Seasonal weather conditions (particularly winter in the UKCS and monsoon season in Malaysia) and lease stipulations can limit the Group's drilling and producing activities and other oil and natural gas operations in certain areas. These seasonal anomalies can increase competition for equipment, supplies and personnel during the spring and summer months, which can lead to shortages and increase costs or delay the Group's operations. These seasonal anomalies may also reduce the available weather windows for offloading operations to shuttle tankers from the Group's FPSO's. See "*Risk factors—The Group face drilling, exploration and production risks and hazards that may affect the Group's ability to produce oil at expected levels, quality and costs and that may result in additional liabilities to the Group.*"

Health, safety, environment and assurance

The Group is the subject to a wide range of laws, regulations, directives and other requirements governing the protection of the environment and health and safety matters. See "*Risk factors—Risks relating to the Group's business—The Group could incur material costs to comply with, or as a result of liabilities under, health and safety and environmental regulations.*" One of the Group's top priorities is to achieve and maintain high health, safety and environmental performance. The Group believes that it has robust management systems, a culture of positive engagement and a commitment to continuous improvement. The Group is committed to respecting the people and environments that its business may affect, and the Group aims to operate its business to achieve safe results, with no harm to people or the environment. To achieve this, the Group aims to manage its business in compliance with legislation and industry standards, maintain high-quality systems and processes and seek to maintain safe and healthy workplaces.

Health and safety

To help ensure that the Group maintains safe and healthy workplaces for all of its employees and contractors, the group-wide health, safety, environment and assurance system is structured in line with ISO 14001 and covers occupational and process safety. The Group has a health & safety management system that is aligned with the requirements of the Occupational Health and Safety Assessment Series Standard (OHSAS 18001:2007) while the framework of the management system in Malaysia complies with the Offshore Self-Regulation Management System and PETRONAS Procedures and Guidelines for Upstream Activities requirements. See "*Risk factors—Risks relating to the Group's business—The Group could incur material costs to comply with, or as a result of liabilities under, health and safety and environmental regulations.*"

Each of the Group's assets are inspected periodically by the health and safety executive. There are three open improvement notices on two of the Group's assets. One is in respect of pipework at the Sullom Voe Terminal which was identified as susceptible to microbial corrosion. The issue will be rectified in accordance with the accepted plan by July 2022. On Magnus, the health and safety executive issued an improvement notice in relation to the draining of liquid hydrocarbons to open hazardous drains. Although control arrangements were in place, the regulator wanted to see a reduction in the frequency of drainage being undertaken and an engineering solution to remove the manual draining. The Group believes this will be rectified by October 2022 in accordance with the accepted plan. Additionally, an improvement notice was issued on Magnus regarding assurance arrangements to ensure a robust plan is in place and visibility of findings to senior management. The Group believes this will be rectified by April 2022 in accordance with the accepted plan.

On 14 October 2019, a change out of lube oil took place on the Heather KT03 compressor. During this operation a fire and explosion occurred resulting in two individuals suffering injuries and equipment damage. The Health and Safety Executive issued a prohibition notice on the Heather compression system causing a loss of production. An in-depth investigation was conducted and the relevant learnings incorporated.

In September 2020, there was a detachment of the riser system at the Seligi Alpha platform, which provides gas lift and injection to the Seligi Bravo platform. This resulted in a release of gas and a subsequent fire which initiated an automatic emergency shutdown of the PM8/Seligi field. The Group's safety systems and emergency response procedures were successfully implemented, with the fire extinguished quickly and all personnel on-board mustered safely. Following an initial internal investigation and safety assessment, as well as an investigation by the regulator, partial operations were able to be recommenced within two days, with wells flowing under natural pressures.

The Group's health, safety and environment policy is fully integrated across the Group's operated sites. There is a strong assurance program in place to ensure that the Group complies with its policy and principles and regulatory commitments.

In 2020, an independent safety review was undertaken that reported positively on the Group's safety culture with a recognition of a strong commitment towards safety and robust processes in place. However, following a number of asset integrity related incidents, a group-wide asset integrity review team was formed that looked at integrity management arrangements at a group, regional and asset level to drive improvements in 2021. All in depth activities of the asset integrity review were completed by August 2021 with additional reviews being undertaken in October and November on Kittiwake and Kraken to provide further assurance of asset integrity management arrangements. The asset integrity review continues to contribute in a positive manner by providing a deeper understanding of areas of improvement and good practice. The key focus for 2022 will be ensuring that the actions from the findings are implemented in a sustained manner and the learnings from the increased levels of collaboration/ engagement are incorporated into future business planning cycles ensuring threats and opportunities are reviewed.

The Group continues to monitor the evolving situation with regard to the impacts of COVID-19 in conjunction with a variety of stakeholders, including industry and medical organisations. The Group adopted an approach to COVID-19 based upon the principles of safety and welfare of people and security of supply. The Group has remained aligned and supportive of the government position and remained compliant with Dubai, Malaysia and UK government and industry policy. COVID-19 contingency and resilience planning started in earnest in late February 2020 with a series of activities throughout early March 2020 to test asset responses to the communicable disease management plan, which is part of the business continuity plan within the Group's business management system. The response to COVID-19 is resilient and continues to be reviewed and enhanced as new information and technology becomes available.

Environmental

Environmental protection has been a core feature of the Group's business model since its inception, with the Group's priority being safe results with no harm to people and respect for the environment. As an oil and gas business, the Group is focused on safely improving the operating, financial and environmental performance of mature and late-life assets.

The Group has in place an EMS to ensure the Group's activities are conducted in such a way that manages and mitigates the Group's impact on the environment.

The Group's system is aligned with the requirements of the International Organization for Standardization's environmental management system standard—ISO 14001. The Group's EMS was verified under The Convention for the Protection of the Marine Environment of the North East Atlantic OSPAR Recommendation 2003/5 and applicable guidance in May 2020.

The Group recognises that industry, alongside other key stakeholders such as governments, regulators and consumers, must contribute to reducing the impact on climate change of carbon-related emissions. The Group's aim is to benefit all of the Group's stakeholders as a responsible operator of oil and gas assets through the expected multi-decade energy transition. The Group's aim is to safely extend

production lives, enhance cash flow and reduce Scope 1 and Scope 2 emissions on the Group's assets as reliance on hydrocarbons is reduced, thereby contributing towards the national emission reduction targets.

To balance all stakeholder interests, the Group believes that a measured approach to absolute Scope 1 and 2 emissions reductions involving credible targets and the pursuit of economic emission reduction opportunities is appropriate. See "*Risk Factors—Climate change legislation, the transition to net zero greenhouse gas emissions by 2050 and/or protests and shareholder actions against fossil fuel extraction may have a material adverse effect on the Group's industry.*"

During the years ended 31 December 2019, 2020 and 2021, the Group's emissions in kilo-tonnes of CO_2 equivalent were 1,511.6, 1,342.8 and 1,145.3, respectively. The Group has already reduced its UK absolute Scope 1 and 2 carbon dioxide (**"CO_2"**) equivalent emissions by approximately 44% since 2018, through the Group's decisions to cease production at the Group's Heather/Broom, Thistle/Deveron, Alma/Galia and the Dons assets combined with operational improvements and increased workforce awareness driving lower flaring and diesel usage in 2021.

In addition to reducing upstream-related emissions, the Group has also implemented an innovative, economic emissions avoidance opportunity at Kraken by optimising sales of Kraken cargoes directly to the shipping fuel market. This initiative has two environmental benefits: it avoids emissions related to refining; and it also helps reduce sulphur emissions in accordance with the IMO 2020 regulations. The avoidance of emissions related to Kraken's crude is significant—with refining emissions for a typical North Sea crude estimated to be approximately 32 to 36 kgCO_2e/bbl compared to emissions associated with blending Kraken oil estimated at approximately 1 kgCO_2e/bbl. As such, emissions relating to Kraken oil by the time it reaches its end user, compares favourably on a fully-refined basis to even high-performing North Sea fields.

The Group aims to reduce absolute Scope 1 and 2 CO_2 equivalent emissions from the Group's existing operations by 10% over the period 2021 to 2023. This target has been included as a key performance metric in the Group's long-term incentive scheme for executive directors and applicable employees. To help achieve this target, a number of emission reduction opportunities have been identified, such as installing generator turbine water wash facilities and the use of high-efficiency particulate air filters on Magnus. However, the Group recognises that improved environmental performance requires continued investment. The Infrastructure and New Energy business is responsible for delivering the Group's emission reduction objectives through optimising performance of existing assets and advancing renewable energy and decarbonisation opportunities.

As other major oil companies and operators continue to shift their focus away from mature basins in a number of geographies, the Group believes that there will be further opportunities for it to access additional oil and gas resources. However, time and careful consideration will be taken to find the right opportunities where the Group can deliver incremental emission reductions relative the carbon footprint in the hands of the seller. The Group also factors in an appropriate associated carbon price into the acquisition economics, even in markets where no carbon trading or pricing mechanism exists. The Group can make a positive contribution towards the future of the North Sea oil and gas through doing its part in ensuring that each asset is in the right hands.

Emissions management is an important featuring during the decommissioning phase of an asset's life-cycle. During this phase, wells will need to be plugged and abandoned, while the production and processing facilities and any relevant infrastructure will need to be removed. Given the extent of this work, it will necessarily take place over an extended period of time and require careful project management. The Group's UK Decommissioning directorate will oversee the safe and efficient execution of these work programs and is committed to delivering them in a responsible manner, which includes minimising emissions and maximising the recycle and reuse of recovered materials. The UK Decommissioning directorate continues to work with a variety of stakeholders to identify creative ways, such as alternative power generation options, in which emissions associated with decommissioning activities can be kept to a minimum.

The Group's Infrastructure and New Energy business is assessing renewable energy and decarbonisation opportunities using the Group's existing infrastructure at the Sullom Voe Terminal. The Group is working collaboratively with Shetland Island Council, Project ORION and the Net Zero Technology centre to

better understand how it can contribute further to the industry approach to achieving net zero, whilst remaining aligned with the Group's strategy and values.

The Group recognises the increasing societal, media and investor focus on climate change, and the desire to understand its potential impacts on the oil and gas industry through improved disclosure, utilising mechanisms such as those proposed by the TCFD. The Group provides information relevant to each of the four Group's TCFD recommendations (governance, strategy, risk management, metrics and targets) on the Group's website and annual report and will continue to evolve these disclosures over time.

Assurance

The Group strives for continuous improvement in the Group's HSE&A performance. The Group periodically audits and reviews its HSE&A management system, to help ensure compliance with all applicable regulations, as well as the Group's policies, principles, processes and procedures, and to identify areas for improvement.

The Group's risk based audit and assurance program is designed to measure the conformance and effectiveness of HSE&A management across all operations, including contractor and supplier organisations as applicable. Other assurance activities are also periodically conducted to ensure that the Group learns, and proactively identify areas to improve its performance.

Insurance

The Group maintains the types and amounts of insurance coverage that it believes are consistent with customary industry practices in the jurisdictions in which it operates. The Group's oil and gas properties and liabilities are insured within an operational energy insurance package. Coverage under the terms of this insurance package includes physical damage, operators extra expense (well control, seepage, pollution clean-up and re-drill) and third-party liabilities. Coverage is placed in respect of scheduled worldwide oil and gas exploration and production activities. The Group believes limits and deductibles in force for the Group's group are in line with applicable oil industry insurance standards.

The Group currently has a loss of production insurance policy in place which would protect revenues anticipated to be derived from net Kraken forecast production at an oil price of $35.00/bbl (which is capped at a limit of 18 months' production) if there is a loss of production caused by an insured event for a period up to two years, with such cover commencing 60 days after the insured event which caused the loss of production. The loss of production policy was renewed on 6 May 2021 and is due to expire on 6 May 2022. Where applicable, construction all risks insurance coverage is procured in respect of development projects. Such coverage is generally for works executed anywhere in the world in performance of contracts where the Group is at risk including loss of, or damage to, the pipeline systems, risers, umbilicals, oil wells and completions to be installed and liabilities to third parties arising therefrom.

The Group's philosophy is to arrange such other insurance from time to time in respect of the Group's other operations as required and in accordance with industry practice and at levels which the Group feels adequately provide for the Group's needs and the risks that it faces. The Group has not had any material claims under the Group's insurance policies that would either make them void or materially increase their premiums. There can be no assurance, however, that the Group's insurance coverage will adequately protect it from all risks that may arise or in amounts sufficient to prevent any material loss. See "*Risk factors—Risks relating to the Group's business—The Group does not insure against certain risks and the Group's insurance coverage may not be adequate for covering losses arising from potential operational hazards and unforeseen interruptions.*"

Employees

As of 31 December 2019, 2020 and 2021, the Group employed 1,123, 823 and 785 full-time employees, respectively.

The following table sets forth the Group's full-time employees as of 31 December 2019, 2020 and 2021 and as of 31 December 2021.

	As of 31 December		
	2019	2020	2021
Directors	8	9	8
Operational (onshore)	335	315	302
Operational (offshore)	590	423	385
Corporate	22	20	21
Contractors[1]	148	56	69
Total	**1,123**	**823**	**785**

(1) Excluding contractors who are employed through a third-party service company.

	As of 31 December		
	2019	2020	2021
United Kingdom	910	629	582
Malaysia	175	170	174
Dubai	38	24	29
Total	**1,123**	**823**	**785**

The Group believes it has satisfactory working relationships with its employees and have not experienced any significant labor disputes. Save in respect of Sullom Voe Terminal, there is no unionisation currently in place for the Group's employees at any of its locations and the Group has not suffered any labor disputes or stoppages. However, in March 2020, the union UNITE announced that 94% of members voted for strike action at the Sullom Voe Terminal in response to certain proposals, including changes to the pension scheme. The strike action was called off on 20 March 2020. The Group may be subject to work stoppages or other labor disturbances, and its employees may become unionised. See "*Risk factors—The Group may be subject to work stoppages or other labor disturbances, and the Group's employees may become unionised*."

The Group remains committed to providing an inclusive culture that recognises and celebrates difference, encourages diversity of thought and embraces new ways of working to create an environment that enables the development of creative solutions to deliver performance and value. The Company-wide diversity and inclusion ("**D&I**") strategy, developed during the first quarter of 2021, is now embedded in the overall strategy of the business, alongside the D&I policy. 'Conscious inclusion' training has been provided to managers to help them recognise and overcome bias, while recruitment processes are being evolved to encourage a broad spectrum of applicants. The Group's EnQlusion committee promoted a number of initiatives during 2021, including continued support for the Association for Black and Minority Ethnic Engineers, International Women in Engineering Day and the UK's AXIS Network. The Group were delighted to be nominated as one of three finalists for the 2021 OGUK Diversity & Inclusion Award, from over 90 applications submitted from across the industry. Recognition as a finalist has further reinforced the Group's commitment to the strategy and its direction of travel in relation to D&I. An employee 'pulse' survey was conducted over the summer focusing on D&I at EnQuest. Metrics relating to inclusion scored more strongly than those directly related to diversity, demonstrating that a continued focus is required to ensure a truly diverse workforce. A further D&I survey is planned for 2022 to measure the Group's progress.

Targets have also been set for gender and ethnicity representation in leadership, with a target of 30% women in both leadership roles and management grades across the business, and 15-20% minority ethnic representation in executive leadership roles, with targets to be achieved by 2025.

With D&I central to ways of working, the Group continues to challenge its recruitment, employment and training policies and how they attract, retain and develop a wide range of talent in the organisation.

Since reporting commenced in 2017, there has been a significant narrowing of the Group's gender pay gap statistics, with the gap related to the average rate of total pay for women reducing from 38.7% in 2017 to 22.0% in 2021. Although it is disappointing that between 2020 and 2021 the gap widened slightly, from 20.8% to 22.0%, this was a direct result of the strategic business transformation process undertaken during 2020 and the resulting change in the shape of the workforce in line with business needs.

The Group remains committed to narrowing the gender pay gap and striving to provide equal pay for equal jobs. This will be achieved through an ongoing focus on D&I in all aspects of the business. In addition to a fair and balanced recruitment and promotion process with regular skills assessments, appropriate action is taken from feedback received from the employee forum and the global employee engagement survey results, as the Group continues to embed its diversity and inclusion strategy throughout the organisation.

The Group also remains committed to fair treatment of people with disabilities in relation to job applications and, as set out in the 'Equal Opportunities & Dignity at Work' policy, it encourages individuals with a disability, or who develop a disability at any time during their employment, to speak to their line manager about their condition. This will enable the Group to provide support and prevent unfavorable treatment.

Bribery laws

The Group is committed to behaving fairly and ethically in all of the Group's endeavours and have policies which cover anti-bribery and corruption, including consolidated anti-bribery policies in light of the UK Anti-Bribery Act, Malaysian Anti-Corruption Commission Act and related guidance. The Group has implemented group-wide training on these policies. The overall anti-bribery and corruption program is reviewed annually by the Board and a corruption risk awareness email is sent out annually by the Amjad Bseisu (the **"Chief Executive"**) reminding staff of their obligations and also to prompt them to complete a mandatory online anti-corruption training course. Staff are also regularly reminded of their obligations with regard to anti-bribery and corruption and anti-facilitation of tax evasion through the annual risk awareness email issued by the Chief Executive, the Group's Code of Conduct and the obligatory annual anti-bribery and corruption and anti-facilitation of tax evasion training course.

The Group also encourages staff to escalate any concerns and, to facilitate this, provide an external "speak-up" reporting line which is available to all staff in the UK, Malaysia and the UAE. Where concerns are raised, these are investigated by the Group's General Counsel and reported to the Audit Committee.

Legal and arbitration proceedings

The Group becomes involved from time to time in various claims and lawsuits arising in the ordinary course of its business.

The Group is subject to various tax claims relating to VAT due on certain shipping transfers, employment tax due in relation to certain accommodation and canteen benefits and a dispute with HMRC over certain titles, all of which arise in the ordinary course of business, including tax claims from tax authorities in the UK and Malaysia. The Group assesses all such claims in the context of the tax laws of the countries in which it operates and, where applicable, make provision for any settlements which it considers to be probable. The Group does not consider that an adverse outcome of these tax claims is likely to be material to the Group's operations or cash flows.

The Group is currently engaged in a dispute with PBJV Group Sdn Bhd ("**PBJV**"), a contractor in Malaysia in respect of which there has been an adjudication award against the Group in an amount of approximately RM70 million (being approximately $17 million, of which the Group's partner would be obliged to bear 50% of any such liability) claimed by PBJV. The Group does not accept that this payment is due and the matter will now move to arbitration for a determination. The dispute originally arose in late 2019 and relates to the payment of garnet as a separate chargeable consumable. The timing of the completion of this dispute is currently unknown by the Group as at the date of this Exchange Offer Memorandum and Prospectus, however the Group does not consider that an adverse outcome in this dispute is likely to be material to the Group's operations or cash flows. See "*Risk factors—Risks relating to our business—The Group's operations are subject to the risk of litigation*."

On 1 March 2018, a hydrocarbon release occurred on the Group's Heather platform without the flare being lit, which led to a release of uncombusted flammable hydrocarbon gas and an accumulation of gas on the platform. On 18 March 2018, the Health and Safety Executive ("**HSE**") issued an enforcement notice regarding this incident. The Group expects that the HSE will decide in 2022 whether to make a recommendation to the Crown Office and Procurator Fiscal Service for consideration for prosecution. The Heather platform has ceased production and EnQuest has responded to all of HSE's requests for

information to date. See " *Risk factors— The Group could incur material costs to comply with, or as a result of liabilities under, health and safety and environmental regulations."*

On 22 December 2021, the oil and gas authority, now known as the NSTA, informed the Group in writing that they intend to investigate the restart of production and resumption of flaring without the NSTA's consent in writing. An internal legally privileged investigation is ongoing, which is focused on (i) how the Group operationally found itself exceeding the Magnus flare consent, (including the root causes of failures in the relevant procedures and tools) and (ii) the internal management decision making process and NSTA engagement. The NSTA's investigation is now underway. As at the date of this Exchange Offer Memorandum and Prospectus, three instances of non-compliance with health and safety regulation have been reported. One which was in respect of pipework at the Sullom Voe Terminal identified which was identified as susceptible to microbial corrosion. An improvement notice has been issued at the Sullom Voe Terminal to ensure that the issue is rectified in accordance with the accepted plan by July 2022. On Magnus, the health and safety executive issued an improvement notice in relation to the draining of liquid hydrocarbons to open hazardous drains. Although control arrangements were in place, the regulator wanted to see a reduction in the frequency of drainage being undertaken and an engineering solution to remove the manual draining. Additionally, a further improvement notice was issued on Magnus regarding assurance arrangements to ensure a robust plan is in place and visibility of findings are presented to senior management. The Group believes these will be rectified by October 2022, in relation to the drainage issues and April 2022 in relation to the plan for assurance arrangements, respectively, in accordance with the accepted plans. However, there can be no assurances that the Group will not incur material costs in the future, including clean-up costs, civil and criminal fines, penalties and sanctions and third-party claims, including for personal injury, wrongful death and environmental and property damages, and other environmental, health and safety claims under contract, as a result of violations of the Group's obligations under environmental, health and safety requirements. See "*Risk factors—Risks relating to our business—The Group could incur material costs to comply with, or as a result of liabilities under, health and safety and environmental regulations.*"

Directors and Committees

Directors

The current Directors and their functions are as follows:

Name	Position	Date appointed to the Board	Correspondence Address
Amjad Bseisu	Chief Executive Officer	22 February 2010	5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR
Philip Holland(1)	Director	1 August 2015	5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR
Martin Houston	Non-Executive Chairman	1 October 2019	5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR
Carl Hughes	Non-Executive Director	1 January 2017	5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR
Farina Khan	Non-Executive Director	1 November 2020	5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR
Madhavi Koya	Non-Executive Director	1 January 2022	5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR

Howard Paver	Senior Independent Advisor	1 May 2019	5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR
Liv Monica Subholt	Non-Executive Director	15 February 2021	5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR
Jonathan Swinney (2)	Chief Financial Officer	29 January 2010	5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR
John Winterman	Non-Executive Director	7 September 2017	5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR

(1) It was announced on 24 March 2022 that Philip Holland, currently Chairman of the Safety, Climate and Risk Committee, will be stepping down as a Director at the Company's 2022 Annual General Meeting, which is scheduled for 19 May 2022. Liv Monica Stubholt will replace Philip as Chair of the Committee in May 2022.

(2) It was announced on 24 March 2022 that Jonathan Swinney has notified the Board of Directors of his intention to step down as Chief Financial Officer and Executive Director of the Issuer at a date to be determined in due course. Salman Malik, currently Managing Director – Corporate Development, Infrastructure and New Energy and a member of the Group's Executive Committee, will succeed Jonathan as CFO and as an Executive Director upon Jonathan Swinney's departure.

Conflicts

There are no potential conflicts of interest between each of the Directors' duties to the Issuer and their respective private interests and any other duties.

Profiles of the Directors

The business experience and principal business activities outside of EnQuest of each of the Directors are as follows:

Amjad Bseisu (Chief Executive)

Amjad Bseisu holds a BSc Hon degree in Mechanical Engineering and an MSc and D.ENG degree in Aeronautical Engineering. From 1984 to 1998, Amjad worked for the Atlantic Richfield Company (ARCO), eventually becoming president of ARCO Petroleum Ventures and ARCO Crude Trading Inc. In 1998 Amjad founded and was the chief executive of Petrofac Energy Developments International Limited, the operations and investment business for Petrofac Limited, which organically grew an upstream and midstream oil and gas business in South East Asia, the UK and North America. In 2010 Amjad formed EnQuest PLC having previously been a founding non-executive chairman of Serica Energy plc and director of Stratic Energy Corporation.

Other principal external appointments include chairman of the World Economic Forum Independent Oil and Gas Community since 2016 and chairman of The Amjad and Suha Bseisu Foundation. Amjad is also a member of the Governance and Nomination Committee.

Amjad is also a member of the Nomination Committee.

Philip Holland (Non-Executive Director)

Philip Holland holds a BSc in Civil Engineering from Leeds University as well as an MSc in Engineering and Construction Project Management from Cranfield School of Management. Philip has extensive experience in managing large scale oil and gas projects around the globe. In 1980 Philip joined Bechtel Corporation, where for over 20 years he managed major oil and gas projects in a wide range of international locations. In 2004 Philip joined Shell as vice president of projects, Shell Global Solutions International. In 2009 Philip became executive vice-president in Downstream Projects in Shell's newly formed Projects and Technology Business. In 2010 he was appointed as project director for Shell Development Kazakhstan's Kashagan Phase 2 Project, and subsequently the Shell/QP Al Karaana Petrochemicals Project. Since 2013 he has operated as an independent project management consultant.

Other principal external appointments include Chairman of Velocys plc and non-executive director of KazMunayGas.

Philip is also the chairman of the Risk Committee and a member of the Remuneration Committee.

It was announced on 24 March 2022 that Philip Holland, currently Chairman of the Safety, Climate and Risk Committee, will be stepping down as a Director at the Company's 2022 Annual General Meeting, which is scheduled for 19 May 2022. Liv Monica Stubholt will replace Philip as Chair of the Committee in May 2022.

Jonathan Swinney (Chief Financial Officer)

Jonathan Swinney qualified as a chartered accountant with Arthur Andersen in 1992 and is a member of the Institute of Chartered Accountants of England and Wales. Jonathan qualified as a solicitor in 1997 and trained at Cameron McKenna LLP, joining the acquisition finance team upon qualification. In 1998 Jonathan joined Credit Suisse First Boston working within the corporate broking team. Jonathan later moved to Lehman Brothers where he advised on a wide range of transactions and in 2006 he became a managing director within the corporate broking team. Jonathan joined Petrofac Limited in April 2008 as head of mergers and acquisitions for the Petrofac Group and left in 2010 to join EnQuest PLC.

It was announced on 24 March 2022 that Jonathan Swinney has notified the Board of Directors of his intention to step down as Chief Financial Officer and Executive Director of the Issuer at a date to be determined in due course. Salman Malik, currently Managing Director – Corporate Development, Infrastructure and New Energy and a member of the Group's Executive Committee, will succeed Jonathan as CFO and as an Executive Director upon Jonathan Swinney's departure.

Martin Houston – Non-Executive Chairman

Martin Houston joined BG Group plc in 1983, enjoying a 32-year career before retiring as chief operating officer and a member of the Board. He holds, and has held, many FTSE and international board or senior advisory positions. Martin is also a council member of the National Petroleum Council of the United States of America, a member of the advisory board of Global Energy Policy unit at Columbia University's School of International and Public Affairs, New York and a Fellow of the Geological Society of London.

Other principal external appointments include co-founder and vice-chairman of Tellurian Inc, non-executive director of CC Energy and non-executive director of Bupa Arabia. In an advisory capacity, Martin is the global energy chairman of Moelis & Company and on the advisory board of Radia Inc. Martin is Chairman of the Governance and Nomination Committee, a member of the Remuneration and Social Responsibility Committee and a member of the Technical and Reserves Committee.

Carl Hughes (Non-Executive Director)

Carl Hughes holds an MA in Philosophy, Politics and Economics, is a Fellow of the Institute of Chartered Accountants in England and Wales, and is a Fellow of the Energy Institute. Carl joined Arthur Andersen in 1983, qualified as a chartered accountant and became a partner in 1993. Throughout his professional career he specialised in the oil and gas, mining and utilities sectors, becoming the head of the UK energy and resources industry practice of Andersen in 1999 and subsequently of Deloitte in 2002. When Carl retired from the partnership of Deloitte in 2015 he was a vice chairman, senior audit partner and leader of the firm's energy and resources business globally.

Other principal external appointments include non-executive director and chairman of the audit and risk committee of EN+ Group IPJSC, member of the finance and audit committee of the Energy Institute and Board member of the Audit Committee Chairs' Independent Forum. Carl is also a member of the General Synod of the Church of England and is the deputy chairman of the finance committee of The Archbishops' Council.

Carl is also chairman of the Audit Committee and a member of the Remuneration Committee and a member of the Risk Committee.

Farina Khan (Non-Executive Director)

Farina Khan is a Fellow of the Institute of Chartered Accountants Australia and New Zealand. She started her career in 1994 with Coopers & Lybrand, Australia, before returning to Malaysia in 1997 to join PETRONAS, where she held various senior positions. Farina was chief financial officer of PETRONAS Carigali Sdn. Bhd, one of the largest subsidiaries of PETRONAS, with operations in over 20 countries, and has also been Chief Financial Officer at PETRONAS Exploration and Production. From 2013, Farina was the Chief Financial Officer of PETRONAS Chemical Group Berhad, the largest listed entity of PETRONAS. Farina left PETRONAS in 2015 to pursue non-executive opportunities.

Other principal external appointments include members of the boards of the following Malaysian listed companies: PETRONAS Gas Berhad, KLCC Property Holdings Berhad, AMMB Holdings Berhad and Icon Offshore Berhad. Ms. Khan currently sits also on the boards of Ambank Islamic Berhad and KLCC REIT Management Sdn Bhd.

Farina is also a member of the Audit Committee and the Remuneration and Social Responsibility Committee.

Madhavi Koya

Madhavi Koya, known as Rani, has a Bachelor of Science in Engineering Science and a Master of Science in Public Policy and Management from the School of Oriental and African Studies (SOAS). She has more than 20 years' experience working within large multinational, independent and start-up energy companies. These include Shell International, Hess and Tullow and have involved a variety of technical, project management and executive management roles across Europe, Asia, the Americas and Africa. Between 2017 and 2020, Rani was Chief Petroleum Engineer at Tullow. She has led multi-billion dollar projects across the globe from unconventional shales in the US to oil developments in East Africa.

Other principal external appointments include CEO of OGL Geothermal LTd., a geothermal development company focussed on Europe, the Middle East and Africa. Rani is also a Fellow of the Institution of Mechanical Engineers, Trustee for the Oxford Food Hub, Director of South Essex College and the International Women's Forum UK. Ms. Koya is a member of the Technical and Reserves Committee.

Howard Paver (Senior Independent Director)

Howerd Paver holds an MA in Chemical Engineering as well as an MSc in Petroleum Engineering from Imperial College London. He is also a member of the Society of Petroleum Engineers Howard began his professional career as a petroleum engineer at Schlumberger before moving to Mobil and then BHP Petroleum, where he was regional president, Europe, Russia, Africa & Middle East, and before becoming president, global exploration & alliance development. Howard most recently served as SVP, strategy, commercial & business development at Hess, a role he took up in July 2013, having joined the company in 2000 as SVP, north sea/international. Between 2005 and 2013 he held the position of SVP, global new business development. Howard is Chairman of the Remuneration and Social Responsibility Committee and a member of the following committees: Audit Committee, Governance and Nomination Committee and Technical and Reserves Committee.

Liv Monica Stubholt (Non-Executive Director)

Liv Monica has 20 years' experience as a corporate lawyer. She started her career as an attorney, before becoming political advisor to the Centre Party Finance Parliamentary Group. From 1997, she spent two years as a senior advisor to an industry alliance for private ownership, before becoming partner at her original law firm. In 2005, Liv Monica moved back into politics and was Norway's Deputy Minister of Foreign Affairs for two years, followed by two years as Deputy Minister of Petroleum and Energy. Liv Monica re-joined the private sector in 2009 and held fthe Group's top executive industry positions within the Aker Group in Norway, including as EVP in the listed ECP contractor Kværner, before moving back into law.

Other principal external appointments include partner at the Oslo-based law firm, Selmer. Liv Monica also sits on a number of private company boards, industrial boards and academic committees, including as chairperson of Fortum Oslo Varme and Silex Gas Norway.

Liv Monica is also a member of the Audit Committee and the Safety, Climate and Risk Committee.

John Winterman (Non-Executive Director)

John Winterman holds a BSc in geology from Queen Mary College, London University and is a member of the American Association of Petroleum Geologists. John has extensive leadership experience in global exploration, business development and asset management and has a strong record of exploration success globally with over two billion barrels of oil equivalent discovered in the Philippines, Indonesia, Bangladesh, Malaysia, Russia, United States and Yemen. John joined Occidental in 1981 and after a 20+ year technical career, moved into executive roles; these included high-level leadership positions in exploration, new business development and in asset management. John left Occidental in 2013 and since then he has provided strategic advice to international oil and gas companies. Other principal external appointments include Non-executive director of CC Energy. John is Chairman of the Technical and Reserves Committee and a member of the Safety, Climate and Risk Committee.

Committees

Safety, Climate and Risk Committee

The Safety, Climate and Risk Committee undertakes in-depth analysis of specific risks and considers existing and potential new controls, supports the implementation and progression of the Group's Risk Management Framework, reviews the Group's HSEA performance and the effectiveness of its policies and guidelines in managing HSEA risks and reporting, assesses its exposure to managing risks from climate change and reviews actions to mitigate these risks in line with its assessment of other risks and conducts detailed reviews of key non-financial risks not reviewed within the Audit Committee.

The Safety, Climate and Risk Committee currently comprises four members. Namely, Philip Holland (Chairman), Carl Hughes, Liv Monica Stubholt and John Winterman.

Audit Committee

The purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities of oversight and supervision of, among other things:

- monitoring the integrity of the financial statements, including annual and interim reports and any other formal announcement relating to the Company's financial performance;
- monitoring and reviewing the process of audit of the Group's Proven and Probable Reserves by a recognised Competent Person;
- monitoring and reviewing the Company's internal control procedures and risk management systems;
- monitoring and reviewing the effectiveness of the external and internal audit activities;
- making recommendations to the Board, to be put to shareholders for approval, on the appointment, review and removal of external auditors;
- establishing the external auditors' remuneration;
- monitoring external auditors' independence;
- monitoring the policy on external auditors' non-audit services; and
- identifying any matters in respect of which it considers that action or improvement is needed and making recommendations to the Board as to the steps to be taken.

The Audit Committee considers annually how the Group's internal audit requirements shall be satisfied and makes recommendations to the Board accordingly as well as on any area it deems needs improvement or action. The Audit Committee meets at least three times a year at appropriate times in the Group's reporting and audit cycle and more frequently if required.

As required by the UK Corporate Governance Code (the "**Code**"), the Audit Committee is exclusively comprised of Non-Executive Directors. Namely, Carl Hughes (Chairman), Farina Khan, Howard Paver and Liv Monica Stubholt. Liv Monica Stubholt became a member of the Audit Committee on 15 February 2021.

Governance and Nomination Committee

The Governance and Nomination Committee assists the Board in reviewing the functions and make-up of the Board, including reviewing the size, structure and composition of the Board in order to recommend changes to the Board and to ensure the orderly succession of directors, and formalising succession planning and the process for new director appointments.

Membership of the Governance and Nomination Committee is as follows: Martin Houston (Chairman), Howard Paver (Senior Independent Director) and Amjad Bseisu (Chief Executive Officer).

Remuneration and Social Responsibility Committee

The main responsibilities of the Remuneration and Social Responsibility Committee are:

- setting the remuneration policy for the chairman, executive directors and senior directors;
- assessing and determining total compensation packages available to the executive and non executive directors;
- monitoring the remuneration of senior management other than the executive directors whose remuneration it sets;
- making recommendations to the Board for its approval, and that of shareholders, on the design of long-term share incentive plans and making recommendations for the grant of awards to executives under such plans; and
- determining policy and scope for pension rights and any compensation payments and ensuring compliance with the Governance Code in this respect.

The remuneration of the non executive directors is determined by the Chairman and the other executive directors outside the framework of the Remuneration and Social Responsibility Committee.

The Remuneration and Social Responsibility Committee currently comprises three Non-Executive Directors, all of whom are considered independent. Members are Howard Paver (Chairman), Martin Houston and Farina Khan.

Technical and Reserves Committee

The Technical and Reserves Committee was established towards the end of 2019 to provide the Board with additional technical insight when making decisions.

The Technical and Reserves Committee currently consists of the Group's Directors. Members are John Winterman (Chairman), Philip Holland, Martin Houston, Howard Paver.

Senior Managers

The Senior Managers of the Group are:

Name	Position
Bob Davenport	Managing Director, North Sea
Stefan Ricketts	Commercial and Legal Director
Martin Mentiply	Business Development Director

Name	Position
Richard Hall	Managing Director, Global Operations and Developments
Janice Mair	Director of People, Culture and Diversity
Salman Malik	Managing Director, Corporate Development, Infrastructure and New Energy

Profiles of the Senior Managers

The business experience and principal activities of each of the Senior Managers are as follows:

Bob Davenport (Managing Director, North Sea)

Mr. Bob Davenport has a degree in Mineral Engineering and an MBA. He began his early career in 1984 as a field engineer with Schlumberger, then gained broad international experience in petroleum engineering, operations and management with Texaco, Shell, BP and Apache Corporation. In previous roles he has worked in Southeast Asia, the Middle East, Egypt, UK North Sea and the USA Gulf Coast. Prior to joining the Group, Bob served as North Sea operations director for Apache and general manager, Khalda where he led the largest oil and gas producer in Egypt's western desert. He joined the Group in 2015 as Managing Director – Malaysia. In his current role as Managing Director – North Sea, Bob is responsible for delivering sustainable business growth in the UKCS.

Stefan Ricketts (Commercial and Legal Director, Company Secretary)

Mr. Stefan Ricketts joined the Group in 2012. He holds the offices of General Counsel, Company Secretary and Chief Risk Officer and is responsible for all legal and Company secretarial matters and for the Group's Risk Management Framework. Prior to joining us, Mr. Ricketts was a partner at Fulbright & Jaworski, LLP heading its energy and natural resources practice in the Asia-Pacific region. He had previously been general counsel at BG Group plc. Mr. Ricketts, who graduated from the University of Bristol with a degree in Law, began his early career as a solicitor with Herbert Smith LLP, has significant experience as a lawyer and in management working across the energy chain and in all phases of project development and operations. In previous roles he has been based in London, Paris, Dubai, Jakarta, Singapore and Hong Kong. Mr Ricketts will be leaving the organisation later in 2022 to pursue an external opportunity.

Martin Mentiply (Business Development Director)

Mr. Martin Mentiply holds a degree in Chemical Engineering from the University of Edinburgh and a master's degree in Petroleum Engineering from Imperial College. He has over 20 years of broad international oil and gas operator experience. Through his career he has gained significant technical and commercial expertise in field development planning, project execution, reservoir management and investment assurance across the value chain from Upstream through to LNG. He joined the Group in 2016 from BG Group plc, where his most recent role was head of assurance, advising the Board and chief executive on investment decisions. In previous roles he has worked in Indonesia, Egypt, Tunisia and the UK North Sea.

Richard Hall (Managing Director, Global Operations and Developments)

Mr. Richard Hall recently joined the Group at the start of December 2020 and has overall responsibility for the Group's Malaysian business. Mr. Hall was also one of four founders and Operations Director of the service company UWG Ltd (now known as Acteon Group). He also joined Petrofac as Vice President of Operations & Developments and, in addition, became General Manager in Malaysia where he started Petrofac Malaysia. Richard went on to be co-founder and CEO of Malaysia-focused Nio Petroleum, which was acquired by EnQuest in 2012. He previously worked for the Group as part of the Executive Committee as Head of Major Capital Projects and was instrumental in taking Kraken from project concept stage through to production.

Janice Mair (Director of People, Culture and Diversity)

Ms. Janice Mair joined the Group in June 2018 and is responsible for leading the Group's people strategy. Prior to joining the Group, Janice was Head of Human Resources for Repsol Sinopec Resources, previously Talisman Energy UK. Ms. Mair has held leadership positions at BAA plc at Aberdeen and Southampton Airports, as well as in management teams in a variety of other sectors. She holds a master's of law degree in employment law and practice and a bachelor's degree in hospitality management, and is a Fellow of the Chartered Institute of Personnel and Development.

Salman Malik (Managing Director – Corporate Development, Infrastructure and New Energy)

Mr. Salman Malik graduated from the University of Toronto with a degree in Finance and Economics with high distinction. He is also a CFA charter holder with extensive experience in investment management, investment banking and private equity in Canada and the Middle East. Prior to joining the Group in 2013, Salman was a director of private equity and principal investments at Swicorp, a financial firm operating in the Middle East and North Africa, where he served on the board of several portfolio companies and was responsible for acquisitions, post-acquisition management and exits across the energy value chain. Prior to that, Salman held several sell-side positions in the investment banking industry in Canada, primarily focused on the industrial and metals and mining sectors. In his current role, Salman is responsible for the Group's strategy, corporate finance activities, and transaction structuring and execution, including acquisitions and divestments.

It was announced on 24 March 2022 that Jonathan Swinney has notified the Board of Directors of his intention to step down as Chief Financial Officer and Executive Director of the Issuer at a date to be determined in due course. Salman Malik, will succeed Jonathan Swinney as CFO and as an Executive Director upon Jonathan Swinney's departure.

Major Shareholders

So far as the Issuer is aware, the following persons (other than the Directors and Senior Managers) had notifiable interests in three per cent of the issued share capital of the Issuer as of 23 March 2022.

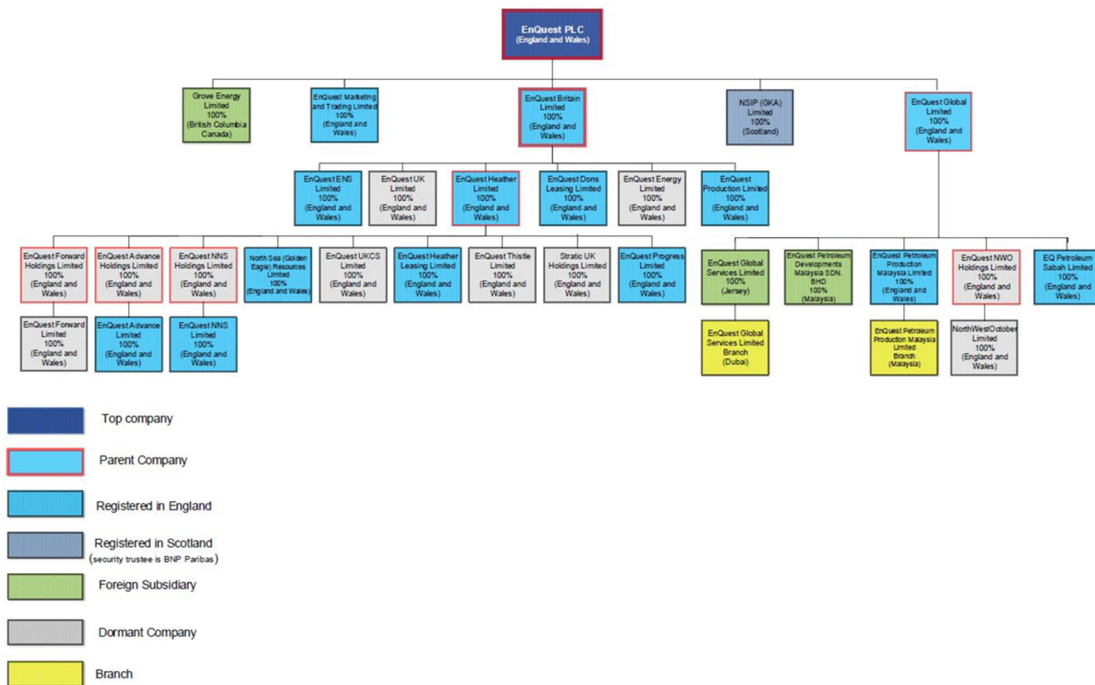
Name of shareholder	Number of shares	Total percentage of shares owned
Bseisu consolidated interests[(1)]	215,823,042	11.44%
Aberforth Partners LLP	156,238,438	8.28%
Baillie Gifford & Co Ltd	111,347,662	5.90%
Schroder Investment Management Ltd	104,271,672	5.53%
Hargreaves Lansdown Asset Management	88,699,742	4.70%
Cobas Asset Management	80,235,468	4.25%
Dimensional Fund Advisors	65,886,272	3.49%
Avanza Fonder AB	55,361,355	2.94%

(1) 188,833,544 shares are held by Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu. 26,812,539 shares are also held by The Amjad & Suha Bseisu Foundation and 176,959 shares are held directly by Amjad Bseisu.

The Issuer is not aware of any person who could exercise, directly or indirectly, jointly or severally, control over the Issuer nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Issuer.

Group Subsidiaries

The Company is the holding Company of the Group and EnQuest Heather Limited is its principal operating company. The significant subsidiaries and subsidiary undertakings of the Company are as follows:



Agreements related to the Group's Assets

UK Upstream

Kraken agreements

The Group acquired its interests in the Kraken development through (a) the acquisition of Canamens Energy North Sea Limited ("**CENSL**") (including its 20% working interest); and (b) the 24 January 2012 farm-in agreement with Nautical Petroleum Limited ("**Nautical PLC**") and Nautical Petroleum AG (together with Nautical Limited, "**Nautical**") for a 25% working interest Further to the CENSL acquisition, the Groupis obligated to indemnify Canamens Limited against all decommissioning liabilities.

Additionally, on 20 December 2013, EnQuest Heather (in its capacity as the Kraken operator) entered into a bareboat charter with the Kraken field owners (as charterers) and Armada Kraken PTE. Ltd. ("**Armada**"). Armada agreed, among other things, to construct, and perform the installation, commissioning and hook-up of, the Kraken FPSO at the Kraken field and thereafter charter the Kraken FPSO to the charterers (including, among others, EnQuest Heather and EnQuest ENS Limited). Interest holders in Kraken are also subject to a joint operating agreement dated 29 September 2006. The Kraken joint operating agreement establishes a joint operating committee to prepare and approve programs, budgets and authorisations for expenditures proposed by the operator. The joint operating committee makes decisions with the affirmative vote of two or more interest holders whose aggregate interests total at least 71%. The Group has a 70.5% interest in Kraken and therefore cannot exercise unilateral control over operations at Kraken.

Magnus agreements

On 24 January 2017 a special purpose vehicle wholly owned by the Group (the **"SPV"**) and BP Exploration Operating Company (**"BPEOC"**) entered into a sale and purchase agreement pursuant to which SPV acquired a 25% interest. Completion of SPV's acquisition of the 25% interests (and transfer of operatorship of the Magnus Assets from BPEOC to SPV) occurred on 1 December 2017. Under the Magnus sale and purchase agreement ("**Magnus SPA**"), BPEOC agreed to be liable for and to indemnify SPV against any decommissioning liabilities arising in respect of any property attributable to the 25% interests in existence before completion under the Magnus SPA and three infill wells which are planned to be drilled as part of the three year work program and budget planned for the Magnus field. SPV agreed to be liable for and to indemnify BPEOC against decommissioning liabilities arising in respect of any property attributable to the 25% interests that comes into existence on or after completion under the Magnus SPA (subject to certain carve-outs which will be treated as existing property). SPV also agreed

to be liable for and to indemnify BPEOC against all environmental liabilities relating to the 25% interests (whether arising before, on or after completion under the Magnus SPA) (subject to certain limited carve outs).

On completion of the Magnus SPA, SPV entered into the Magnus joint operating agreement and certain security documents in relation to the 25% interests. SPV is the operator under the Magnus joint operating agreement ("**Magnus JOA**"). Joint operations under the Magnus JOA are divided into fthe Group's phases. The Magnus JOA establishes a joint operating committee which is responsible for, among other things, approving programmes and budgets submitted to the joint operating committee by the operator. Save for certain reserved matters which require the unanimous approval of all participants entitled to vote (including authorising the operator to prosecute or defend litigation outside the United Kingdom, waiving the notice period for calling a meeting of the joint operating committee, any decision to abandon the joint operations and any matter or decision relating to decommissioning), the joint operating committee may approve decisions in accordance with the Magnus JOA, depending on the phase of the Magnus joint operations.

On 1 December 2018, the Group completed the acquisition from BP of the remaining 75% interest in the Magnus oil field, an additional 9% in the SVT and supply facility and other additional interests in associated infrastructure.

The total consideration for the Magnus acquisition comprised $100.0 million cash consideration and $200.0 million deferred consideration financed by BP plc. With an effective date of 1 January 2017, the deferred consideration was adjusted for the interim period and working capital adjustments, resulting in contingent consideration of $116.5 million as of 1 December 2018. The outstanding amount of deferred consideration was repaid in full in July 2021. The consideration also included a contingent profit sharing arrangement whereby the Group and BP plc share the net cash flow generated by the 75% on a 50:50 basis, subject to a cap of $1 billion received by BP plc.

Golden Eagle Area Development agreements

On 4 February 2021, the Group entered into an agreement with Suncor Energy UK Limited (**"Suncor"**) to purchase Suncor's entire 26.7% non-operated equity interest in the Golden Eagle Development Area. The acquisition of Golden Eagle was completed on 22 October 2021.

Interest holders in the Golden Eagle Area Development are subject to a joint operating agreement dated 31 October 2011 and the amendment agreements thereto. The Golden Eagle Area Development joint operating agreement established an operating committee to prepare and approve all programs, budgets and expenditures proposed by the operator. The joint operating committee makes decisions and authorisations for expenditures of at least two parties whose interests total more than 60% (with certain reserved matters with a passmark of 85%). The Group have a 26.7% interest in the Golden Eagle Area Development.

Greater Kittiwake Area agreements

On 21 October 2013, the Group entered into an agreement with Centrica North Sea Oil Limited to acquire its 50% working interest in each of the Kittiwake, Mallard, Goosander, Gadwall and Grouse fields in the Greater Kittiwake Area. The agreement also includes a 50% interest in the Duck and Eagle prospect. The acquisition of the Greater Kittiwake Area assets was closed on 1 March 2014.

Interest holders in the Greater Kittiwake Area are subject to a joint operating agreement dated 12 January 2004 and the amendment agreements thereto. The Greater Kittiwake Area joint operating agreement establishes a joint operating committee to prepare and approve programs, budgets and authorisations for expenditures proposed by the operator. The joint operating committee makes decisions with the affirmative vote of two or more interest holders whose aggregate interests total more than 75%. The Group has a 50% interest in the Greater Kittiwake Area and therefore cannot exercise unilateral control over operations at the Greater Kittiwake Area.

Alba agreements

Interest holders in Alba are subject to a joint operating agreement dated 10 October 1990. Chevron is the appointed operator under the agreement. The agreement establishes an operating committee that approves all production, development, exploratory and decommissioning operations plans. As an interest

holder under the agreement, the Group has the right and obligation to take in kind and separately dispose of its percentage interest share in the total quantities of produced oil. The operator may make monthly cash calls in pounds sterling and dollars. The operator is also not liable to any interest holders for any act or omission in conducting field operations, unless such act or omission was the result of reckless or willful misconduct on the part of the operator.

Bressay Oil Field agreement

On 30 July 2020, EnQuest Heather entered into a sale and purchase agreement with Equinor UK Limited ("**Equinor**") to purchase a 40.81% operating interest in the Bressay oil field, which was completed in January 2021. The initial consideration paid pursuant to the Bressay oil field agreement was: (i) $1 which was deemed paid at the date of the Bressay oil field agreement; (ii) £2.2 million payable as a carry against 50.0% of Equinor's net share of costs from completion; and (iii) subject to certain conditions, an additional $30.0 million.

EnQuest Heather has certain obligations to indemnify Equinor including:

(i) if Equinor incurs any obligations after the date which completion under the Bressay oil field agreement Occurs, EnQuest Heather shall reimburse Equinor in respect thereof; and

(ii) if EnQuest Heather accrued any benefits prior to the date which completion under the Bressay oil field agreement occurs, EnQuest Heather shall reimburse Equinor in respect thereof.

Malaysia

PM8/Seligi agreements

On 13 June 2014, EPPML entered into a sale and purchase agreement for the purchase of ExxonMobil's 50% interest in the Seligi field and its 80% interest in the PM8 field, offshore Malaysia (although EPPML's interest in the PM8 field reduced to 50% from 1 July 2014 pursuant to the joint operating agreement). EPPML also agreed to purchase ExxonMobil's 50% interest in the gas rights available for sale from the PM8 producing fields. Pending completion of the acquisition, ExxonMobil agreed to provide EPPML with transitional services to continue operating PM8 and Seligi until 15 December 2014, following which EPPML took over full operatorship from ExxonMobil. EPDM agreed to pay upfront cash consideration of $67 million for the interests.

EPPML's interest in the PM8 and Seligi fields is held pursuant to a production sharing contract with PETRONAS Carigali Sdn Bhd, E&P Malaysia Venture Sdn Bhd (as contractors) and PETRONAS dated 10 December 2014 (the **"PM8/Seligi PSC"**). Under the PM8/Seligi PSC, EPPML, as the appointed operator, is required to perform petroleum operations in accordance with an annual work programme and budget which is approved by PETRONAS. The PM8/Seligi PSC establishes an operations committee for the purposes of managing operations and approving the work programme and budget. Revenues from production under the PM8/Seligi PSC are firstly set aside for payments to the Malaysian state and then applied to the contractor's cost recovery, both up to a specified percentage. The additional revenues are divided based on a contractor's profitability. EPPML's profitability is determined using the R/C index. The R/C index is the ratio of contractor's cumulative revenue over contractor's cumulative costs. Under the PM8/Seligi PSC, EPPML, as a contractor, gets a higher share of production when its profitability is low and PETRONAS' share of production increases when EPPML's contractor's profitability increases.

The contractors are required to pay annual decommissioning fees to PETRONAS based on annual production, estimated cost and estimated remaining production, which is cost recoverable, and also to facilitate the decommissioning of the facilities in accordance with an agreed programme and budget approved by PETRONAS. The PM8/Seligi PSC expires on 31 March 2033.

EPPML entered into a joint operating agreement on 10 December 2014 in respect of PM8/Seligi. From 1 July 2014 onwards, participating interests are held: 50% by EPDM, 40% by PETRONAS Carigali Sdn Bhd and 10% by E&P Malaysia Venture Sdn Bhd. The role of operator is assigned to EPPML (the **"PM8/Seligi JOA"**). The agreement establishes a management committee charged with the supervision and direction of operations and approving work programmes and budgets. The management committee makes decisions with the affirmative vote of two or more interest holders (who are not related companies) whose aggregate interests total at least 65%. As EPPML has a 50% interest, it cannot exercise unilateral control over operations. Pursuant to this agreement, and a subsequent extension, EPPML agreed to bear

all costs of the interest holders (of at least $12 million) between 16 June 2014 and 26 June 2017 in relation to drilling one exploration well or one appraisal well.

PM409 agreements

On 3 December 2019, EPPML entered into a Production Sharing Contract (PSC) with PETRONAS Carigali Sdn Bhd, each as PSC Contractors, and PETRONAS for the exploration, development and production of Block PM409, Malaysia for a period of 28 years. Pursuant to the PSC and the Joint Operating Agreement (JOA) signed with PETRONAS Carigali Sdn Bhd, the interests of the PSC Contractors are 85% held by EPPML and 15% held by PETRONAS Carigali Sdn Bhd. EPPML is the appointed operator to manage the petroleum operations of the area. PSC imposes contractual obligation upon the PSC Contractors to complete a minimum work commitment to drill one (1) wildcat well with depth of not less than 2100 metres and to review the hydrocarbon potential and prospects of the PM409 area, at a total spend of at least $7.7 million, all of which are to be completed before the expiry of the 4 years exploration period i.e. by December 2023. Failure to find any Crude Oil of a commercial quantity or to make a discovery of non-associated gas within the exploration period shall render the PM409 area to be relinquished to PETRONAS, unless PETRONAS approves of any extension to the same.

UK Decommissioning

Heather/Broom agreements

EnQuest Heather Limited's decommissioning liability in respect of the Heather field is 37.5% (correlating to its ownership interest), save that EnQuest Heather Limited has 100.0% decommissioning liability for all material decommissioning costs over and above those which would have been incurred had decommissioning been carried out on 1 October 1999.

On 22 December 2014, a decommissioning security agreement in respect of the Heather field was entered into whereby the decommissioning obligations of the owners of the Heather field are regulated and which includes an obligation on each party thereto to provide security in respect of their respective decommissioning obligations. The cessation of production application for the Heather field was accepted by the regulator in March 2021. EnQuest Heather Limited remains the operator of the Heather Field.

EnQuest Heather Limited's decommissioning liability in respect of the Broom Field is 63.0% (correlating to its ownership interest).

On 28 June 2018, a decommissioning security agreement in respect of the Broom field was entered into whereby the decommissioning obligations of owners of the Broom field are regulated and which includes an obligation on each party thereto to provide security in respect of their respective decommissioning obligations. The cessation of production application for the Broom field was accepted by the regulator in March 2021. EnQuest Heather Limited remains the operator of the Broom field.

Thistle/Deveron agreements

On 1 January 2003, Dunlin Thistle Limited (now EnQuest Thistle Limited), acquired from Britoil Public Limited Company ("**Britoil**") and Conoco (U.K.) Limited (now Chrysaor Production (U.K.) Limited) ("**Chrysaor**"), *inter alia* a 99% interest in the Thistle and Deveron fields (the "**Thistle Interests**"). The Thistle Interests were later transferred to EnQuest Heather Limited. On 25 March 2021, the Thistle Interests were re-transferred to Britoil and Chrysaor but EnQuest Heather Limited retained operatorship of both fields and continues to be so.

Pursuant to the terms of the decommissioning liability agreement dated 1 January 2003 (as amended on 9 December 2020 moving the decommissioning obligations to a post-tax basis), EnQuest Heather Limited's decommissioning liability in respect of the Thistle and Deveron Fields is 0% save that EnQuest Heather Limited has 99% decommissioning liability for property installed between 1 January 2003 and 25 March 2021. Each of Britoil and Chrysaor are required to provide security for their respective decommissioning obligations. EnQuest Heather Limited is obliged to provide security for its decommissioning obligations to the extent that these are in excess of £5 million. EnQuest Heather Limited is liable to reimburse Britoil for 7.5% of its share of decommissioning costs relating to the Thistle and Deveron fields, which equates to 6.1% of the gross decommissioning costs.

The cessation of production application for the Thistle and Deveron fields was accepted by the regulator.

Alma/Galia agreements

EnQuest Heather Limited's decommissioning liability in respect of the Alma and Galia fields is 65% (correlating to its ownership interest).

On 2 February 2021, a decommissioning security agreement in respect of the Alma and Galia fields was entered into whereby the decommissioning obligations of the owners of the Alma and Galia fields are regulated and which includes an obligation on each party thereto to provide security in respect of their respective decommissioning obligations. The cessation of production application for the Alma and Galia fields was accepted by the regulator with a cessation of production date of June 2020.

Don fields agreements

EnQuest Heather Limited's decommissioning liability in respect of the Don fields is as follows:

- Ythan field – 60% (correlating to its ownership interest);
- Don Southwest & Conrie fields – 60% (correlating to its ownership interest); and
- West Don field – 78.6% (correlating to its ownership interest).

On 30 September 2020, a decommissioning security agreement in respect of each of the Don fields were entered into whereby the decommissioning obligations of the owners of the Don fields are regulated and includes an obligation on each party thereto to provide security in respect of their respective decommissioning obligations.

The cessation of production application for the Don fields was accepted by the regulator with a cessation of production date of March 2021. EnQuest Heather Limited remains the operator of the Don fields.

Infrastructure and New Energy

Sullom Voe Terminal agreements

EnQuest Heather Limited is a party to the amended Sullom Voe Terminal operating agreement dated 17 December 2019 (the "**Amended SVTOA**"), which amended and restated the original Sullom Voe Terminal operating agreement dated 21 April 1999. The Amended SVTOA governs the rights and obligations in relation to the ownership and management of SVT, including the procedure for managing capacity in SVT, the procedures for allocating oil and gas produced at SVT, decommissioning responsibilities and the negotiation of tariff agreements.

The Amended SVTOA establishes a terminal management committee to, among other things, consider and approve programmes, budgets and authorisations for expenditure. A majority of the decisions of the terminal management committee are made by an affirmative vote of at least 25% of the total SVT owners whose aggregate equity in SVT amounts to at least 70%. However, there are some decisions which require a higher threshold. Decisions to approve authorisation for expenditure in excess of £2 million requires an affirmative vote of 85% of all SVT owners. Decisions relating to decommissioning and the removal of the SVT operator without cause require an affirmative vote of at least 95% of all SVT owners. In addition, decisions including those relating to the disclosure of information outside of the confidentiality provisions, entering into agreements relating to tariffed production (which requires approval from all participating owners), the amendment of terminal regulations and the amendment of associated agreements requires unanimous approval. EnQuest Heather Limited has 13.0%% interests in SVT and thus cannot exercise unilateral or negative control over operations at SVT, unless the decision requires unanimity.

The SVT operator is EnQuest Heather Limited. Subject to the overall supervision of the terminal management committee, the operator has the exclusive right to carry out all operations and activities relating to the operation, maintenance and decommissioning of SVT and receives a small management fee for providing its services, in addition to amounts received from SVT owners to meet operating costs. The SVT operator is also responsible for the negotiation of all tariff agreements, on behalf of the SVT owners, with non-SVT owner third parties wishing to deliver production to SVT.

The Amended SVTOA will terminate on the earliest of (i) 24:00 the Group's on 31 August 2025; (ii) the date on which operations of SVT permanently cease; and (iii) the date with effect from which the owners unanimously agree to terminate the agreement.

Credit Ratings

As at the date of this Exchange Offer Memorandum and Prospectus, the Issuer has been assigned the following debt ratings by the following credit rating agencies:

- Moody's: B3
- S&P: B-

DESCRIPTION OF THE GUARANTORS

EnQuest Britain Limited ("EBL")

Overview

EBL was incorporated in England and Wales on 8 September 1998 under the name Intercede 1359 Limited as a private company limited by shares with company registration number 3628497. On 10 December 1998, it changed its name to DNO Britain Limited and on 20 February 2004 to Lundin Britain Limited. On 13 May 2010, EBL changed its name to its current name. EBL is governed by the Companies Act 2006. Its registered office is Cunard House 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom. EBL's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

As set out in clause 3 of EBL's memorandum of association, the objects and purposes of EBL are to, amongst others, carry on any trade or business which can in the opinion of the board of directors be advantageously carried on in connection with or ancillary to any of the businesses of EBL and to advance or lend money with or without security and to guarantee the performance of the contracts or obligations or the repayment of capital, principal, interest or premiums payable on any securities or debentures of any company.

EBL's principal activity is to act at a holding company of the Group and to provide manpower and contracting and procurement services. EBL is an intermediate holding company for the Group and its wholly owned UK oil and gas exploration and production subsidiaries. EBL is also the Group's finance company acting as centralised lender and deposit taker as well as providing all treasure and risk management service to the Group.

EBL is a wholly owned subsidiary of the Issuer. EBL is the sole shareholder of three of the Guarantors, EnQuest ENS Limited, EnQuest Heather Limited and EnQuest Production Limited. In addition, EBL holds direct or indirect investments in the following companies: EnQuest UK Limited, EnQuest Dons Leasing Limited, EnQuest Energy Limited, EnQuest Forward Holdings Limited, EnQuest Advance Holdings Limited, EnQuest NNS Holdings Limited, North Sea (Golden Eagle) Resources Ltd, EnQuest UKCS Limited, EnQuest Heather Leasing Limited, EnQuest Thistle Limited, Stratic Holdings Limited, EnQuest Progress Limited, EnQuest Forward Limited, EnQuest Advance Limited and EnQuest NNS Limited.

The issued share capital of EBL amounts to £15,211,604.00 divided into 15,211,604 ordinary shares of £1.00 each.

EBL's LEI is 213800PLY3IRUZLMNX80.

Administration and Management

The directors of EBL and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Neill Michael Hamilton	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd
Andrew Forbes Steele	Director	

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EBL by its directors and their private interests or other duties.

Corporate Governance

EBL complies with the corporate governance regime applicable under the laws of England and Wales. EBL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

EnQuest ENS Limited ("EEL")

Overview

EEL was originally incorporated in England and Wales on 29 October 2007 under the name Canamens Energy North Sea Limited as a private company limited by shares with company registration number 6411750. On 10 February 2012, it changed its name to its current name. EEL is governed by the Companies Act 2006. Its registered office is Cunard House 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom. EEL's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

As set out in clause 3 of its memorandum of association, the objects of EEL are, amongst others, to carry on business as a general commercial company and to do all such things as are incidental or conducive to the carrying on of any trade or business; and to lend money to any company and to give all kinds of indemnities and either with or without the company receiving any consideration for giving any such guarantee.

EEL's principal activity is the exploration, extraction and production of hydrocarbons. The company identifies, acquires and subsequently exploits oil and gas reserves primarily in North Sea.

EEL is a wholly owned subsidiary of EnQuest Britain Limited. The Issuer is its ultimate parent company.

The issued share capital of EEL amounts to £100 divided into 100 ordinary shares of £1.00 each.

EEL's LEI is 213800MQLJCJMCD7EC08.

Administration and Management

The directors of EEL and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Neill Michael Hamilton	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd
Andrew Forbes Steele	Director	

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EEL by its directors and their private interests or other duties.

Corporate Governance

EEL complies with the corporate governance regime applicable under the laws of England and Wales. EEL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

EnQuest Global Limited ("EGL")

Overview

EGL was incorporated in England and Wales on 10 April 2013 as a private company limited by shares with company registration number 8482753. EGL is governed by the Companies Act 2006. Its registered office is Cunard House, 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom. EGL's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

The company's objects are unrestricted. EGL is an intermediate holding company for the Group. The Issuer is the immediate and ultimate parent company of EGL. EGL is the sole shareholder of 3 of the Guarantors, EnQuest Petroleum Developments Malaysia SDN. BHD, EnQuest Petroleum Production Malaysia Limited (England and Wales), EQ Petroleum Sabah Limited. In addition, EGL has investment in the following subsidiaries: EnQuest Global Services Limited, EnQuest NWO Limited, EnQuest Global Services Limited, EnQuest Petroleum Production Malaysia Limited (Malaysia branch) and NorthWestOctober Limited.

The issued share capital of EGL amounts to £42,193,600 divided into 42,193,600 ordinary shares of £1.00 each.

EGL's LEI is 213800OG97FXIW4EH754.

Administration and Management

The directors of EGL and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Salman Malik	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd
Ian David Wood	Director	

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EGL by its directors and their private interests or other duties.

Corporate Governance

EGL complies with the corporate governance regime applicable under the laws of England and Wales. EGL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

EnQuest Heather Leasing Limited ("EHLL")

Overview

EHLL was incorporated in England and Wales on 15 November 2011 as a private company limited by shares with company registration number 07848449. EHLL is governed by the Companies Act 2006. Its registered office is Cunard House 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom. EHLL's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

The company's objects are unrestricted. EHLL's principal activity is to act as a leasing entity for the Group. EHLL is a wholly owned subsidiary of EnQuest Heather Limited. The Issuer is the ultimate parent company.

The issued share capital of EHLL amounts to £100 divided into 100 ordinary shares of £1.00 each.

EHLL's LEI is 2138006U7OBNWOVTOR94.

Administration and Management

The directors of EHLL and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Neill Michael Hamilton	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd
Andrew Forbes Steele	Director	

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EHLL by its directors and their private interests or other duties.

Corporate Governance

EHLL complies with the corporate governance regime applicable under the laws of England and Wales. EHLL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

EnQuest Heather Limited ("EHL")

Overview

EHL was incorporated in England and Wales on 21 September 1992 under the name Yearnrare Limited as a private company limited by shares with company registration number 02748866. On 9 December 1992, EHL changed its name to Unocal Britain Limited. On 2 July 1997, it changed its name to DNO Heather Limited and on 20 February 2004 to Lundin Heather Limited. On 6 May 2010, the company adopted its current name. EHL is governed by the Companies Act 2006. Its registered office is Cunard House, 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom. EHL's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

As set out in clause 3 of its memorandum of association, the object of the company is to carry on business as a general commercial company and, amongst others, to enter into guarantees, contracts of indemnity and suretyships of all kinds and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any company.

The principal activity of EHL is exploration, extraction and production of hydrocarbons in the UK. EHL has investment in the following subsidiaries: EnQuest Forward Holdings Limited, EnQuest Advance Holdings Limited, EnQuest NNS Holdings Limited, North Sea (Golden Eagle) Resources Ltd, EnQuest UKCS Limited, EnQuest Heather Leasing Limited, EnQuest Thistle Limited, Stratic UK Holdings Limited, EnQuest Progress Limited, EnQuest Forward Limited, EnQuest Advance Limited and EnQuest NNS Limited. The Issuer is the ultimate parent company.

The issued share capital of EHL is £9,705,000 divided into 9,705,000 ordinary shares of £1.00 each.

EHL's LEI is 213800PP8O8ZWV6MYA62.

Administration and Management

The directors of EHL and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Neill Michael Hamilton	Director	
Martin James Mentiply	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd
Andrew Forbes Steele	Director	

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EHL by its directors and their private interests or other duties.

Corporate Governance

EHL complies with the corporate governance regime applicable under the laws of England and Wales. EHL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

EnQuest NWO Limited ("ENL")

Overview

ENL was incorporated in England and Wales on 22 April 2013 as a private company limited by shares with company registration number 08497436. ENL is governed by the Companies Act 2006. Its registered office is Cunard House, 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom. ENL's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

The company's objects are unrestricted. ENL's principal activity is a dormant company.

EnQuest Global Limited is the immediate parent company of ENL. The Issuer is the ultimate parent company.

The issued share capital of ENL amounts to £100 divided into 100 ordinary shares of £1.00 each.

ENL's LEI is 2138007I14B7LXUTXZ88.

Administration and Management

The directors of ENL and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Neill Michael Hamilton	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd
Ian David Wood	Director	

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to ENL by its directors and their private interests or other duties.

Corporate Governance

ENL complies with the corporate governance regime applicable under the laws of England and Wales. ENL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

EQ Petroleum Sabah Ltd ("EPSL")

Overview

EPSL was originally incorporated in England and Wales on 1 April 2010 under the name NIO Petroleum (Sabah) Limited as a private company limited by shares with company registration number 07211014. On 24 March 2014, EPSL changed its name to EQ Malaysia Ltd. On 2 July 2014, EPSL changed its name to EPSL. EPSL is governed by the Companies Act 2006. Its registered office is 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR, United Kingdom. EPSL's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

The company's objects are unrestricted. EPSL's principal activity is exploration, extraction and production of hydrocarbons in the United Kingdom. EPSL is a wholly owned subsidiary of EnQuest Global Limited, another Guarantor. The Issuer is the ultimate parent company.

The issued share capital of EPSL amounts to £1.00 (one ordinary share of £1.00) and $4,250,000 (divided into 4,250,000 ordinary shares of US$1.00 each).

EPSL's LEI is 213800LGGM6EM5O65398.

Administration and Management

The directors of EPSL and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Neill Michael Hamilton	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd
Ian David Wood	Director	

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EPSL by its directors and their private interests or other duties.

Corporate Governance

EPSL complies with the corporate governance regime applicable under the laws of England and Wales. EPSL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

EnQuest Production Limited ("EPL")

Overview

EPL was originally incorporated in England and Wales on 4 August 1971 under the name Unilon Oil Explorations Limited as a private limited company by shares with company registration number 1019831. On 10 June 2005, EPL changed its name to Cieco Energy (UKCS) Limited. On 27 March 2013, EPL changes its name to EPL. EPL is governed by the Companies Act 2006. Its registered office is 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR, United Kingdom. EPL's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

The company's objects are unrestricted. EPL's principal activity is exploration, extraction and production of hydrocarbons in the United Kingdom. EPL is a wholly owned subsidiary of EBL, another Guarantor. The Issuer is the ultimate parent company.

The issued share capital of EPL amounts to £1,000,100.00 divided into 1,000,100 ordinary shares of £1.00 each.

EPL's LEI is 213800KR5MJ9PLRCDG92.

Administration and Management

The directors of EPL and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Neill Michael Hamilton	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd
Andrew Forbes Steele	Director	

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EPL by its directors and their private interests or other duties.

Corporate Governance

EPL complies with the corporate governance regime applicable under the laws of England and Wales. EPL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

EnQuest Petroleum Production Malaysia Limited ("EPPML")

Overview

EPPML was originally incorporated in England and Wales on 22 April 2013 under the name EnQuest Egypt Limited as a private company limited by shares with company registration number 8497369. On 7 August 2013 it changed its name to EnQuest Malaysia Limited and on 09 May 2014 it changed its name to EQ Petroleum Production Malaysia Ltd. On 10 August 2017, it changed its name to EPPML. EPPML is governed by the Companies Act 2006. Its registered office is 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR, United Kingdom. EPPML's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

The company's objects are unrestricted. EPPML's principal activity is exploration, extraction and production of hydrocarbons in Malaysia. EPPML is a wholly owned subsidiary of EGL. The Issuer is the ultimate parent company.

The issued share capital of EPPML amounts to £6,250,100.00 divided into 6,250,100 ordinary shares of £1.00 each.

EPPML's LEI is 213800DC5XWV3NHP2962.

Administration and Management

The directors of EPPML and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Richard Patrick Hall	Director	
Salman Malik	Director	
Ahmed Radzif	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EPPML by its directors and their private interests or other duties.

Corporate Governance

EPPML complies with the corporate governance regime applicable under the laws of England and Wales. EPPML falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

NSIP (GKA) Limited ("NSIP")

Overview

NSIP was incorporated in Scotland on 11 May 2006 under the name Mountwest 675 Limited as a private company limited by shares with company registration number SC302185. On 23 May 2006 it changed its name to Venture Production Infrastructure Limited, and on 12 October 2006 it changed its name to NSIP. NSIP is governed by the Companies Act 2006. Its registered office is Annan House, 33 -35 Palmerston Road, Aberdeen, Scotland, AB11 5QP NSIP's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

The company's objects are unrestricted. NSIP's principal activity is construction, ownership and operation of an oil pipeline. NSIP is a wholly owned subsidiary of the Issuer, and BNP Paribas is security trustee.

The issued share capital of NSIP amounts to £1.00 divided into one ordinary share of £1.00 each.

NSIP's LEI is 2138003B3C97VTDJMT27.

Administration and Management

The directors of NSIP and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Neill Michael Hamilton	Director	
William Lewis Edmund Nott	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd
Andrew Forbes Steele	Director	

The business address of the directors is Annan House, 33 -35 Palmerston Road, Aberdeen, Scotland, AB11 5QP. No potential conflicts of interest exist between any duties owed to NSIP by its directors and their private interests or other duties.

Corporate Governance

NSIP complies with the corporate governance regime applicable under the laws of England and Wales. NSIP falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

EnQuest Marketing and Trading Limited ("EMTL")

Overview

EMTL was originally incorporated in England and Wales on 12 November 2014 under the name EMTL as a private company limited by shares with company registration number 09306755. EMTL is governed by the Companies Act 2006. Its registered office is 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR, United Kingdom. EMTL's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

The company's objects are unrestricted. EMTL's principal activity is the marketing and trading of crude oil. EPSL is a wholly owned subsidiary of the Issuer.

The issued share capital of EMTL amounts to US$100.00 divided into 100 ordinary shares of US$1.00 each.

EMTL's LEI is 213800AVDAIW1CNRNZ14.

Administration and Management

The directors of EMTL and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Russell Anthony Wall	Director	
Ian David Wood	Director	

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EMTL by its directors and their private interests or other duties.

Corporate Governance

EMTL complies with the corporate governance regime applicable under the laws of England and Wales. EMTL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

EnQuest Petroleum Developments Malaysia Sdn Bhd ("EPDM")

Overview

EPDM was originally incorporated in Malaysia on 28 August 2013 under the name EQ Petroleum Developments Malaysia Sdn. Bhd as a private company limited by shares with company registration number 201301030022 (1059852M). On 8 September 2017, it changed its name to EPDM. EPDM is governed by the Malaysian Companies Act 2016. Its registered office is 10th Floor, Menara Hap Seng No 1 & 3, Jalan P Ramlee, 50250 Kuala Lumpur. EPDM's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

EPDM's objects are unrestricted in its articles and its principal activity is exploration, extraction and production of hydrocarbons. EPDM is a wholly owned subsidiary of EGL. The Issuer is the ultimate parent company.

The issued share capital of EPDM amounts to Malaysian ringgit 500,000.00 (divided into 500,000 ordinary shares of Malaysian ringgit 1.00 each). EPDM's LEI is 2138003GRQE9HAORS770.

Administration and Management

The directors of EPDM and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Richard Patrick Hall	Director	
Ahmed Radzif Bin PM Mustafa Kamal	Director	
Nasriyah Binti Abdul Rahman	Director	
Salman Malik	Director	

The business address of the directors is 10th Floor, Menara Hap Seng No 1 & 3, Jalan P Ramlee, 50250 Kuala Lumpur. No potential conflicts of interest exist between any duties owed to EPDM by its directors and their private interests or other duties.

Corporate Governance

EPDM complies with the corporate governance regime applicable under the laws of England and Wales. EPDM falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

EnQuest Advance Limited ("EAL")

Overview

EAL was originally incorporated in England and Wales on 6 June 2018 under the name EAL as a private company limited by shares with company registration number 11400797. EAL is governed by the Companies Act 2006. Its registered office is 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR, United Kingdom. EAL's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

The company's objects are unrestricted. EAL's principal activity is exploration, extraction and production of hydrocarbons. EAL is a subsidiary of EAHL, which is subsidiary of EHL. EHL is a subsidiary of EBL and the Issuer is the ultimate parent company.

The issued share capital of EAL amounts to £100.00 divided into 100 ordinary shares of £1.00 each.

EAL's LEI is 213800ONK6LO2J7YXQ95.

Administration and Management

The directors of EAL and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Neill Michael Hamilton	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd
Andrew Forbes Steele	Director	

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EAL by its directors and their private interests or other duties.

Corporate Governance

EAL complies with the corporate governance regime applicable under the laws of England and Wales. EAL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

EnQuest Advance Holdings Limited ("EAHL")

Overview

EAHL was originally incorporated in England and Wales on 5 June 21018 under the name EAHL as a private company limited by shares with company registration number 11398848. EAHL is governed by the Companies Act 2006. Its registered office is 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR, United Kingdom. EAHL's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

The company's objects are unrestricted. EAHL's principal activity is a dormant holding company. EAHL is a subsidiary of EHL, which is a subsidiary of EBL. The Issuer is the ultimate parent company.

The issued share capital of EAHL amounts to £100.00 divided into 100 ordinary shares of £1.00 each.

EAHL's LEI is 213800MZVMYV41C8QY69.

Administration and Management

The directors of EAHL and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Neill Michael Hamilton	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd
Andrew Forbes Steele	Director	

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EAHL by its directors and their private interests or other duties.

Corporate Governance

EAHL complies with the corporate governance regime applicable under the laws of England and Wales. EAHL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

North Sea (Golden Eagle) Resources Ltd ("NSGE")

Overview

NSGE was originally incorporated in England and Wales on 21 January 2021 under the name NSGE as a private company limited by shares with company registration number 13148646. NSGE is governed by the Companies Act 2006. Its registered office is 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR, United Kingdom. NSGE's website is www.enquest.com and its telephone number is +44 (0)20 7925 4900.

The company's objects are unrestricted. NSGE's principal activity is the exploration, extraction and production of hydrocarbons. NSGE is a subsidiary of EHL, and EHL is a subsidiary of EBL. The Issuer is the ultimate parent company.

The issued share capital of NSGE amounts to £1,300,100.00 divided into 1,300,100 ordinary shares of £1.00 each.

NGSE's LEI is 9845001QAJ76B5DL9621.

Administration and Management

The directors of EAHL and their significant principal outside activities are as follows:

Name	Position held	Significant principal outside activities
Neill Michael Hamilton	Director	
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited Cloud 9 Holdings Ltd
Andrew Forbes Steele	Director	

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to NSGE by its directors and their private interests or other duties.

Corporate Governance

NSGE complies with the corporate governance regime applicable under the laws of England and Wales. NSGE falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

RBL Facility

Overview

The Issuer and certain of its subsidiaries have entered into an up to $750.0 million senior secured revolving borrowing base facility agreement on 10 June 2021 as amended on 29 November 2021 (the "**RBL**"). The RBL may be utilised in US dollars or pounds sterling by drawing of cash advances or by issuances of letters of credit for general corporate purposes of the Group.

BNP Paribas is the facility agent, security agent and fronting bank for letters of credit. The lenders under the RBL Facility are BNP Paribas, DNB (UK) Limited, Bank of America, N.A., London Branch, JPMorgan Chase Bank, N.A., London Branch, Deutsche Bank AG, Amsterdam Branch, Sculptor Investments IV S.á r.l., Mercuria Energy Trading SA, Arvo Investment Holdings S.á r.l. and Ritastar Limited (together, the **"RBL Lenders"**).

Borrowers and guarantors

Each of the following companies is both a borrower under the RBL (a "**RBL Borrower**") and guarantor under the RBL (a "**RBL Guarantor**"): the Issuer, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest ENS Limited, EnQuest Britain Limited, EQ Petroleum Sabah Ltd, EnQuest Production Limited, EnQuest NWO Limited, EnQuest Global Limited, EnQuest Advance Limited, EnQuest Petroleum Production Malaysia Ltd and North Sea (Golden Eagle) Resources Limited.

Each of the following companies is a RBL Guarantor but not a RBL Borrower: NSIP (GKA) Limited, EnQuest Marketing and Trading Limited, EnQuest Petroleum Developments Malaysia Sdn Bhd and EnQuest Advance Holdings Limited.

A mechanism is included in the RBL to enable certain of the Company's subsidiaries to accede as additional borrowers or additional guarantors with respect to the RBL, subject to certain conditions.

Security

The RBL is secured by way of a composite debenture between all obligors under the RBL and the security agent incorporating: (i) a share charge over the shares of each obligor other than the Issuer; (ii) a floating charge over the assets of each obligor (including over the interest in relevant licenses for each Borrowing Base Asset (as defined below)), with a carve out for EnQuest Petroleum Production Malaysia Limited where it is not permitted to charge its interest under any production sharing contracts it has entered into; and (iii) security over hedging agreements, intra-group loans, project accounts (including the letter of credit cash collateral account) and the deed dated 3 February 2021 between Suncor Energy UK Limited and EnQuest Heather Limited granting put and call options over the entire issued share capital of the private limited company named North Sea (Golden Eagle) Resources Ltd (the **"Call Option Deed"**).

Second-ranking security has been granted to secure the RBL Borrowers' counter-indemnity obligations to their decommissioning surety bond providers, ranking junior to the RBL security. The RBL agent has entered into an intercreditor agreement with, among others, the surety bond providers and the Company to regulate these security arrangements.

Guarantees

Each of the RBL Guarantors has (among other things) provided a guarantee of all amounts payable to the Finance Parties (as defined in the RBL) by any RBL Borrower in connection with the RBL.

Commitments and additional commitments

The committed facility amount at the date of this Exchange Offer Memorandum and Prospectus is $494.7 million. There is an accordion option, such that the Company can increase commitments by an amount of up to $200.0 million on no more than three occasions.

There is a sublimit for drawings under the RBL in the form of letters of credit of $150.0 million.

Funds can only be drawn under the RBL to a maximum amount of the lesser of (i) the total commitments and (ii) the Borrowing Base Amount.

"**Borrowing Base Amount**" means the amount calculated at each redetermination date falling in June and December in each year as the lower of:

- the net present value (the "**NPV**") of cash flow available for debt service ("**CFADS**") from the Borrowing Base Assets over the field life, divided by a field life cover ratio of 1.50x; and
- NPV of CFADS from Borrowing Base Assets over the remaining loan life, divided by a loan life cover ratio ("**LLCR**") of 1.30x),

plus:

- a capex add back amount (being the forecast capital expenditure on the Borrowing Base Assets for the next 12 months, which is added back to the NPV of CFADS prior to applying both ratios); and
- the add-back to the CFADS of the amount of cash held in the letter of credit cash collateral account with regard to letters of credit equal to the projected abandonment expenditure for any Borrowing Base Asset only in the year(s) the abandonment expenditure ("**Abex**") guaranteed by such cash collateral is deemed to occur (capped at the relevant Abex amount, and if less than the full amount, pro-rated over the years that such Abex is deemed to be spent).

Conditions to drawdown

The RBL Lenders are only obliged to advance loans and the fronting bank is only obliged to issue letters of credit if (i) no Event of Default in the case of a rollover loan or letter of credit, or default in the case of any other utilisation is continuing or would result from the utilisation; (ii) the repeating representations are true in all material respects on the date of the utilisation request and proposed utilisation date; (iii) the projection which is due to be adopted by the most recent redetermination date has been so adopted (other than in certain exceptions); and (iv) the aggregate amount of the proposed utilisation will not exceed the applicable limits.

Reduction and repayment

The RBL includes a 'springing maturity' provision which applies if, by 1 October 2023, either:

(i) the High Yield Notes have not been refinanced with new debt ranking junior to the claims of the RBL Lenders with a scheduled maturity falling due after the final maturity date of the RBL; or

(ii) the currently scheduled maturity of the High Yield Notes has not been amended and extended such that the High Yield Notes only fall due for repayment after the final maturity date of the RBL (the "**High Yield Note Refinancing**").

If the High Yield Note Refinancing has not been achieved by 1 October 2023, the RBL will mature on 1 October 2023; moreover, the final maturity date of the RBL will only be extended to seven years after the date of signing the RBL (the "**Signing Date**") (or when the reserves are forecast to be 25% of the original reserves, if earlier) if the High Yield Note Refinancing has been achieved prior to 1 October 2023.

The RBL Borrowers must maintain cash cover in respect of outstanding letters of credit in increasing amounts as the final maturity date approaches beginning with a minimum of 50%, increasing to 100% until the High Yield Note Refinancing is complete. Following the High Yield Note Refinancing, starting at 20% 60 months after the signing date of the High Yield Note Refinancing and increasing every 6 months thereafter to 100% by the final maturity date.

Mandatory Prepayment

Illegality: If it becomes unlawful in any applicable jurisdiction for a lender or for an affiliate of a lender for that lender to perform its obligations under the RBL or to fund or maintain its participation in a loan, the available commitment of that lender will be cancelled and, if applicable, all obligations under such commitment will be payable on the last day(s) of the relevant interest period(s) or earlier if required by the lender.

Change of Control: If the Group experiences certain change of control events, any lender may by notice to us and the agent cancel its commitments immediately and each borrower must within 15 business days of receiving such notice repay any such lender's participation in all outstanding loans, together with accrued interest and all other amounts due to that lender under the finance documents.

Cash Sweep: As at the date of this Exchange Offer Memorandum and Prospectus and prior to the High Yield Note Refinancing, any cash (excluding cash held in joint venture accounts pursuant to joint operating agreements, cash balances held for operating, investing and financing the Magnus profit share arrangements with BP, SVT working capital, cash balances held in escrow accounts or in the eligible letters of credit cash collateral account) exceeding US$75 million at the end of any quarterly period (ending respectively on 31 March, 30 June, 30 September and 31 December) must be used to prepay the outstanding loan amount under the RBL within 30 calendar days following the end of such period.

Other: The RBL includes customary prepayment events and rights related to defaulting lenders, taxes and increased costs.

Voluntary prepayment and cancellation

Subject to payment of break costs (if any) (and of an administration fee due to the facility agent in the case of more than four prepayments in a calendar year), an RBL Borrower may voluntarily cancel the available commitments or prepay amounts outstanding under the RBL without penalty or premium, at any time in whole or in part, subject to a minimum cancellation or repayment of $1.0 million, on not less than five business days' (or such shorter period as the RBL majority lenders may agree) prior notice to the facility agent.

Interest and fees

The rate of interest payable on the loans under the RBL is the benchmark rate plus the agreed margin and the credit adjustment spread, if applicable.

Margin is calculated as follows:

(a) until the earlier of (i) the High Yield Note Refinancing and (ii) 1 October, 2022, 4.25% per annum;

(b) if the High Yield Note Refinancing occurs on or before 1 October 2022:

  (i) on and from the High Yield Note Refinancing to and including 10 June 2025, 4.00% per annum;

  (ii) on and from 11 June 2025 up to and including the final maturity date, 4.50% per annum;

(c) if the High Yield Note Refinancing occurs after 1 October 2022:

  (i) on and from 1 October 2022 to but excluding the High Yield Note Refinancing (or, if the High Yield Note Refinancing does not occur prior to 1 October 2023, to and including the final maturity date), 4.50% per annum;

  (ii) on and from the High Yield Note Refinancing to and including 10 June 2025, 4.00% per annum; and

  (iii) on and from 11 June 2025 up to and including the final maturity date, 4.50% per annum.

The RBL Borrowers are required to pay a commitment fee to the RBL Lenders as follows:

- 20% of the margin on unavailable and undrawn amount
- 40% of the margin on available and undrawn amount.

Representations and warranties

The RBL includes representations and warranties customary for reserve based lending facilities, subject to customary exceptions and appropriate materiality qualifications.

Negative covenants

The RBL includes restrictive covenants customary for reserve based lending facilities, subject to certain agreed exceptions, including, but not limited to, covenants restricting the ability of each RBL Borrower and RBL Guarantor (and other members of the Group, as applicable), among other things to:

- create security;
- dispose of petroleum assets;
- merge or consolidate with other companies or make acquisitions;
- make a substantial change to the general nature of its business;
- incur indebtedness or provide guarantees;
- allow its rights under certain project documents to be terminated, suspended or limited;
- make loans or extend credit to third parties;
- make distributions unless it is a distribution to an existing obligor under the RBL or included in the latest EnQuest Group Liquidity Test; and
- violate sanctions and anti-corruption law.

In addition, prior to the High Yield Note Refinancing, no member of the Group is permitted to make any cash interest payments under the High Yield Notes where such interest would have been required to be paid on kind in accordance with the terms of the Issuer's senior debt facility which was in place prior to the RBL.

Affirmative covenants

The RBL requires each RBL Borrower and RBL Guarantor to (and to procure other members of the Group, as applicable, to) observe affirmative covenants customary for reserve based lending facilities, subject to customary exceptions.

Financial covenant

The RBL contains the following financial covenants: (a) the ratio of consolidated net financial indebtedness to Adjusted EBITDA is less than 3.5x; and (b) minimum working capital cash balance of USD 50,000,000, in each case to be tested on each redetermination date.

On each redetermination date, it must be demonstrated that the Group has sufficient funds available to meet the EnQuest Group Liquidity Test. However, prior to the High Yield Note Refinancing, the EnQuest Group Liquidity Test shall only be tested up to 1 October 2023.

These financial terms are defined in the RBL and may not correspond to similarly titled metrics in the Group's consolidated financial statements or this document.

Events of Default

The RBL sets out certain events of default, the occurrence of which would allow the lenders (if the RBL majority lenders so direct) to cancel their commitments or declare that all or part of the loans, together with accrued interest and other amounts outstanding are immediately due and payable and/or payable

immediately on demand and/or declare that full cash cover in respect of each letter of credit is immediately due and payable. The events of default are customary for reserve based lending facilities and are subject to customary grace periods, thresholds and other qualifications.

Hedging

The RBL Borrowers are required to enter into the following hedging arrangements:

RBL Borrowers will hedge by way of straight puts, collars and/or swaps: (i) a minimum of 60% of volumes of net entitlement production expected to be produced in the 12 months following the relevant quarter date, on or from the first Utilisation Date under the RBL Facility (unless the High Yield Note Refinancing has occurred, in which case such percentage shall be 50%;); (ii) 40% of volumes of net entitlement produced expected to be produced from the date 12 months after the relevant quarter date to the date 24 months after that date; and (iii) 10% of volumes of net entitlement production expected to be produced from the date 24 months after the relevant quarter date to the date 36 months after that date.

In all cases, minimum floor protection will be equal to or above the lower of 90% of the prevailing bank price deck and 90% of the forward price curve at the time of hedge execution.

Governing law

The RBL is governed by English law.

SVT Working Capital Facility

Overview

EnQuest Heather Limited is the borrower under a revolving loan facility entered into with BNP Paribas in, among others, its capacity as lender for an aggregate amount of £42.0 million dated 1 December 2017, as novated and amended on 1 December 2018 and further amended on 25 November 2020 (the "**SVT Working Capital Facility**") in connection with its assumption of the role of operator of SVT. BP International Limited (the "**BP SVT Guarantor**") separately provided a guarantee capped at £42.0 million dated 1 December 2017, as amended and restated on 1 December 2018 in relation to the SVT Working Capital Facility, such guarantee given directly to BNP Paribas. The operating agreement for SVT (under which EnQuest Heather Limited is operator) currently operates on an invoicing basis (whereby the operator must pay out amounts and then subsequently invoice the joint venture parties for their percentage interest share of costs) as opposed to a cash calling basis (whereby an operator can call amounts in advance from the joint venture parties).

The proceeds of the SVT Working Capital Facility are used for project expenditure in respect of SVT and the loan is repayable on the last day of each interest period. The representations, mandatory prepayment provisions, undertakings and events of default are customary for a facility of this nature. Interest is calculated at the rate per annum equal to the aggregate of the margin of 1% per annum, the benchmark rate and mandatory costs (if any).

The remuneration due to the BP SVT Guarantor for providing the BP guarantee is equal to 90% of the difference between the sum of all SVT/NLGP/NPS operator fees received by SPV less the interest paid and any other fees paid by SPV to the bank on the overdraft balance (to the extent not recovered from relevant joint venture partners/users). This remuneration is payable by SPV to the BP SVT Guarantor on a monthly basis. To the extent that the fees paid to the operator under the operating agreement for SVT are insufficient to cover the fees payable to the bank, the shortfall shall be met by the BP SVT Guarantor and recoverable through a separate waterfall mechanism.

The BP SVT Guarantor agreed to continue to provide its guarantee of such a working capital facility for EnQuest Heather Limited until the earlier of:

- the date on which production from Magnus permanently ceases; and
- if the operating agreements for both SVT and the NPS are amended to allow for cash calling, the effective date of such amendment.

Guarantee Subordination Agreement

In the following summary of the subordination agreement dated 9 April 2014 between, among others, the Company and BNP Paribas (as senior facility agent and security trustee) as amended, novated, supplemented, extended and/or restated from time to time (the "**Guarantee Subordination Agreement**"):

- "**Debt Documents**" refers to (among others) each of the Senior Finance Documents and the Subordinated Guarantee Notes Documents;

- each member of the Group (excluding any Subordinated Guarantee Notes Issuer) that is a borrower or guarantor under the Debt Documents is referred to as a "**Debtor**" and are collectively referred to as the "**Debtors**";

- "**Group**" refers to all of the Issuer's subsidiaries for the time being but, for the avoidance of doubt, not the Issuer itself;

- "**Liabilities**" refers to (among others) all present and future liabilities and obligations at any time of a Debtor to a creditor under the Debt Documents, both actual and contingent and whether incurred solely or jointly or as principal or surety or in any capacity, together with any of the following matters relating to or arising in respect of those liabilities and obligations:

  - any refinancing, novation, deferral or extension;

  - any claim for breach of representation, warranty or undertaking or an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within the definition of "Liabilities";

  - any claim for damages or restitution; and

  - any claim as a result of any recovery of any Debtor of a payment to a creditor on the grounds of preference or otherwise,

  and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings;

- **"Subordinated Guarantee Notes"** means the Existing Notes, the Notes and the High Yield Notes;

- "**Subordinated Guarantee Notes Creditors**" refers to, as applicable, (i) U.S. Bank Trustees Limited, in its capacity as trustee for the holders of the Existing Notes (the "**Existing Notes Trustee**"); (ii) the Trustee on its own behalf and on behalf of the holders of the Notes; and (iii) the High Yield Notes Trustee on its own behalf and on behalf of the holders of the High Yield Notes;

- "**Subordinated Guarantee Notes Documents**" refers to, as applicable, each of (i) the Guarantee Subordination Agreement, (ii) the Existing Notes, the guarantees of the Existing Notes and the trust deed dated 24 January 2013 as amended, novated, supplemented and/or restated from time to time between, among others, the Issuer and U.S. Bank Trustees Limited, in its capacity as trustee for the holders of the Existing Notes (the "**Existing Notes Trust Deed**", (iii) the Notes, the Guarantees and the Trust Deed; and (iv) the High Yield Notes, the High Yield Note Guarantees and the High Yield Notes Indenture;

- "**Subordinated Guarantee Notes Issuer**" refers to EnQuest PLC (in its capacity as issuer of each of the Subordinated Guarantee Notes) and any of its wholly owned subsidiaries which may in the future issue bonds or notes and on-lend the proceeds of such issuance to EnQuest PLC;

- **"Subordinated Guarantee Notes Trustees"** refers to, as applicable, the Existing Notes Trustee, High Yield Notes Trustee, the Trustee or any other representative of any debt ranking pari passu with the Notes; and

- "**Senior Finance Documents**" refers to (among others) the Guarantee Subordination Agreement, and the RBL Facility Agreement (pursuant to a notice of designation dated 15 July 2021) and certain hedging agreements and other documents evidencing the Senior Liabilities (as defined below).

Ranking and Priority

The Guarantee Subordination Agreement provides that the liabilities owed by the Debtors to the Senior Creditors under the Senior Finance Documents (the **"Senior Liabilities"**) and the liabilities owed by the Guarantors to the Subordinated Guarantee Notes Creditors under the Subordinated Guarantee Notes Documents (the **"Note Guarantee Liabilities"**) will rank in right and priority of payment in the following order:

- first, the Senior Liabilities *pari passu* and without any preference between them; and
- second, the Note Guarantee Liabilities, *pari passu* and without preference between them.

The parties to the Guarantee Subordination Agreement have agreed that the Liabilities owed by any Subordinated Guarantee Notes Issuer to the Subordinated Guarantee Notes Creditors under the Subordinated Guarantee Notes Documents, certain amounts owed to the Subordinated Guarantee Notes Trustees under the Subordinated Guarantee Notes Documents and certain security enforcement and preservation costs relating to the Subordinated Guarantee Notes (if any) are senior obligations (and are therefore not Note Guarantee Liabilities) and the Guarantee Subordination Agreement does not purport to rank, postpone and/or subordinate any of them in relation to any other liability.

Permitted Payments

Until the Senior Discharge Date (as defined below), the Guarantee Subordination Agreement only permits Debtors to pay any amounts due to the Subordinated Guarantee Notes Creditors with respect to the Note Guarantee Liabilities if:

- no Stop Notice (as defined below) is outstanding and no Senior Payment Default (as defined below) has occurred and is continuing; and
- the requisite consent of the RBL Lenders has been obtained; or

the payment is of:

- costs, commissions, taxes, fees payable to administrative service providers in connection with any consent process (provided that no portion of such fees may be payable to, or received by, the holders of the Subordinated Guarantee Notes) and expenses incurred in respect of (or reasonably incidental to) the Subordinated Guarantee Note Documents (or any of them);
- additional amounts payable as a result of the tax gross-up provisions relating to the Note Guarantee Liabilities and amounts in respect of currency indemnities in the Subordinated Guarantee Notes Documents;
- any amount not exceeding $2,250,000 (or its equivalent in other currencies) in aggregate in any twelve-month period; or
- the principal amount of the liabilities in respect of the Subordinated Guarantee Notes on or after the final maturity date thereof; provided that such maturity date is the date so stated in the Existing Notes Trust Deed, the Trust Deed or the High Yield Notes Indenture, respectively, in its original form.

The "**Senior Discharge Date**" means the date on which all Senior Liabilities have been fully and finally discharged to the satisfaction of the relevant Representative (as defined below) and the Senior Creditors are under no further obligations to provide financial accommodation to any Debtor under any Senior Finance Document.

A "**Senior Payment Default**" refers to a payment default under the Senior Finance Documents other than in respect of an amount not exceeding $1.0 million (or its equivalent in any currency).

The agent representative (the "**Representative**") of the creditors under the RBL may serve a notice (a "**Stop Notice**") to a Subordinated Guarantee Notes Trustee specifying that an event of default (other than a Senior Payment Default) under the RBL is outstanding and suspend the payment of any Note Guarantee Liabilities (subject to the exception described above) until the earliest of:

- the date on which such relevant event of default is waived, remedied or cured in accordance with the relevant document, is no longer continuing or otherwise ceases to exist;
- the date falling 179 days after the date of receipt by a Subordinated Guarantee Notes Trustee of the Stop Notice;
- the date on which the Senior Liabilities owed to the relevant Senior Creditors under the Senior Finance Documents under which such event of default occurred have been fully and finally discharged and the relevant Senior Creditors are under no further obligation to provide financial accommodation to any Debtor under any Senior Finance Document;
- the date on which the Representative that served the Stop Notice cancels such Stop Notice;
- if a Standstill Period (as defined below) is already in effect, the date on which the aforementioned Standstill Period expires; and
- the date on which that Subordinated Guarantee Notes Trustee takes any enforcement action that is permitted under the Guarantee Subordination Agreement.

Each Stop Notice is to be issued within 60 days of receipt of notice of such default, only one notice may be served within any 360 day period, not more than one such notice may be served in respect of the same event or set of circumstances and no such notice may be served in respect of an event of default which has been notified to the relevant Representative at the time at which an earlier Stop Notice was issued.

Notwithstanding the foregoing, the Subordinated Guarantee Notes Issuer is not prevented from making a payment from its own assets if such payment is in respect of any of its obligations under the Subordinated Guarantee Notes in respect of which such Stop Notice has been delivered and such payment is not financed by a payment to such Notes Issuer by a member of the Group which is prohibited as described in the paragraph entitled "**Permitted payments**".

Turnover – by the Notes Creditors

The Guarantee Subordination Agreement provides that if, at any time prior to the Senior Discharge Date, a Notes Creditor (subject to certain limited exceptions, including in respect of a Notes Trustee) receives or recovers a payment or distribution of, on account of or in relation to any Note Guarantee Liabilities which is not a permitted payment under the Guarantee Subordination Agreement, it will, in relation to receipts and recoveries from a Guarantor:

- hold the received or recovered amount on trust for the Representative;
- promptly notify the Representative of such receipt or recovery and request that the Representative confirm the amount of Senior Liabilities outstanding under the relevant Senior Finance Document; and
- pay or distribute such amounts to the Representatives for application in accordance with the terms of the Senior Finance Documents.

Turnover – by the Representatives

The Guarantee Subordination Agreement provides that, if the Representative collects, receives or recovers any amounts in following the taking of any enforcement action by a Subordinated Guarantee Notes Trustee and, after the Senior Discharge Date, the Representative continues to hold any such amounts so collected, received or recovered, the Representative shall promptly pay all such amounts to the relevant trustee for application in accordance with the terms of the Subordinated Guarantee Notes Documents (or *pro rata* to the relevant representatives of any debt ranking *pari passu* with the Notes).

General

The Guarantee Subordination Agreement contains provisions dealing with:

- the incurrence of future debt that will allow (i) certain agents with respect to the creditors of senior debt to accede to the Guarantee Subordination Agreement and benefit from, and be subject to, the provisions described above (including, for the avoidance of doubt, as creditors in respect of Senior Liabilities); and (ii) certain trustees with respect to the creditors of debt ranking *pari passu* with the Notes to accede to the Guarantee Subordination Agreement and have the same rights and obligations as the Subordinated Guarantee Notes Trustees;

- when any Subordinated Guarantee Notes Trustee may (i) demand, sue, prove and give receipt for any Guarantors' Note Guarantee Liabilities; (ii) collect and receive all distributions on, or on account of, any Guarantors' Note Guarantee Liabilities; and (iii) file claims, take proceedings and do other things to recover any Guarantors' Note Guarantee Liabilities;

- the circumstances in which any Subordinated Guarantee Notes Trustee may by giving at least 10 business days' notice to the Representative, at any time when a Stop Notice is outstanding and any enforcement action has been taken by or on behalf of a Senior Creditor, require the transfer to it or all (and not part) of the rights and obligations in respect of the Senior Liabilities (subject to certain conditions);

- when a Subordinated Guarantee Notes Trustee will be required, pursuant to any enforcement action taken in relation to the Senior Finance Documents, to release any guarantees given by the Guarantors;

- notwithstanding any other provision of the Guarantee Subordination Agreement, no Subordinated Guarantee Notes Trustee shall have any obligation to take any action under the Guarantee Subordination Agreement unless it is indemnified and/or secured to its satisfaction in respect of all costs, expenses and liabilities which it would in its opinion thereby incur (together with any associated VAT); and

- customary protections, entitlements and exemptions from liability for Subordinated Guarantee Notes Trustees, all as further set out in the Guarantee Subordination Agreement.

Governing Law

The Guarantee Subordination Agreement is governed by and construed in accordance with English law.

Letters of credit and surety bonds

The Group has entered into letters of credit and surety bonds principally to provide security for the decommissioning obligations.

The Group has a letter of credit of £2.2 million in respect of the lease at Annan House in Aberdeen, expiring 24 June 2022.

The Group has a letter of credit of $50.0 million in respect of contingent consideration on the Golden Eagle acquisition, expiring 28 July 2023.

The Group has surety bonds of:

- £69.6 million (expiring 31 December 2022) in respect of the decommissioning obligations in the Heather Field and benefitting BG Great Britain Limited;

- $5.0 million (expiring 31 December 2022) benefitting Unocal International Corporation which also relates to Heather;

- £18.7 million (expiring 31 December 2022) in respect of its decommissioning obligations in the Alba Field and benefitting Ithaca Oil and Gas Limited;

- £42 million (expiring 31 December 2022) in respect of its decommissioning obligations at The Dons and benefitting certain Ithaca entities;

- £15.4 million (expiring 31 March 2023) in respect of its decommissioning obligations in the GKA Fields and benefitting Dana Petroleum (E&P) Limited;

- £16.1 million (expiring 31 December 2022) in respect of its decommissioning obligations in the Broom Field and benefitting MOLGROWEST (I) Limited; and

- £14.6 million (expiring 31 December 2022) in respect of its decommissioning obligations in Alma & Galia Fields and benefitting KUFPEC UK Limited.

The Group does not currently have letters of credit or surety bonds in respect of the Group's other assets.

In addition, cash may be held in accounts with Law Debenture Trust as an alternative to letter of credit and surety bonds.

The Group does not currently have cash in trust accounts in respect of the Group's other assets.

Deeds of indemnity

Each of Liberty Mutual Insurance Surety Europe SE and HCC International Insurance Company Plc (the "**Surety Bond Providers**") have issued surety bonds in respect of the Group's decommissioning liabilities and, although they currently have no commitment to do so, may agree to issue further such surety bonds from time to time.

Pursuant to a deed of indemnity between, amongst others, the Issuer and Liberty Mutual Surety Europe SE dated 10 June 2021 (as amended and restated on 9 July 2021) and a deed of indemnity between, amongst others, the Issuer and HCC International Insurance Company Plc dated 10 June 2021 (as amended and restated on 9 July 2021), the Issuer has granted security to each of the Surety Bond Providers to secure certain of its counter-indemnity obligations to the respective Surety Bond Providers. Such security is equivalent to the security package granted to the RBL Lenders but ranking junior to the RBL Lenders' security package.

Intercreditor agreement

The Group has entered into an intercreditor agreement with, amongst others, the RBL Lenders and the Surety Bond Providers dated 10 June 2021 (as amended pursuant to an amendment deed on 21 July 2021) to govern the relationship between the parties and under which it is agreed that the security package granted in favor of the RBL Lenders ranks in priority to the lower ranking security granted in favor of the Surety Bond Providers.

Hedging arrangements

The Group maintains certain commodity hedges to manage the Group's exposure to movements in oil and gas prices. In addition, the Group holds a small portfolio of foreign exchange derivatives. In connection with these activities, the Group has entered into International Swaps and Derivatives Association master agreements with several hedging partners.

Existing Notes

The following description of the Existing Notes is based on their terms and conditions in effect as at the date of this Document.

Overview

On 15 February 2013, the Issuer issued (i) an initial tranche of £145.0 million 5.50% notes due 15 February 2022 (the **"Initial Tranche of Retail Notes"**) under its £500.0 medium term note programme; and (ii) a further tranche of £10.0 million 5.5% notes due 15 February 2022 (the **"Further Tranche of Retail Notes"**) on 2 December 2013, which were consolidated with and formed a single series with the Initial Tranche of Retail Notes (together, the **"Original Retail Notes"**). Pursuant to a scheme of arrangement under part 26 of the Companies Act 1986, which was sanctioned by the High Court of Justice of England and Wales on 16 November 2016, the terms of the Original Retail Notes were amended and such amended Original Retail Notes have become the 7.0% Extendable PIK Toggle Notes originally due 15 February 2022, as extended to 15 April 2022 and further automatically extended on 15 October 2020 to 15 October 2023 as a result of the senior debt facility which was in place prior to the RBL not being repaid or refinanced in full prior to 15 October 2020 (the **"Amended Retail Notes"**).

Under the Existing Notes, if the Cash Condition is not satisfied in respect of any interest payment date, the interest owed on that interest payment date is not paid in cash but instead it is capitalised and satisfied through the issue of additional retail notes having the same terms and conditions as the Existing Notes then outstanding (the **"Additional Retail Notes"** and together with the Amended Retail Notes, the **"Existing Notes"**). On 15 February 2017, the Issuer issued £5,424,998 of Additional Retail Notes, on 15 August 2017, the Issuer issued £5.6 million of Additional Retail Notes, on 15 February 2018, the Issuer issued £5.8 million of Additional Retail Notes, on 17 February 2020, the Issuer issued £6.0 million of Additional Retail Notes, on 17 August 2020 the Issuer issued £6.2 million of Additional Retail Notes and on 15 February 2021, the Issuer issued £6.4 million of Additional Retail Notes.

The Existing Notes are guaranteed on a subordinated basis by EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Leasing Limited, EnQuest Heather Limited, EnQuest NWO Limited and EQ Petroleum Sabah Ltd (together the "**Existing Notes Guarantors**").

The Existing Notes are constituted under a trust deed dated 24 January 2013, as amended, novated, supplemented and/or restated from time to time (the **"Existing Notes Trust Deed"**) between, among others, the Issuer and U.S. Bank Trustees Limited, in its capacity as trustee for the holders of the Existing Notes (the **"Existing Notes Trustee"**).

Interest

The Existing Notes bear a fixed rate of 7.0% per annum payable semi-annually in arrears on 15 February and 15 August in each year. If the Cash Payment Condition is not satisfied in respect of any interest payment date, the payment of interest can be satisfied through the issue of Additional Retail Notes.

Cash Payment Condition

The Issuer pays interest on the Existing Notes in cash ((i) if the Cash Payment Condition is satisfied for such period or (ii) if the High Yield Note Refinancing has occurred) or in kind (in all other cases).

"**Cash Payment Condition**" will be satisfied in respect of an interest payment date if (i) the average of the Daily Brent Oil Prices during the period of six calendar months immediately preceding the date which is one calendar month prior to the relevant interest payment date is equal to or above $65.00/boe and (ii) no payment event of default is continuing under the RBL Facility.

Form

The Existing Notes have been issued in registered form.

Currency

The Existing Notes are denominated in pounds sterling.

Maturity

The Existing Notes mature on 15 October 2023, as automatically extended on 15 October 2020 from 15 April 2022 as a result of the prior existing senior debt facility not being repaid or refinanced in full prior to 15 October 2020.

Ranking of Existing Notes

The Existing Notes rank *pari passu* without preference or priority among themselves and in right of payment with all existing and future obligations of the Issuer that are not contractually subordinated in right of payment thereto.

Ranking of the Existing Notes Guarantee

The payment obligations of the guarantors under the guarantee of the Existing Notes are subordinated in right of payment to all existing and future senior obligations of the Guarantors, including under the RBL.

Negative pledge

So long as any Existing Notes remain outstanding, neither the Issuer nor any of its subsidiaries will create or have outstanding any security interest upon the whole or any part of its present or future undertakings, assets or revenues to secure any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, or other securities which for the time being are, quoted, listed or dealt in or traded on any stock exchange or over the counter or other securities market, without at the same time or prior thereto according the same security to the holders of the Existing Notes.

Events of default

The Existing Notes contain customary events of default, including those relating to (a) non-payment of interest or principal; (b) breach of other obligations under the Existing Notes or the Existing Notes Trust Deed; (c) cross acceleration; (d) enforcement proceedings; (e) security enforcement; (f) insolvency; (g) winding up; (h) lack of authorisation and consents; (i) illegality; and (j)cross-default of the High Yield Notes. The provisions include certain minimum thresholds and grace periods. In addition, in certain cases, a certification in writing that a particular event is materially prejudicial to the interests of the holders of the Existing Notes is required from the Existing Notes Trustee before the Existing Notes can be accelerated.

Final redemption

Unless previously redeemed, purchased and cancelled, the Existing Notes are due to be redeemed on 15 October 2023, automatically extended on 15 October 2020 from 15 April 2022, at their nominal amount.

Optional redemption

The Issuer has the right to redeem the Existing Notes at any time at the make-whole amount. The holders of the Existing Notes have the right to redeem the Existing Notes prior to their final maturity upon a change of control, as specified in the terms and conditions of the Existing Notes. The Issuer may also (prior to the expected maturity date) redeem the Existing Notes as a result of changes in taxation such that the Company would be required to pay additional amounts to the holders of the Existing Notes. In addition, the Existing Notes may be redeemed prior to their maturity date in certain circumstances at the Issuer's discretion at the make-whole amount or at par.

Taxation

All payments in respect of Existing Notes are made without withholding or deduction for, or on account of, any present or future taxes imposed by the United Kingdom unless and save to the extent that the withholding or deduction of such taxes is required by law. In that event, the Issuer will be obliged to pay additional amounts or, in the case of Additional Retail Notes, issue further Additional Retail Notes in respect of any such withholding or deduction, subject to certain exceptions.

Covenants

The Existing Notes Trust Deed as originally executed contains customary covenants for the type of issuance, which are subject to caveats and limitations, including covenants to notify the Existing Notes Trustee in the event of an event of default and to deliver to the Existing Notes Trustee the Issuer's audited financial statements.

Financial covenants

The Existing Notes do not contain any financial covenants.

Restricted Payments

The Existing Notes contain a restriction on certain payments to shareholders and their affiliates if the Issuer has not redeemed the Existing Notes in an amount equal to any capitalised interest, together with accrued but unpaid interest.

Governing law

The Existing Notes are governed by English law.

High Yield Notes

The following description of the High Yield Notes is based on their terms and conditions in effect as at the date of this document.

On 21 November 2016, the Group completed the offering of up to $982.4 million 7% PIK toggle senior notes, with an initial principal of $677.5 million in exchange for its previously outstanding $650 million 7% senior notes due 15 April 2023 pursuant to a scheme of arrangement. The Group pays interest on the High Yield Notes semi-annually on 15 April and 15 October of each year. The initial stated maturity of the High Yield Notes was 15 April 2022. Pursuant to the terms of the High Yield Notes, as a result of the senior facilities agreement not being repaid or refinanced in full prior to 30 October 2020, the maturity of the High Yield Notes was automatically extended to 15 October 2023.

If the Group undergoes certain events defined as constituting a change of control, each holder may require the Group to repurchase all or a portion of its High Yield Notes at 101% of their principal amount, plus accrued and paid interest, if any. In the event of certain developments affecting taxation, the Group may redeem all, but not less than all, of the High Yield Notes.

The Issuer pays interest on the High Yield Notes in kind, which means that when interest on the High Yield Notes is payable, further High Yield Notes are issued to the holders in the amount of such interest instead of cash payment.

The High Yield Notes are guaranteed on a senior subordinated basis (the "**High Yield Note Guarantees**") by certain of the Issuer's subsidiaries (the "**High Yield Note Guarantors**"). Each High Yield Note Guarantee is a senior subordinated obligation of the respective High Yield Note Guarantor; subordinated in right of payment to all existing and future senior obligations of that High Yield Note Guarantor, including, where applicable, such High Yield Note Guarantor's obligations under the RBL; pari passu in right of payment with all existing and future senior subordinated obligations of that High Yield Note Guarantor; senior in right of payment to all future obligations of that High Yield Note Guarantor that are expressly contractually subordinated to that High Yield Note Guarantee; and effectively subordinated to all existing and future secured obligations of that High Yield Note Guarantor (including under the RBL), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the High Yield Note Guarantees on an equal and rateable or senior basis. The High Yield Note Guarantees will be subject to release under certain circumstances.

The High Yield Notes are listed on the Official List of the Luxembourg Stock Exchange and trade on the Euro MTF.

The Group continues to explore options to refinance its High Yield Notes ahead of maturity in October 2023.

TERMS AND CONDITIONS OF THE NOTES

The following, subject to modification and except for provisions in italics, are the terms and conditions substantially in the form to be endorsed on the Notes in definitive form (if issued):

The issue of the sterling denominated 9.00 per cent. Notes due 2027 (the "**Notes**") was authorised by a resolution of the Board of Directors of EnQuest PLC (the "**Issuer**") passed on 28 March 2022. A guarantee of the Notes has been authorised by a resolution of the Board of Directors of each of EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest NWO Limited, EnQuest Production Limited, EnQuest Petroleum Production Malaysia Ltd, NSIP (GKA) Limited, EnQuest Marketing and Trading Limited, EnQuest Petroleum Developments Malaysia Sdn Bhd, EnQuest Advance Limited, EnQuest Advance Holdings Limited, EQ Petroleum Sabah Limited and North Sea (Golden Eagle) Resources Ltd (together, the "**Guarantors**" and each a "**Guarantor**"). A Guarantor may be added or released pursuant to Condition 3(c) or Condition 3(d), and accordingly the terms **"Guarantor"** and **"Guarantors"** shall refer to the Guarantors from time to time.

The Notes are constituted by a Trust Deed (the "**Trust Deed**") dated 27 April 2022 (the "**Issue Date**") between the Issuer, the Guarantors and U.S. Bank Trustees Limited (acting in its capacity as "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the "**Noteholders**"). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes. Copies of the Trust Deed and of the Agency Agreement dated on or around the Issue Date relating to the Notes between the Issuer, the Guarantors, the Trustee, the registrar (the "**Registrar**"), any transfer agents (each, a "**Transfer Agent**"), the initial Principal Paying Agent named in it and any other agents (the "**Agency Agreement**"), are available for inspection during usual business hours by appointment at the principal office of the Trustee (presently at Fifth Floor, 125 Old Broad Street, London EC2N 1AR) and at the specified offices of the principal paying agent for the time being (the "**Principal Paying Agent**") and the other paying agents (if any) for the time being (the "**Paying Agents**", which expression shall include the Principal Paying Agent). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1. **Form, Denomination and Title**

(a) **Form and denomination**: The Notes are issued in registered form and in the denomination of £1 each. The Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Notes by the same holder.

(b) **Title**: Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" and "**holder**" means the person in whose name a Note is registered.

2. **Transfers of Notes**

(a) **Transfer**: A holding of Notes may, subject to Condition 2(e), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed, and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part

transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) **Exercise of Options in respect of Notes**: In the case of an exercise of an Issuer's option in respect of a holding of Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

(c) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(a) or 2(b) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) **Transfer or Exercise Free of Charge**: Certificates, on transfer, exercise of an option or partial redemption, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) **Closed Periods**: No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note or any earlier date fixed for redemption of the Notes pursuant to Condition 6(b), (ii) after notice has been given that any such Note is to be called for redemption or purchased by the Issuer at its option pursuant to Condition 6(c) or 6(e) or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(i)).

3. **Guarantee and Status**

(a) **Guarantee**: The Guarantors have unconditionally and irrevocably, on a joint and several basis, guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes and the Trust Deed, subject to the provisions of Condition 3(d). The Guarantors' obligations (the "**Guarantee**") are contained in the Trust Deed.

(b) **Status of Notes and Guarantee**: The Notes constitute direct, unconditional and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. Pursuant to a guarantee subordination agreement dated 9 April 2014 (as amended, supplemented or amended and restated from time to time, the **"Guarantee Subordination Agreement")** between the Issuer and the other parties from time to time, the payment obligations of the Guarantors shall be subordinated in right of payment to Senior Debt (as defined in the Guarantee Subordination Agreement) of the Guarantors. The Trustee shall accede to the Guarantee Subordination Agreement on the Issue Date.

(c) **Addition of Guarantors**: If at any time after the Issue Date any Subsidiary of the Issuer which is not a Guarantor on the Issue Date provides a guarantee or indemnity in respect of any Financial Indebtedness (as defined in Condition 19) of the Issuer or any Subsidiary of the Issuer, then the Issuer shall procure that such Subsidiary shall, as soon as reasonably practicable but in any event with 45 calendar days of giving such guarantee or indemnity, deliver to the Trustee a duly executed deed of accession in or substantially in the form scheduled to the Trust Deed (or otherwise as the Trustee may agree to) such that it becomes a Guarantor in respect of the Trust Deed and Notes, together with such legal opinions as the Trustee may require in accordance with the Trust Deed. The Issuer shall give advance notice in writing to the Trustee promptly of the proposed addition of any Subsidiary of the Issuer as a Guarantor pursuant to this Condition 3(c), and shall give notice to the Noteholders in accordance with Condition 16 and the Trustee promptly after the addition of any Subsidiary of the Issuer as a Guarantor pursuant to this Condition 3(c).

(d) **Release of Guarantors**: A Guarantor which is no longer required to provide a guarantee or indemnity in respect of any Financial Indebtedness of the Issuer or any Subsidiary of the Issuer shall be immediately, automatically and irrevocably released and relieved of all of its obligations under the Guarantee and the Trust Deed (but without prejudice to any obligations which may have accrued prior to that time) upon the Issuer giving notice to the Trustee signed by two directors of the Issuer as to satisfaction of the conditions of release of the relevant Guarantor pursuant to this Condition 3(d), which the Trustee may rely on without liability to any person and without further evidence or enquiry. Any such notice must also contain the following certifications to the Trustee:

(i) that no Event of Default or Potential Event of Default (as defined in the Trust Deed) is continuing or will result from the release of the relevant Guarantor; and

(ii) that the relevant Guarantor is not (or will cease to be simultaneously with such release) providing any guarantee or indemnity in respect of any Financial Indebtedness of the Issuer or any Subsidiary of the Issuer.

Neither the Issuer nor any Guarantor will be required to execute or provide any other document or certification in relation to any release pursuant to this Condition 3(d) but, if the Issuer so requests in writing, the Trustee shall enter into any documentation in relation to the release of any Guarantor pursuant to this Condition 3(d) which the Issuer reasonably considers to be necessary or desirable and which is in a form satisfactory to the Trustee to evidence the release of that Guarantor; provided that that Trustee shall not be obliged to enter into any documentation which, in the sole opinion of the Trustee, would have the effect of:

A. exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or

B. increasing the obligations or duties of the Trustee in the Trust Deed, the Agency Agreement or the Notes.

If any Guarantor released from its obligations pursuant to this Condition 3(d) subsequently provides a guarantee or indemnity in respect of any Financial Indebtedness of the Issuer or any Subsidiary of the Issuer at any time after such release, such Guarantor will again be required to provide a Guarantee as described in Condition 3(c). Notice of any release of a Guarantor pursuant to this Condition 3(d) will promptly be given by the Issuer to the Noteholders in accordance with Condition 16.

4. Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem

not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of this Condition 4, "**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

5. **Interest**

The Notes bear interest on their outstanding principal amount from and including the Issue Date at the rate of 9.00 per cent. per annum, payable semi-annually in arrear in equal instalments of £0.045 per £1 in principal amount of the Notes on 27 April and 27 October in each year (each an "**Interest Payment Date**"). Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event the outstanding principal amount shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of: (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) and (2) two.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Note shall be calculated per £1 in principal amount of the Notes. The amount of interest payable per £1 for any period shall, save as provided above in relation to equal instalments, be equal to the product of 9,00 per cent., £1 and the day-count fraction for the relevant period as described above, rounding the resulting figure to the nearest penny (half a penny being rounded upwards).

6. **Redemption and Purchase**

(a) **Final redemption**: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for taxation reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), at their principal amount, (together with interest accrued to but excluding the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it (or, if the Guarantee were called, a Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom (or, in the case of any payment by EnQuest Petroleum Production Malaysia Ltd., Malaysia), or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the relevant Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver

to the Trustee a certificate signed by two directors of the Issuer (or the relevant Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the relevant Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate (without further evidence or enquiry) as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Noteholders.

(c) **Redemption at the option of the Issuer**: The Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable) and to the Trustee, redeem, at its option, all but not some only of the Notes at any time at the Optional Redemption Price specified below together with interest accrued to, but excluding, the date fixed for redemption of the Notes:

"**Optional Redemption Price**" means:

(i) if the Optional Redemption Date falls on or after 27 April 2024 but before 27 April 2025, 104 per cent. of their principal amount;

(ii) if the Optional Redemption Date falls on or after 27 April 2025 but before 27 April 2026, 102 per cent. of their principal amount; and

(iii) if the Optional Redemption Date falls on or after 27 April 2026, 100 per cent. of their principal amount.

(d) **Notice of redemption**: All Notes in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in such notice in accordance with this Condition 6.

(e) **Purchase**: Each of the Issuer, the Guarantors and their respective Subsidiaries may at any time purchase Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer, any Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of these Conditions.

(f) **Cancellation**: All Notes which are purchased by the Issuer, a Guarantor or any of their respective Subsidiaries may be held and/or subsequently resold or cancelled by the surrender of the Certificates representing such Notes to the Principal Paying Agent for cancellation. Any Notes which are redeemed or otherwise surrendered to the Principal Paying Agent for cancellation shall forthwith be cancelled and accordingly cannot be held, reissued or sold and the obligations of the Issuer in respect of any cancelled Notes shall be discharged.

(g) **Multiple Notices**: If more than one notice of redemption is given pursuant to this Condition 6, the first of such notices to be given shall prevail.

7. **Payments**

(a) **Method of Payment:**

(i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in the manner provided in paragraph (ii) below.

(ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in pounds sterling by transfer to an account in pounds sterling maintained by the payee with a bank in London.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a

Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(b) **Payments subject to Laws**: Payments will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(c) **Non-Business Days**: if any date for payment in respect of a Note is not a London Business Day, the holder shall not be entitled to payment until the next following London Business Day nor to any interest or other sum in respect of such postponed payment. For the purpose of calculating the interest amount payable under the Notes, the Interest Payment Date shall not be adjusted.

(d) **Agents**: The Principal Paying Agent, the Registrar and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. Each of the Principal Paying Agent, the Registrar and the Transfer Agents acts solely as an agent of the Issuer and does not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Agent and to appoint additional or other agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) and such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved by the Trustee.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

8. **Taxation**

All payments of principal and interest by or on behalf of the Issuer and the Guarantors in respect of the Notes or under the Guarantee, as applicable, shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom (or, in the case of any payment by EnQuest Petroleum Production Malaysia Ltd., Malaysia) or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the relevant Guarantor(s) shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or under the Guarantee (as applicable):

(a) where such Note is held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the United Kingdom or, in the case of payments made by EnQuest Petroleum Production Malaysia Ltd., Malaysia (as applicable), other than merely by being a holder of the Note; or

(b) in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate representing such Note for payment on the last day of such period of 30 days.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 8 or any undertaking given in addition to or substitution for it under the Trust Deed.

9. **Events of Default**

If any of the following events occurs (each, an "**Event of Default**") the Trustee at its discretion may, and if so requested by holders of at least one-quarter in principal amount of the Notes then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution shall, (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

(a) **Non-Payment**: any default is made for more than 14 days (in the case of interest) or seven days (in the case of principal or premium) in the payment on the due date of any principal, premium of or interest in respect of any of the Notes; or

(b) **Breach of Other Obligations**: the Issuer or any Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer or a Guarantor by the Trustee; or

(c) **Cross-Acceleration**: (i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in (i), (ii) or (iii) in this Condition 9(c) have occurred, and is continuing, equals or exceeds £15,000,000 or its equivalent in any other currency or currencies; or

(d) **Enforcement Proceedings**: a distress, attachment, execution or other legal process enforcing a judgement is levied or enforced against a material part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 30 days unless such distress, attachment, execution or other such process is subject to a bona fide dispute being brought by the Issuer; or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) and in any such case is not discharged or stayed within 30 days; or

(f) **Insolvency**: the Issuer, any Guarantor or any of the Issuer's Material Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or (in the opinion of the Trustee) a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries; or

(g) **Winding-up**: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, a Guarantor or any Material Subsidiary, or the Issuer or a Guarantor or any Material Subsidiary shall apply or petition for a winding-up or administration order in respect of itself, or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and, assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of the Issuer's Subsidiaries (as the case may be) or for the purposes of a bona fide disposal for full value on an arm's length basis of all or substantially all of the

business or operations of the Issuer or, as the case may be, the Material Subsidiary and the proceeds have been reinvested in the Group; or

(h) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantors lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of England and Wales is not taken, fulfilled or done; or

(i) **Illegality**: it is or will become unlawful for the Issuer or a Guarantor to perform or comply with any one or more of its respective obligations under any of the Notes or the Trust Deed; or

(j) **Guarantee**: the Guarantee is not (or is claimed by a Guarantor not to be) in full force and effect, other than where released in accordance with Condition 3(d),

provided that, in the case of paragraphs (b), (d), (e), (g) and (h), and in relation to a Guarantor or Material Subsidiary only, (f), the Trustee shall have certified in writing to the Issuer that in its opinion such event is materially prejudicial to the interests of the Noteholders.

10. Prescription

Claims against the Issuer and/or the Guarantors in respect of the Notes and under the Guarantee (as applicable) will be prescribed and become void unless made within a period of 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11. Replacement of Notes

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Guarantors may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. Meetings of Noteholders, Modification, Waiver and Substitution

(a) **Meetings of Noteholders**: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, a Guarantor, the Trustee or by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes or any dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest or premium payable on, the Notes, (iii) to change the currency of payment of the Notes, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution or (v) to modify or cancel the Guarantee, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that (i) a resolution in writing signed by or (ii) consent given by way of electronic consent through the relevant clearing system(s) by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) **Modification and Waiver**: The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable in accordance with Condition 16.

(c) **Substitution**: The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, to the substitution of certain other entities in place of the Issuer or any Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

(d) **Entitlement of the Trustee**: In connection with the exercise of its functions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require the Issuer or any Guarantor, nor shall any Noteholder be entitled to claim, from the Issuer, any Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

13. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings or take such steps or actions against the Issuer and/or the Guarantors as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take any such steps, actions and proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder may proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and the Guarantors and any entity related to the Issuer or a Guarantor without accounting for any profit.

As further specified in the Trust Deed, the Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

15. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities (any such issue, a "**Further Issue**") guaranteed by the Guarantors and having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them), and so that such Further Issue shall be consolidated and form a single series with the outstanding Notes.

References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities which are to form a single series with the Notes shall be constituted by a deed supplemental to the Trust Deed.

16. **Notices**

Notices required to be given to the holders of Notes pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

Notices required to be given to the holders of Notes pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of the stock exchange or other relevant authorities on which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. If publication as provided above is not practicable, notice will be given by publication in a newspaper of general circulation in London (which is expected to be the Financial Times) or in such other manner, and shall be deemed to be given on such date, as the Trustee may approve.

Any such notice by publication in a newspaper shall be deemed given on the date of publication or, if published more than once or on different dates, on the first date on which such publication is made.

17. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. **Governing Law and Jurisdiction**

(a) **Governing Law**: The Trust Deed and the Notes and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

(b) **Jurisdiction**: The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Notes or the Guarantee and any non-contractual obligations arising out of or in connection with them and accordingly any legal action or proceedings arising out of or in connection with any Notes or the Guarantee or any such non-contractual obligations ("**Proceedings**") may be brought in such courts. Pursuant to the Trust Deed, the Issuer and each of the Guarantors has irrevocably submitted to the jurisdiction of such courts.

(c) **Agent for Service of Process**: Each of NSIP (GKA) Limited and EnQuest Petroleum Developments Malaysia Sdn Bhd has irrevocably appointed the Issuer as its agent to receive service of process in any Proceedings in England based on any of the Notes or the Guarantee.

19. **Definitions**

"**Extraordinary Resolution**" has the meaning given to it in the Trust Deed.

"**Financial Indebtedness**" means any indebtedness for or in respect of notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being or are intended to be quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market.

"**Further Issue**" has the meaning given in Condition 15.

"**Group**" means the Issuer and its Subsidiaries (including the Guarantors) taken as a whole.

"**London Business Day**" means a day on which commercial banks and foreign exchange markets are open for business in London.

"**Material Subsidiary**" shall, at any time, mean a Subsidiary of the Issuer:

(i) whose profits before interest, taxation and exceptional items (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total net assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the consolidated profits before interest, taxation and exceptional items or, as the case may be, the consolidated net assets of the Issuer and its Subsidiaries taken as a whole, all as calculated, respectively by reference to the latest accounts (consolidated or, as the case may be, unconsolidated) of the Subsidiary and then latest audited consolidated accounts of the Issuer and its Subsidiaries; provided that in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer and its Subsidiaries relate, the reference to the latest audited consolidated financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first mentioned financial statements as if such Subsidiary of the Issuer had been shown in such financial statements by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Issuer after consultation with the Issuer; or

(ii) to which is transferred the whole or substantially all of the business, undertaking and assets of another Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, whereupon (x) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately upon such transfer cease to be a Material Subsidiary and (y) the transferee Subsidiary of the Issuer shall immediately upon such transfer become a Material Subsidiary; provided that on or after the date on which the financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary of the Issuer or such transferee Subsidiary of the Issuer is or is not a Material Subsidiary shall be determined pursuant to the provisions of subparagraph (a) above.

The Trustee shall be entitled to rely upon a certificate signed by two Directors that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary without liability to any person and without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

"**Maturity Date**" means 27 October 2027.

"**Relevant Date**" means, in respect of a Note, whichever is the later of (i) the date on which such payment first becomes due and (ii) if any payment is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given by the Issuer to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

"**Subsidiary**" means a subsidiary or a subsidiary undertaking within the respective meanings of section 1159 and 1162 of the Companies Act 2006.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM IN THE CLEARING SYSTEMS

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a global certificate (the "**Global Certificate**"), must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his or her share of each payment made by the Issuer or any Guarantor to the holder of the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall

have no claim directly against the Issuer or any Guarantor in respect of payments due on the Notes or under the Guarantee, as applicable, for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer or the Guarantors will be discharged by payment to the holder of the Global Certificate in respect of each amount so paid.

Exchange of Global Certificates for Definitive Notes in limited circumstances

The Global Certificate is exchangeable in whole but not in part (free of charge to the holder) for the definitive Notes ("**Definitive Notes**") described below if the Global Certificate is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Thereupon, the holder may give notice to the Principal Paying Agent of its intention to exchange the Global Certificate for Definitive Notes on or after the Exchange Date (as defined below) specified in the notice.

On or after the Exchange Date the holder of the Global Certificate may surrender the Global Certificate to or to the order of the Principal Paying Agent. In exchange for the Global Certificate, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes, security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Global Certificate, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Notes.

"**Exchange Date**" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the cities in which the relevant clearing system is located.

Payments of principal and interest

Payments of principal and interest in respect of Notes represented by the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Notices to Noteholders

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by Condition 16. Any such notice shall be deemed to have been given to Noteholders on the day after the day on which such notice is delivered to the relevant clearing system.

Meetings of Noteholders

The holder of the Global Certificate shall be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each £1 in principal amount of Notes at any meeting of the Noteholders.

Trustee's powers

Notwithstanding anything in the Trust Deed, in considering the interests of Noteholders while the Global Certificate is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests, and treat such accountholders, as if such accountholders were the holder of the Global Certificate.

CREST Depository Interests

Following their delivery into a clearing system, interests in Notes may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Notes. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of the CREST Nominee in the Notes. Pursuant to the CREST Manual, Notes held in global form may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Notes represented by CDIs (the **"Underlying Notes"**) will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Notes and other relevant notices issued by the Issuer.

Transfers of interests in Notes by a CREST participant to a participant of Euroclear and/or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Underlying Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will not require a separate listing on the Official List.

Prospective subscribers for Notes represented by CDIs are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear and/or Clearstream, Luxembourg and the Issuer including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service. The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

1. CDI Holders will not be the legal owners of the Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.

2. The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.

3. Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of a relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

4. The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST Manual and the CREST Rules and CDI Holders must comply in full with all obligations imposed on them by such provisions.

5. Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.

6. CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website.

7. Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.

8. Potential investors should note that none of the Issuer, the Guarantors, the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Registrar or their respective advisers will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN THE EXISTING NOTES AND THE NOTES

Existing Noteholders should note that there are material differences between the Existing Notes and the Notes. Existing Noteholders should carefully consider all such differences before any decision is made with respect to the Exchange Offer.

The Conditions of the Notes are set out above in the section headed "*Terms and Conditions of the Notes*".

For the convenience of Existing Noteholders, certain differences between the Existing Notes and the Notes are set out in the table below. The information contained in the chart is a summary only and should not be taken to be a complete description of the particular provision summarised or as an exhaustive list of all differences between the Existing Notes and the Notes. In particular, this chart does not set out certain differences between the terms and conditions of the Existing Notes (the "**Existing Note Conditions**") and the Conditions which (i) represent minor amendments to correct typographical errors, amend defined terms, reflect changes in law or generally improve drafting; and/or (ii) would not be relevant or material in the context of a decision to participate (or decline to participate) in the Exchange Offer.

The summary below is qualified by reference to the Existing Note Conditions, the information contained in this Exchange Offer Memorandum and Prospectus (including all the information incorporated by reference into it) and the Conditions. Existing Noteholders are advised to review such information and documents in their entirety.

	Existing Notes	**Notes**
Class:	Sterling denominated 7.00 per cent. Extendable PIK Toggle Notes originally due 15 February 2022, as extended to 15 October 2023 (ISIN: XS0880578728)	Sterling denominated 9.00 per cent. Notes due 27 October 2027 (ISIN XS2461853793)
Issuer:	EnQuest PLC	EnQuest PLC
Guarantors:	EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest NWO Limited and EQ Petroleum Sabah Limited	EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest NWO Limited, EnQuest Production Limited, EnQuest Petroleum Production Malaysia Ltd, NSIP (GKA) Limited, EnQuest Marketing and Trading Limited, EnQuest Petroleum Developments Malaysia Sdn Bhd, EnQuest Advance Limited, EnQuest Advance Holdings Limited, EQ Petroleum Sabah Limited and North Sea (Golden Eagle) Resources Ltd.
Aggregate Principal Amount:	£190,534,573 as at the date of this Exchange Offer Memorandum and Prospectus	The aggregate principal amount of the Notes will be specified in the Sizing Announcement. The Exchange Ratio is 1:1.

	Existing Notes	Notes
Issue Date:	The Existing Notes were issued in eight tranches on 15 February 2013, 2 December 2013, 15 February 2017, 15 August 2017, 15 February 2018, 17 February 2020, 17 August 2020 and 15 February 2021	27 April 2022
Scheduled Maturity Date:	15 October 2023	27 October 2027
Interest Rate:	7.00 per cent. per annum	9.00 per cent. per annum
Payment of Interest:	In certain circumstances specified in the Terms and Conditions of the Existing Notes, interest payments can be satisfied by the issuance of additional Existing Notes instead of by means of payment in cash.	Interest will be paid in cash only.
Change of Control:	If a Change of Control Put Event occurs (as defined in the Existing Note Conditions), an Existing Noteholder can require the Issuer to purchase their Existing Notes.	Noteholders will not have the right to require the Issuer to purchase their Notes if a Change of Control Put Event occurs.
Redemption at the Option of the Issuer	The Issuer has the right to redeem, prior to maturity: (a) all or some of the Notes at par; and (b) all but not some only at a make whole amount as set out in the terms and conditions of the Existing Notes.	The Issuer will have the right to redeem the Notes prior to the Maturity Date at the following Optional Redemption Price: (a) if redeemed on or after 27 April 2024 but before 27 April 2025, 104 per cent. of their principal amount; (b) if redeemed on or after 27 April 2025 but before 27 April 2026, 102 per cent. of their principal amount; and (c) if redeemed on or after 27 April 2026, 100 per cent. of their principal amount.
Security	The Existing Notes are unsecured (subject to the "Negative Pledge" described below).	The Notes will initially be unsecured (subject to the "Negative Pledge" described below).
Negative Pledge:	The Existing Notes include a negative pledge provision which prevents the Issuer or any of its Subsidiaries issuing or having outstanding secured bonds, notes or other securities which are quoted, listed or dealt in on any stock exchange or other securities market, unless the Existing Notes are also secured.	The Notes will include the same negative pledge provision as the Existing Notes.

	Existing Notes	Notes
Other Covenants:	The Existing Notes include covenants designed to limit the extent to which certain types of payments may be made to shareholders and other payments. They also contain covenants requiring copies of the Issuer's annual and semi-annual consolidated financial statements to be provided to the Trustee within certain specified periods.	The Notes will not include any other covenants.

THE EXCHANGE OFFER

1. The Exchange Offer

The Issuer hereby invites Existing Noteholders (subject to the offer restrictions referred to in "*Offer and Distribution Restrictions relating to the Exchange Offer*") to offer to exchange any and all of their Existing Notes for the Notes to be issued by the Issuer, with such exchange being made subject to the terms of this Exchange Offer Memorandum and Prospectus (the "**Exchange Offer**"). The principal value of the Notes which an Existing Noteholder will receive in exchange for tendering their Existing Notes is set out below.

In order to participate in the Exchange Offer, an Existing Noteholder must validly offer for exchange at least £1,000 in principal amount of Existing Notes (the "**Minimum Submission Amount**").

Each Existing Noteholder whose Existing Notes are accepted for exchange will receive on the settlement of the Exchange Offer, which is expected to take place on or around the Issue Date, (i) £1 in principal amount of Notes for each £1 in principal amount of Existing Notes validly offered and accepted for exchange by the Issuer; (ii) the Accrued Interest Payment; and (iii) the Exchange Fee (in each case as defined below – see "*Accrued Interest*" and "*Exchange Fee*" below).

From the Issue Date, each Existing Noteholder whose Existing Notes are accepted for exchange will, upon exchange of such Existing Notes for Notes, cease to hold any such Existing Notes that have been accepted for exchange and all their rights in respect of such Existing Notes will cease.

The procedures for participating in the Exchange Offer are set out in the section of this Exchange Offer Memorandum and Prospectus headed "*Procedures for participating in the Exchange Offer*" including, importantly, how Existing Noteholders offer or arrange for their Existing Notes to be offered in exchange for Notes.

An Existing Noteholder's offer to exchange will be deemed to be made at the time of receipt by the Exchange Agent of such Existing Noteholder's valid Exchange Instruction.

Before making a decision whether to offer Existing Notes for exchange, Existing Noteholders should carefully consider all of the information in this Exchange Offer Memorandum and Prospectus and in particular, the factors described or referred to in "Additional factors Existing Noteholders should consider in relation to the Exchange Offer".

2. Commencement and Termination of the Exchange Offer

The Exchange Offer Period commences on the date of this Exchange Offer Memorandum and Prospectus and will expire the Exchange Offer Deadline, unless extended, re-opened or terminated as provided in this Exchange Offer Memorandum and Prospectus. In order for an Existing Noteholder to participate in the Exchange Offer, the Exchange Agent must have received Exchange Instructions in respect of the Existing Notes which that Existing Noteholder intends to exchange for Notes by the Exchange Offer Deadline.

The deadline set by any intermediary or clearing system will be earlier than this deadline.

3. Irrevocability of Exchange Instructions

The submission of a valid Exchange Instruction in accordance with the procedures set out in this section "*Procedures for Participating in the Exchange Offer*" will be irrevocable (except in the limited circumstances described in "*Amendment and Termination*" below). The term "**irrevocable**" means that the submission of an Exchange Instruction cannot be revoked at a later date.

4. Rationale for the Exchange Offer

The purpose of the Exchange Offer is to extend the maturity profile of part of the Group's debt financing. The Exchange Offer provides Existing Noteholders with the opportunity to exchange their holdings of the Existing Notes for the Notes.

5. Accrued Interest

The Issuer will pay accrued and unpaid interest in cash from and including the interest payment date of the Existing Notes immediately preceding the Issue Date to but excluding the Issue Date (the "**Accrued Interest Payment**") in respect of all Existing Notes validly offered and delivered and accepted for exchange by the Issuer pursuant to the Exchange Offer. See "*Delivery of Notes and payment*" below for further details on timing and mechanics relating to the Accrued Interest Payment.

6. **Exchange Fee**

The Issuer will pay an exchange fee to each Existing Noteholder in cash in the amount of £0.015 per £1 in principal amount of Existing Notes (i) validly offered and delivered by such Existing Noteholder; and (ii) accepted for exchange by the Issuer, in each case pursuant to the Exchange Offer (the "**Exchange Fee**"). See "*Delivery of Notes and payment*" below for further details on timing and mechanics relating to the Exchange Fee.

7. **Notes**

The Notes will be issued pursuant to the Conditions as set out in this Exchange Offer Memorandum and Prospectus under the heading "*Terms and Conditions of the Notes*". The Notes are expected to be admitted to the Official List of the FCA and to trading on the ORB on or shortly following the Issue Date.

8. **Differences between the Existing Notes and the Notes**

There are a number of material differences between the Existing Note Conditions and the Conditions. Existing Noteholders are advised to review both in their entirety before making a decision whether to offer their Existing Notes for exchange. See "*Summary of Certain Differences between the Existing Notes and the Notes*" above.

9. **Existing Notes not exchanged**

Existing Noteholders who do not participate in the Exchange Offer (including any Existing Noteholder that is not eligible to participate in the Exchange Offer, whether due to the Minimum Submission Amount required, the offer restrictions referred to in "*Offer and Distribution Restrictions relating to the Exchange Offer*" or otherwise), or whose Existing Notes are not accepted for exchange by the Issuer, will continue to hold their Existing Notes subject to the Terms and Conditions of the Existing Notes.

If the Issuer accepts any Existing Notes for exchange, the Issuer will then accept all Existing Notes that are validly offered pursuant to the terms and conditions set out in this section of the Exchange Offer Memorandum and Prospectus (the "**Exchange Offer Terms**") including, for the avoidance of doubt, paragraph 2 (Commencement and Termination of the Exchange Offer) and paragraph 12 (Offers for exchange and Exchange Instructions) of the Exchange Offer Terms.

10. **Announcement of Results of Exchange Offer**

The Issuer will announce on the Business Day as soon as practicable following the Exchange Offer Deadline, its decision whether to accept valid offers of Existing Notes for exchange pursuant to the Exchange Offer and, if so accepted, the final aggregate amount of:

(a) Existing Notes accepted for exchange; and

(b) Notes to be issued and delivered,

(the "**Announcement of Results**").

"**Business Day**" means a day other than a Saturday or a Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London.

11. **Delivery of Notes and payment**

If Existing Notes validly offered for exchange pursuant to the Exchange Offer are accepted for exchange by the Issuer, the corresponding Notes will be delivered and the Accrued Interest Payment and Exchange Fee in respect of such accepted Existing Notes will be paid by or on behalf of the Issuer in immediately available funds on the Issue Date.

At settlement of the Exchange Offer, the Notes will be delivered and the Accrued Interest Payments made and Exchange Fees paid to the Clearing System accounts in which the relevant Existing Notes are held or (in the case of holders of CDIs) to the CREST Nominee which the CREST Depository will hold interests (if any) in the Notes.

The delivery of such Notes and payment of such Accrued Interest Payments and Exchange Fees to the Clearing Systems will discharge the obligation of the Issuer to all such Existing Noteholders in respect of the delivery of the Notes and payment of the Accrued Interest Payments and Exchange Fees.

Provided the Issuer delivers, or has delivered on its behalf, the Notes, and makes, or has made on its behalf, full payment of the Accrued Interest Payments and Exchange Fees for all Existing Notes accepted for exchange pursuant to the Exchange Offer to the relevant Clearing Systems, on or before the Issue Date, under no circumstances will any additional distribution or interest be payable to an Existing Noteholder because of any delay in the delivery of the Notes by, or transmission of funds from, the relevant Clearing System or any other intermediary with respect to such Existing Notes of that Existing Noteholder.

12. **Offers for exchange and Exchange Instructions**

The Issuer expressly reserves the right, in its sole discretion, to delay acceptance of Existing Notes offered for exchange pursuant to the Exchange Offer in order to comply with applicable laws. In all cases, the Issuer will only accept Existing Notes offered for exchange pursuant to the Exchange Offer after the submission of a valid Exchange Instruction which is received prior to the Exchange Offer Deadline and in accordance with the procedures described in these Exchange Offer Terms and the "*Procedures for Participating in the Exchange Offer*". In the case of Existing Notes held in a Clearing System, these procedures include the blocking of the Existing Notes offered for exchange in the relevant account in the applicable Clearing System from the date the relevant Exchange Instruction is submitted until the earlier of (i) the time of settlement on the Issue Date and (ii) the date of any termination of the Exchange Offer (including where such Existing Notes are not accepted by the Issuer for exchange) or on which the Exchange Instruction is validly revoked, in the circumstances in which such revocation is permitted.

The Issuer will at all times have the discretion to accept any Existing Notes offered for exchange, the offer of which would otherwise be invalid or, in the sole opinion of the Issuer, may otherwise be invalid. See also "*Risk Factors*".

The Issuer is not under any obligation to accept, and shall have no liability to any person for any non-acceptance of, any offer of Existing Notes for exchange pursuant to the Exchange Offer. Offers of Existing Notes for exchange may be rejected in the sole discretion of the Issuer for any reason and the Issuer is not under any obligation to Existing Noteholders to furnish any reason or justification for refusing to accept an offer of Existing Notes for exchange. For example, offers of Existing Notes for exchange may be rejected if the Exchange Offer is terminated, if such offer of Existing Notes for exchange does not comply with the relevant requirements of a particular jurisdiction or for any other reason.

The Issuer may, in its sole discretion, extend, re-open, amend, waive any condition of or terminate the Exchange Offer at any time (subject to applicable law and as provided in this Exchange Offer Memorandum and Prospectus). Details of any such extension, re-opening, amendment, waiver or termination will be announced as provided in this Exchange Offer Memorandum and Prospectus as soon as reasonably practicable after the relevant decision is made. See "*Amendment and Termination*" below. Existing Noteholders are advised that the Issuer may, in its sole discretion, accept offers of Existing Notes for exchange pursuant to the Exchange Offer on more than one date if the Exchange Offer is extended or re-opened.

The failure of any person to receive a copy of this Exchange Offer Memorandum and Prospectus or any announcement made, or notice issued in connection with the Exchange Offer shall not invalidate any aspect of the Exchange Offer. No acknowledgement of receipt of any Exchange Instructions and/or other documents will be given by the Issuer or by the Exchange Agent.

13. **Announcements**

Unless stated otherwise, announcements in connection with the Exchange Offer will be made by publication through the RNS. Announcements will also be made by (i) the delivery of notices to the Clearing Systems for communication to Direct Participants; and (ii) the delivery of notices to CREST for communication to the Existing Noteholders of CDIs. Announcements may, at the Issuer's discretion, also be made by the issue of a press release to a recognised financial news service or services (e.g. Reuters/Bloomberg) as selected by the Issuer (a "**Notifying News Service**").

Copies of all such announcements, press releases and notices can also be obtained from the Exchange Agent, the contact details for which are on the last page of this Exchange Offer Memorandum and Prospectus. Significant delays may be experienced where notices are delivered to the Clearing Systems, and Existing Noteholders are therefore urged to contact the Exchange Agent for the relevant announcements during the course of the Exchange Offer. In addition, holders of Existing Notes may contact the Joint Dealer Managers for information using the contact details on the last page of this Exchange Offer Memorandum and Prospectus.

14. **Governing law and jurisdiction**

The Exchange Offer, each Exchange Instruction, any exchange of Existing Notes pursuant to the Exchange Offer and any non-contractual obligations arising out of or in connection with the Exchange Offer shall all be governed by and construed in accordance with English law.

By submitting an Exchange Instruction, the relevant Existing Noteholder irrevocably and unconditionally agrees for the benefit of the Issuer, the Guarantors, the Joint Dealer Managers and the Exchange Agent, that the courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Exchange Offer, such Exchange Instruction, any exchange of Existing Notes pursuant to the Exchange Offer or any non-contractual obligations arising out of or in connection with the foregoing and that, accordingly, any suit, action or proceedings arising out of or in connection with any such dispute, may be brought in such courts.

15. **General**

Before making a decision whether to offer Existing Notes for exchange, Existing Noteholders should carefully consider all of the information in this Exchange Offer Memorandum and Prospectus and, in particular, the factors described or referred to in the section headed "*Additional factors Existing Noteholders should consider in relation to the Exchange Offer*".

Existing Noteholders should consult their tax advisers as to the tax consequences in the country in which they are resident for tax purposes of the Exchange Offer and of the ownership and transfer of the Notes. See the section entitled "*Taxation*".

Existing Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold Existing Notes when such intermediary needs to receive instructions from an Existing Noteholder before the deadlines specified in this Exchange Offer Memorandum and Prospectus in order for that Existing Noteholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Exchange Offer. The deadlines set by each Clearing System for the submission and withdrawal of Exchange Instructions will also be earlier than the relevant deadlines specified in this Exchange Offer Memorandum and Prospectus.

Neither US Bank Trustees Limited (in its capacity as the Existing Notes Trustee and as Trustee) nor any of its directors, officers, employees or affiliates has made or will make any assessment of, or expresses any opinion on the merits of, or makes any representation or recommendation whatsoever regarding, the Exchange Offer, or this Exchange Offer Memorandum and Prospectus or the impact of the Exchange Offer on the interests of the Existing Noteholders or makes any recommendation whether Existing Noteholders should tender Existing Notes in the Exchange

Offer or otherwise participate in the Exchange Offer and none of them has reviewed nor will be reviewing, any documents relating to the Exchange Offer. Neither the Trustee nor any of its directors, officers, employees or affiliates has verified, or assume any responsibility for the accuracy or completeness of, any of the information concerning the Exchange Offer, the Issuer, the Guarantors or the factual statements contained in this Exchange Offer Memorandum and Prospectus or any other documents referred to in this Exchange Offer Memorandum and Prospectus or assume any responsibility for any failure by the Issuer or the Guarantors to disclose events that may have occurred and may affect the significance or accuracy of such information or the terms of any amendment (if any) to the Exchange Offer.

Questions and requests for assistance in connection with the (a) Exchange Offer, may be directed to the Joint Dealer Managers and (b) delivery of Exchange Instructions, may be directed to the Exchange Agent, the contact details for each of whom are on the last page of this Exchange Offer Memorandum and Prospectus.

Any questions or requests for information in connection with this Exchange Offer Memorandum and Prospectus may be directed to the Joint Dealer Managers using the contact details set out on the back cover of this Exchange Offer Memorandum and Prospectus. Any questions or requests for assistance in connection with the delivery of Exchange Instructions or requests for additional copies of this Exchange Offer Memorandum and Prospectus or related documents, which may be obtained free of charge, may be directed to the Exchange Agent using the contact details provided on the back cover of this Exchange Offer Memorandum and Prospectus.

Before making a decision with respect to the Exchange Offer, Existing Noteholders should carefully consider all of the information in this Exchange Offer Memorandum and Prospectus and, in particular, the risk factors described in the section entitled "*Risk Factors*".

16. **Acknowledgements and Representations**

By submitting a valid Exchange Instruction to the relevant Clearing System in accordance with the standard procedures of such Clearing System, an Existing Noteholder and any Direct Participant submitting such Exchange Instruction on such Existing Noteholder's behalf agree, and acknowledge, represent, warrant and undertake, to the Issuer, the Guarantors, the Exchange Agent and the Joint Dealer Managers the acknowledgements and representations set out in the section of this Exchange Offer Memorandum and Prospectus headed "*Acknowledgements and Representations for the Exchange Offer*". These acknowledgements and representations are made at the time of submission of such Exchange Instruction, the Exchange Offer Deadline and the time of settlement on the Issue Date (if a Holder or Direct Participant is unable to make any such agreement or acknowledgement or give any such representation, warranty or undertaking, such Holder or Direct Participant should contact the Exchange Agent immediately).

17. **Exchange Instructions**

A separate Exchange Instruction must be completed on behalf of each beneficial owner and must relate to an aggregate principal amount of the Existing Notes of at least the Minimum Submission Amount.

18. **Irregularities**

All questions as to the validity, form, eligibility and valid revocation (including times of receipt) of the Exchange Instruction will be determined by the Issuer in its sole discretion, whose determination shall be final and binding.

The Issuer reserves the absolute right to reject any and all Exchange Instructions or revocation instructions not in proper form or for which any corresponding agreement by the Issuer to accept would, in the opinion of the Issuer, be unlawful. The Issuer also reserves the absolute right to waive any defects, irregularities or delay in the submission of any and all Exchange Instructions or revocation instructions and to waive any such defect, irregularity or delay in respect of particular offers of Existing Notes for exchange, whether or not the Issuer elects to waive similar defects, irregularities or any delay in respect of any other offers of Existing Notes for exchange.

Any defect, irregularity or delay must be cured within such time as the Issuer determines, unless waived by it. Exchange Instructions will be deemed not to have been made until such defects, irregularities or

delays have been cured or waived. None of the Issuer, any Guarantor, the Joint Dealer Managers or the Exchange Agent shall be under any duty to give notice to an Existing Noteholder of any defects, irregularities or delays in an Exchange Instruction or revocation instruction, nor shall any of them incur any liability for failure to give such notice.

19. Amendment and Termination

Notwithstanding any other provision of the Exchange Offer, the Issuer may, subject to applicable laws, at its option and in its sole discretion, at any time before (i) in the cases of (a) to (c) below, any acceptance by it of the Exchange Offer, or (ii) in the case of (d) below, the Issue Date:

(a) extend the Exchange Offer Deadline for, or re-open, the Exchange Offer (in which case all references in this Exchange Offer Memorandum and Prospectus to **"Exchange Offer Deadline"** shall, for the purposes of the Exchange Offer unless the context otherwise requires, be to the latest time and date to which the Exchange Offer Deadline has been so extended or the Exchange Offer re-opened);

(b) otherwise extend, re-open or amend the Exchange Offer in any respect (including, but not limited to, any increase, decrease, extension, re-opening or amendment, as applicable, in relation to the Exchange Offer Deadline, the date of the Announcement of Results or the Issue Date);

(c) delay the acceptance of Exchange Instructions or exchange of Existing Notes validly submitted for exchange in the Exchange Offer until satisfaction or waiver of the conditions to the Exchange Offer, even if the Exchange Offer has expired; or

(d) terminate the Exchange Offer, including with respect to Exchange Instructions submitted before the time of such termination.

The Issuer also reserves the right at any time to waive any or all of the conditions of the Exchange Offer as set out in this Exchange Offer Memorandum and Prospectus.

The Issuer will make an announcement in respect of any such extension, re-opening, amendment or termination as soon as is reasonably practicable after the relevant decision is made. To the extent a decision is made to waive any condition of the Exchange Offer generally, as opposed to in respect of certain offers of Existing Notes for exchange only, the Issuer will make a similar announcement in respect of such decision as soon as is reasonably practicable after it is made.

At any time before offers to exchange are accepted pursuant to the Exchange Offer, the Issuer may, at its sole discretion, terminate the Exchange Offer, including with respect to Exchange Instructions submitted before the time of such termination, by giving notice of such termination as described under "*Announcements*" above.

20. Revocation Rights

If the Issuer:

(a) extends, re-opens, amends or terminates the Exchange Offer (other than, in the case of an amendment, to increase the Exchange Fee) or delays acceptance of Exchange Instructions or exchange of Existing Notes as described in "*Amendment and Termination*" above in any way that, in the opinion of the Issuer (in consultation with the Joint Dealer Managers), is materially prejudicial to Existing Noteholders that have already submitted Exchange Instructions in respect of the Exchange Offer before the announcement of such extension, re-opening, amendment or termination (which announcement shall include a statement that in the opinion of the Issuer such amendment is materially prejudicial to such Existing Noteholders); or

(b) publishes a supplementary prospectus in respect of this Exchange Offer Memorandum and Prospectus,

Existing Noteholders who have submitted Exchange Instructions prior to the date of any announcement of an extension, re-opening, amendment or termination as described in paragraph (a) above or prior to the date of publication of any supplementary prospectus as described in paragraph (b) above shall have the right to withdraw such Exchange Instructions. Existing Noteholders may only exercise this right prior

to the end of the period of two Business Days beginning with the Business Day after the date on which the relevant announcement is made or supplementary prospectus is published. Existing Noteholders who wish to withdraw their Exchange Instructions should contact their broker, including in order to determine any earlier deadlines required by the Clearing Systems and any intermediary through which Existing Noteholders hold their Existing Notes.

Any extension or re-opening of the Exchange Offer (including any amendment in relation to the Exchange Offer Deadline, the date of the Announcement of Results and/or the Issue Date) or waiver of any condition in accordance with the terms of the Exchange Offer as described in "*Amendment and Termination*" in this section shall not be considered materially prejudicial to Existing Noteholder that have already submitted Exchange Instructions before the announcement of such amendment.

Existing Noteholder wishing to exercise any right of revocation as set out above should do so in accordance with the procedures set out in "*Procedures for Participating in the Exchange Offer*" above. Beneficial owners of Existing Notes that are held through an intermediary are advised to check with such entity when it needs to receive instructions to revoke an Exchange Instruction in order to meet the above deadline. For the avoidance of doubt, any Existing Noteholder who does not exercise any such right of revocation in the circumstances and in the manner specified above shall be deemed to have waived such right of revocation and its original Exchange Instruction will remain effective.

EXPECTED TIMETABLE OF EVENTS FOR THE EXCHANGE OFFER

The times and dates below are indicative only.

Events	Times and Dates
Announcement and Commencement of the Exchange Offer	
Exchange Offer announced. Notice of the Exchange Offer submitted to the Clearing Systems. Exchange Offer Memorandum and Prospectus available from the Exchange Agent upon request.	30 March 2022
Notice of the Exchange Offer published via the RNS of the London Stock Exchange.	
Exchange Offer Deadline	
Final deadline for receipt of valid Exchange Instructions by the Exchange Agent in order for Existing Noteholders to be able to participate in the Exchange Offer.	4.00 p.m. (London time) on 20 April 2022
End of Exchange Period, subject to the right of the Issuer to extend, re-open, amend and/or terminate the Exchange Offer	
Announcement of Results and publication of Sizing Announcement	Expected to be 21 April 2022
Settlement	
Issue Date, on which: • the new Notes are issued; • delivery of Notes in exchange for Existing Notes validly offered for exchange by an Existing Noteholder and accepted by the Issuer; and • payment of Accrued Interest Payments and Exchange Fees.	27 April 2022

The above times and dates are subject to the right of the Issuer to extend, re-open, amend and/or terminate the Exchange Offer (subject to applicable law and as provided in this Exchange Offer Memorandum and Prospectus). Existing Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold Existing Notes whether such intermediary needs to receive instructions from an Existing Noteholder before the deadlines set out above in order for that Existing Noteholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Exchange Offer. **The deadlines set by each Clearing System for the submission of Exchange Instructions will also be earlier than the deadlines above.** For further details see "*Procedures for Participating in the Exchange Offer*".

Unless stated otherwise, announcements in connection with the Exchange Offer will be made by publication through the RNS. Announcements will also be made by (i) the delivery of notices to the Clearing Systems for communication to Direct Participants; and (ii) the issue of a press release to a Notifying News Service. Copies of all such announcements, press releases and notices can also be obtained from the Exchange Agent, the contact details for which are on the last page of this Exchange Offer Memorandum and Prospectus. Significant delays may be experienced where notices are delivered to the Clearing Systems and Existing Noteholders are urged to contact the Exchange Agent for the relevant announcements during the course of the Exchange Offer. In addition, Existing Noteholders may contact the Joint Dealer Managers for information using the contact details on the last page of this Exchange Offer Memorandum and Prospectus.

ADDITIONAL FACTORS EXISTING NOTEHOLDERS SHOULD CONSIDER IN RELATION TO THE EXCHANGE OFFER

Set out below are additional considerations for Existing Noteholders to consider when determining whether to participate in the Exchange Offer

Uncertainty as to the trading market for Existing Notes not exchanged

Although the Existing Notes that are not validly offered for exchange by Existing Noteholders or accepted by the Issuer for exchange will continue to be admitted to the Official List and to trading on the ORB, to the extent offers of Existing Notes for exchange in the Exchange Offer are accepted by the Issuer and the Exchange Offer is completed, the trading market for the Existing Notes that remain outstanding following such completion may be limited. Such remaining Existing Notes may command a lower price than a comparable issue of securities with greater market liquidity. A reduced market value and liquidity may also make the trading price of such remaining Existing Notes more volatile.

As a result, the market price for Existing Notes that remain outstanding after the completion of the Exchange Offer may be adversely affected as a result of the Exchange Offer. None of the Issuer, the Guarantors, the Joint Dealer Managers or the Exchange Agent has any duty to make a market in any such remaining Existing Notes.

Uncertainty as to the trading market for the Notes

The Issuer does not intend to make any application for the admission to trading and the listing of the Notes other than for admission to the Official List and to trading on the ORB. It is expected that the Notes will be admitted to the Official List and to trading on the ORB.

There is no existing trading market for the Notes prior to their admission to trading on the ORB. To the extent that the Notes are traded, the price of the Notes may fluctuate greatly depending on the trading volume and the balance between buy and sell orders, and there can be no assurance of future liquidity in the Notes. The Exchange Offer is not conditional on the issuance of a minimum aggregate principal amount of Notes, and the liquidity of the Notes will be dependent on the level of acceptances by the Issuer of valid submissions to exchange Existing Notes, as potentially added to by any additional Notes issued to be settled in cash (rather than by exchange of Existing Notes) which is consummated by the Issuer (although prospective Noteholders should note that the Issuer is not under any obligation to continue with or to issue any additional Notes otherwise than pursuant to the Exchange Offer).

Existing Noteholders are urged to contact their brokers to obtain the best available information as to the potential market price and liquidity of the Notes and for advice concerning the effect of the Exchange Offer on their Existing Notes and the terms of the Exchange Offer.

Market value of Existing Notes and Notes

The Exchange Offer may not reflect the market value of the Existing Notes or the Notes. Neither the Issuer nor the Joint Dealer Managers has made any determination that the Exchange Offer represents a fair valuation of either the Existing Notes or the Notes.

Existing Noteholders must validly offer for exchange a principal amount of Existing Notes equal to or greater than the Minimum Submission Amount in order to receive Notes pursuant to the Exchange Offer

In order to receive Notes pursuant to the Exchange Offer, an Existing Noteholder must validly offer for exchange a principal amount of the Existing Notes at least equal to the Minimum Submission Amount (being £1,000 in principal amount of Existing Notes). An Existing Noteholder that holds Existing Notes having a principal amount which is less than the Minimum Submission Amount must, if it wishes to receive Notes pursuant to the Exchange Offer, first acquire such additional Existing Notes as is necessary to enable that Existing Noteholder to be able to offer for exchange Existing Notes equal to at least the Minimum Submission Amount.

Future actions

Whether or not the Exchange Offer is completed, the Issuer and its affiliates may continue to acquire, from time to time during or after the Exchange Offer, Existing Notes other than pursuant to the Exchange Offer, including through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than the prices to be paid pursuant to the Exchange Offer and could be for cash or other consideration or otherwise on terms more or less favourable than those contemplated in the Exchange Offer.

No obligation to accept offers to exchange

The Issuer is not under any obligation to accept, and shall have no liability to any person for any non-acceptance of, any offer of Existing Notes for exchange pursuant to the Exchange Offer. Offers of Existing Notes for exchange may be rejected in the sole and absolute discretion of the Issuer for any reason and the Issuer is not under any obligation to Existing Noteholders to furnish any reason or justification for refusing to accept an offer of Existing Notes for exchange. For example, offers of Existing Notes for exchange may be rejected if the Exchange Offer is terminated, if the Exchange Offer does not comply with the relevant requirements of a particular jurisdiction or for any other reason.

Responsibility for complying with the procedures of the Exchange Offer

Existing Noteholders are responsible for complying with all of the procedures for offering Existing Notes for exchange. None of the Issuer, the Guarantors, the Joint Dealer Managers or the Exchange Agent assumes any responsibility for informing any Existing Noteholder of irregularities with respect to their participation in the Exchange Offer.

Differences between the Existing Notes and the Notes

There are material differences between the Existing Note Conditions issued and the Conditions (see "*Summary of Certain Differences between the Existing Notes and the Notes*" below). Without prejudice to the foregoing, Existing Noteholders should review this Exchange Offer Memorandum and Prospectus, including in particular the Risk Factors relating to the Notes and the Conditions in their entirety, before making a decision whether to offer Existing Notes for exchange pursuant to the Exchange Offer.

Completion, termination and amendment

Until the Issuer announces whether it has decided to accept valid offers of Existing Notes for exchange pursuant to the Exchange Offer, no assurance can be given that the Exchange Offer will be completed. This may depend upon the satisfaction or waiver of the conditions of the Exchange Offer. Existing Notes that are not successfully offered for exchange pursuant to the Exchange Offer will remain outstanding.

In addition, subject to applicable law and as provided in this Exchange Offer Memorandum and Prospectus, the Issuer may, in its sole discretion, extend, re-open, amend or terminate the Exchange Offer, and may, in its sole discretion, waive any of the Exchange Offer Terms in each case at the times and as described in "*The Exchange Offer - Amendment and Termination*" above. The Issuer is furthermore entitled to terminate the Exchange Offer at any time after its commencement to (and including) the day prior to the Issue Date. The detail of this entitlement is also set out in paragraph 19 (Amendment and Termination) of the Exchange Offer Terms.

Exchange Instructions irrevocable

Exchange Instructions will be irrevocable except in the limited circumstances described in paragraph 20 (Revocation rights) of the Exchange Offer Terms above.

Compliance with offer and distribution restrictions

Existing Noteholders are referred to the offer and distribution restrictions in "*Offer and Distribution Restrictions relating to the Exchange Offer*" and the agreements, acknowledgements, representations, warranties and undertakings in "*Procedures for Participating in the Exchange Offer*", which they will make on submission of an Exchange Instruction. Non-compliance with the offer and distribution restrictions could result in the unwinding of trades and/or in significant costs for Investors.

Responsibility to consult advisers

None of the Issuer, the Guarantors, their respective directors, the Joint Dealer Managers or the Exchange Agent makes any recommendation to any Existing Noteholder as to whether the Existing Noteholder should exchange its Existing Notes, or refrain from taking any action in the Exchange Offer with respect to any of such Existing Noteholder's Existing Notes, and none of them has authorised any person to make any such recommendation. Existing Noteholders should consult their own tax, accounting, financial and legal advisers regarding the suitability to themselves of the tax or accounting consequences of participating in the Exchange Offer and an investment in the Notes. None of the Issuer, the Guarantors, the Joint Dealer Managers or the Exchange Agent has made or will make any assessment of the merits of the offer or of the impact of the Exchange Offer on the interests of Existing Noteholders either as a class or as individuals.

Restrictions on transfer of Existing Notes

When considering whether to participate in the Exchange Offer, Existing Noteholders should take into account that restrictions on the transfer of Existing Notes by Existing Noteholders will apply from the time of submission of Exchange Instructions. An Existing Noteholder will, on submitting an Exchange Instruction, agree that its Existing Notes will be blocked in the relevant account in the relevant Clearing System, from the date the relevant Exchange Instruction is submitted until the earlier of:

(a) the time of settlement on the Issue Date; and

(b) the date of any termination of the Exchange Offer (including where such Existing Notes are not accepted by the Issuer for exchange) or on which the Exchange Instruction is validly revoked, in the limited circumstances in which such revocation is permitted, in accordance with the applicable procedures set forth in the section "*Procedures for Participating in the Exchange Offer*" of this Exchange Offer Memorandum and Prospectus.

PROCEDURES FOR PARTICIPATING IN THE EXCHANGE OFFER

Existing Noteholders who need assistance with respect to the procedures for participating in the Exchange Offer should contact the Exchange Agent, the contact details for whom are on the last page of this Exchange Offer Memorandum and Prospectus.

Summary of action to be taken

The Issuer will only accept offers of Existing Notes for exchange pursuant to the Exchange Offer which are made by way of the submission of valid Exchange Instructions in accordance with the procedures set out in this section "*Procedures for Participating in the Exchange Offer*".

An "**Exchange Instruction**" means the electronic exchange and blocking instruction in the form specified in the relevant Clearing System Notice, which must be submitted by (or on behalf of, as relevant) an Existing Noteholder. A "**Clearing System Notice**" means the notice to be sent to Direct Participants by each of the Clearing Systems on or about the date of this Exchange Offer Memorandum and Prospectus, informing Direct Participants, of, amongst other things, the procedures to be followed in order to participate in the Exchange Offer.

"**Existing Noteholder**" means:

(i) each person who is shown in the records of the Clearing Systems as a holder of the Existing Notes;

(ii) each person who is shown in the records of CREST as a holder of a CDI issued, held, settled and transferred through CREST, representing interests in the Existing Notes,

(the persons in (i) and (ii) above being "**Direct Participants**" and each being a "**Direct Participant**"); and

(iii) each beneficial owner of the Existing Notes holding such Existing Notes, directly or indirectly, in an account in the name of a Direct Participant acting on such beneficial owner's behalf,

except that for the purposes of the exchange of any Existing Notes for Notes and the payment of any Accrued Interest Payment and Exchange Fee pursuant to the Exchange Offer, to the extent the beneficial owner of the relevant Existing Notes is not a Direct Participant, the Notes will only be delivered and such payment will only be made by or on behalf of the Issuer through the relevant Clearing System or via CREST to the relevant Direct Participant and the delivery of such Notes and making of such payment by or on behalf of the Issuer to such Clearing System or to CREST and by such Clearing System or by CREST to such Direct Participant will satisfy the respective obligations of the Issuer and such Clearing System or by CREST in respect of the exchange of such Existing Notes.

"**Beneficial Owner**" means a person who is the owner, either directly or indirectly, of an interest in a particular principal amount of the Existing Notes, as shown in the records of Euroclear or Clearstream, Luxembourg or their Direct Participants.

To offer Existing Notes for exchange pursuant to the Exchange Offer where such Existing Notes are held in a Clearing System, an Existing Noteholder should deliver, or arrange to have delivered on its behalf, via the relevant Clearing System and in accordance with the requirements of such Clearing System, a valid Exchange Instruction that is received by the Exchange Agent by the Exchange Offer Deadline.

Existing Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold Existing Notes whether such intermediary needs to receive instructions from an Existing Noteholder before the deadlines specified in this Exchange Offer Memorandum and Prospectus in order for that Existing Noteholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Exchange Offer. **The deadlines set by each Clearing System for the submission and withdrawal of Exchange Instructions will also be earlier than the relevant deadlines specified in this Exchange Offer Memorandum and Prospectus.**

Responsibility for delivery of Exchange Instructions

(c) **No responsibility**: None of the Issuer, the Joint Dealer Managers, the Trustee, the Existing Notes Trustee, the Agents, the Existing Notes Agents or the Exchange Agent will be responsible for the communication of any offer to exchange and corresponding Exchange Instructions by:

  (i) Beneficial Owners to the Direct Participant through which they hold Existing Notes; or

  (ii) the Direct Participant to the relevant Clearing System.

(d) **Direct Participants**: If a Beneficial Owner holds its Existing Notes through a Direct Participant, such Beneficial Owner should contact that Direct Participant to discuss the manner in which offers to exchange and transmission of the corresponding Exchange Instructions and, as the case may be, transfer instructions may be made on its behalf.

(e) **Inability to submit instructions**: If the Direct Participant through which a Beneficial Owner holds its Existing Notes is unable to submit an Exchange Instruction on its behalf, such Beneficial Owner should contact the Exchange Agent for assistance.

(f) **Timely delivery**: Existing Noteholders, Direct Participants and Beneficial Owners are solely responsible for arranging the timely delivery of their Exchange Instructions.

(g) **Service fees**: If a Beneficial Owner offers its Existing Notes through a Direct Participant, such beneficial owner should consult with that Direct Participant as to whether it will charge any service fees in connection with the participation in the Exchange Offer.

Existing Noteholders should note that:

(i) each Beneficial Owner should submit (or arrange to have submitted on its behalf) a separate Exchange Instruction in respect of such Beneficial Owner's Existing Notes; and

(ii) a Beneficial Owner must not submit (or arrange to have submitted on its behalf) more than one Exchange Instruction in respect of the same Existing Notes.

Accordingly, where an intermediary intends to submit Exchange Instructions on behalf of multiple beneficial owners who hold their Existing Notes through such intermediary, it must submit a separate Exchange Instruction in respect of each Beneficial Owner.

Exchange Instructions

The offering of Existing Notes for exchange by an Existing Noteholder will be deemed to have occurred upon receipt by the Exchange Agent from the relevant Clearing System of a valid Exchange Instruction submitted in accordance with the requirements of such Clearing System. The receipt of such Exchange Instruction by the relevant Clearing System will be acknowledged in accordance with the standard practices of such Clearing System and will result in the blocking of the relevant Existing Notes in the Existing Noteholder's account with the relevant Clearing System so that no transfers may be effected in relation to such Existing Notes.

Existing Noteholders must take the appropriate steps through the relevant Clearing System so that no transfers may be effected in relation to such blocked Existing Notes at any time after the date of submission of such Exchange Instruction, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. By blocking such Existing Notes in the relevant Clearing System, each Direct Participant will be deemed to consent to have the relevant Clearing System provide details concerning such Direct Participant's identity to the Exchange Agent (and for the Exchange Agent to provide such details to the Issuer and to the Joint Dealer Managers and their respective legal advisers).

Only Direct Participants may submit Exchange Instructions. Each Existing Noteholder that is not a Direct Participant must arrange for the Direct Participant through which such Existing Noteholder holds its Existing Notes to submit a valid Exchange Instruction on its behalf to the relevant Clearing System before the deadlines specified by the relevant Clearing System.

It is a term of the Exchange Offer that Exchange Instructions are irrevocable except in the limited circumstances described in "*The Exchange Offer - Amendment and Termination*". In such circumstances, Exchange Instructions may be revoked by an Existing Noteholder, or the relevant Direct Participant on its behalf, by submitting (for receipt before the deadline of the relevant Clearing System) a valid electronic withdrawal instruction to the relevant Clearing System. To be valid, such instruction must specify the Existing Notes to which the original Exchange Instruction related, the principal amount of the Existing Notes for which the Exchange Instruction is requested to be revoked, the securities account to which such Existing Notes are credited and any other information required by the relevant Clearing System.

ACKNOWLEDGEMENTS AND REPRESENTATIONS FOR THE EXCHANGE OFFER

By submitting a valid Exchange Instruction to the relevant Clearing System in accordance with the standard procedures of such Clearing System, an Existing Noteholder and any Direct Participant submitting such Exchange Instruction on such Existing Noteholder's behalf agree, and acknowledge, represent, warrant and undertake, to the Issuer, the Guarantors, the Exchange Agents, the Trustee, the Existing Notes Trustee, the Agents, the Existing Notes Agents and the Joint Dealer Managers the acknowledgements and representations set out in this section of this Exchange Offer Memorandum and Prospectus (if an Existing Noteholder or Direct Participant is unable to make any such agreement or acknowledgement or give any such representation, warranty or undertaking, such Existing Noteholder or Direct Participant should contact the Exchange Agent immediately). These acknowledgements and representations are made at the time of submission of such Exchange Instruction, the Exchange Offer Deadline and the time of settlement on the Issue Date, except that the acknowledgement and representation in paragraph (n) below is not made for the benefit of the Issuer, the Guarantors, the Exchange Agent or the Joint Dealer Managers at the time of the Exchange Offer Deadline or the time of settlement on the Issue Date to the extent that it would result in a violation of or conflict with Council Regulation (EC) No 2271/1996 of 22 November 1996 as it forms part of domestic law of the UK by virtue of the EUWA or any similar applicable anti-boycott law or regulation in the United Kingdom:

(a) it has received this Exchange Offer Memorandum and Prospectus, and has reviewed and accepts the offer and distribution restrictions, terms, conditions, risk factors, the Conditions and other considerations of the Exchange Offer, all as described in this Exchange Offer Memorandum and Prospectus (including all information incorporated by reference which it has had access to and has reviewed and understood), and has on its own or with the help of its financial or other professional advisers, undertaken an appropriate analysis (with appropriate analytical tools) of the implications of the Exchange Offer in the context of its particular financial situation and the impact any decision to participate (or not participate) in the Exchange Offer will have on its overall investment portfolio, in each case without reliance on the Issuer, any Guarantor, the Joint Dealer Managers, the Trustee, the Existing Notes Trustee, the Agents, the Existing Notes Agents or the Exchange Agent;

(b) by blocking the relevant Existing Notes in the relevant Clearing System, it will be deemed to consent, in the case of a Direct Participant, to have such Clearing System provide details concerning its identity to the Exchange Agent (and for the Exchange Agent to provide such details to the Issuer and to the Joint Dealer Managers and their respective legal advisers);

(c) upon the terms and subject to the conditions of the Exchange Offer, it offers for exchange in the Exchange Offer the principal amount of Existing Notes specified in the Exchange Instruction validly submitted and blocked in its account in the relevant Clearing System and, subject to and effective upon such exchange by the Issuer, it renounces all right, title and interest in and to all such Existing Notes exchanged by or at the direction of the Issuer and waives and releases any rights or claims it may have against the Issuer or any Guarantor with respect to any such Existing Notes and the Exchange Offer;

(d) if the Existing Notes offered for exchange are accepted for exchange by the Issuer, it acknowledges that: (i) any Notes deliverable and Accrued Interest Payment and Exchange Fee payable to it in respect of the Existing Notes so accepted will be delivered, deposited or paid (as the case may be) by or on behalf of the Issuer with or to the Clearing Systems on the relevant Issue Date; (ii) the Clearing Systems thereafter will deliver such Notes and pay such Accrued Interest Payment and Exchange Fee promptly to the relevant account(s) in the Clearing Systems of the relevant Direct Participant; and (iii) the Notes will be delivered and Accrued Interest Payment and Exchange Fee will be paid to the Clearing System account(s) in which the relevant Existing Notes are held; and the delivery of such Notes and payment of such Accrued Interest Payment and Exchange Fee to or to the order of the Clearing Systems will discharge the obligation of the Issuer to such Existing Noteholder in respect of the delivery of the Notes and payment of the Accrued Interest Payment and Exchange Fee, and no additional amounts shall be payable to the Existing Noteholder in the event of a delay in the transmission of the relevant Notes and Accrued Interest Payment and/or Exchange Fee by the relevant Clearing System or an intermediary to the Existing Noteholder;

(e) it agrees to ratify and confirm each and every act or thing that may be done or effected by the Issuer, any of its directors or any person nominated by the Issuer in the proper exercise of his or her powers and/or authority hereunder;

(f) it agrees to do all such acts and things as shall be necessary and execute and deliver any additional documents deemed by the Issuer to be desirable, in each case to complete the transfer of the relevant Existing Notes to the Issuer or its nominee in exchange for the relevant Notes and/or to perfect any of the authorities expressed to be given hereunder;

(g) it has (i) observed the laws of all relevant jurisdictions, (ii) obtained all requisite governmental, exchange control or other required consents, (iii) complied with all requisite formalities, (iv) paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer or acceptance in any jurisdiction and (v) not taken or omitted to take any action in breach of the terms of the Exchange Offer or which will or may result in the Issuer, the Guarantors, the Joint Dealer Managers, the Exchange Agent, the Trustee, the Existing Notes Trustee, the Agents and the Existing Notes Agents or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Exchange Offer;

(h) all authority conferred or agreed to be conferred pursuant to its acknowledgements, agreements, representations, warranties and undertakings, and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives, and shall not be affected by, and shall survive, its death or incapacity;

(i) no information has been provided to it by the Issuer, the Guarantors, the Joint Dealer Managers, the Exchange Agent, the Trustee, the Existing Notes Trustee, the Agents or the Existing Notes Agents or any of their respective directors or employees, with regard to the tax consequences for Existing Noteholders arising from the exchange of Existing Notes pursuant to the Exchange Offer for Notes and the Accrued Interest Payment and Exchange Fee, or in relation to the Notes, and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Exchange Offer (including the exchange of its Existing Notes and the receipt pursuant to the Exchange Offer of the relevant Notes and the Accrued Interest Payment and Exchange Fee) and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Issuer, the Guarantors, the Joint Dealer Managers, the Exchange Agent, the Trustee, the Existing Notes Trustee, the Agents or the Existing Notes Agents or any of their respective directors or employees, or any other person in respect of such taxes and payments;

(j) it is not a person to whom it is unlawful to make an invitation pursuant to the Exchange Offer under applicable securities laws and it has not distributed or forwarded this Exchange Offer Memorandum and Prospectus or any other documents or material relating to the Exchange Offer to any other person and it has (before submitting, or arranging for the submission on its behalf, as the case may be, of the Exchange Instruction in respect of the Existing Notes it is offering for exchange) complied with all laws and regulations applicable to it for the purposes of its participation in the Exchange Offer;

(k) the Notes are being offered and sold in transactions not involving a public offering in the United States within the meaning of the Securities Act, and the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States;

(l) either (a) (i) it is the beneficial owner of the Existing Notes being offered for exchange; and (ii) it is located outside the United States and is participating in the Exchange Offer from outside the United States and it is not a U.S. person, or (b) (i) it is acting on behalf of the beneficial owner of the Existing Notes being offered for exchange on a non-discretionary basis and has been duly authorised to so act; and (ii) such beneficial owner has confirmed to it that it is located outside the United States and is participating in the Exchange Offer from outside the United States and it is not a U.S. person;

(m) it is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, it is a person to whom this Exchange Offer Memorandum and Prospectus and any

other documents or materials relating to the Exchange Offer may lawfully be communicated in accordance with the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;

(n) it is not a target of any financial or economic sanctions or trade embargoes administered or enforced by OFAC, the U.S. Department of State or Commerce or any other U.S., EU, United Nations or UK economic sanctions;

(o) the Notes may be offered and sold to it in compliance with each restriction set out (or incorporated by reference) in the "*Offer and Distribution Restrictions relating to the Exchange Offer*" sections;

(p) it has full power and authority to offer for exchange and transfer the Existing Notes offered for exchange and, if such Existing Notes are accepted for exchange by the Issuer, such Existing Notes will be transferred to, or to the order of, the Issuer with full title free from all liens, charges and encumbrances and not subject to any adverse claim, together with all rights attached to such Existing Notes, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Issuer to be necessary or desirable to complete the transfer and cancellation of such Existing Notes or to evidence such power and authority;

(q) it holds and will hold, until the time of settlement on the Issue Date, the Existing Notes blocked in the relevant Clearing System and, in accordance with the requirements of, and by the deadline required by, such Clearing System, it has submitted, or has caused to be submitted, an Exchange Instruction to such Clearing System to authorise the blocking of the Existing Notes offered for exchange with effect on and from the date of such submission so that, at any time pending the transfer of such Existing Notes on the Issue Date to the Issuer, or to its agent on its behalf, no transfers of such Existing Notes may be effected;

(r) it understands that acceptance for exchange of Existing Notes validly offered for exchange by it pursuant to the Exchange Offer will constitute a binding agreement between it, the Issuer (as issuer of the Existing Notes) and/or the Issuer in accordance with and subject to the terms and conditions of the Exchange Offer;

(s) it understands that the Issuer may, at its sole discretion, extend, re-open, amend, waive any condition of or terminate the Exchange Offer at any time and that, in the event of a termination of the Exchange Offer, the Exchange Instructions with respect to the Existing Notes will be released (and the relevant Existing Notes returned to the Existing Noteholder);

(t) none of the Issuer, the Guarantors, the Joint Dealer Managers, the Exchange Agent, the Trustee, the Existing Notes Trustee, the Agents or the Existing Notes Agents or any of their respective directors or employees, has given it any information with respect to the Exchange Offer save as expressly set out in this Exchange Offer Memorandum and Prospectus nor has any of them made any recommendation to it as to whether it should offer Existing Notes for exchange in the Exchange Offer and it has made its own decision with regard to offering Existing Notes for exchange in the Exchange Offer based on any legal, tax or financial advice it has deemed necessary to seek;

(u) it acknowledges that the Issuer, the Guarantors, the Joint Dealer Managers, the Exchange Agent, the Trustee, the Existing Notes Trustee, the Agents and the Existing Notes Agents will rely upon the truth and accuracy of the foregoing acknowledgments, agreements, representations, warranties and undertakings;

(v) the terms and conditions of the Exchange Offer shall be deemed to be incorporated in, and form a part of, the Exchange Instruction which shall be read and construed accordingly, and that the information given by or on behalf of such Holder in the Exchange Instruction is true and will be true in all respects at the time of the exchange on the Issue Date;

(w) it accepts the Issuer is under no obligation to accept offers of Existing Notes for exchange pursuant to the Exchange Offer, and accordingly such offers may be accepted or rejected by the Issuer in its sole discretion and for any reason; and

(x) it will indemnify the Issuer, the Guarantors, the Joint Dealer Managers, the Exchange Agent, the Trustee, the Existing Notes Trustee, the Agents and the Existing Notes Agents against any and all losses, costs, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the acknowledgements, representations, warranties and/or undertakings given pursuant to, the Exchange Offer by any Existing Noteholder.

The receipt of an Exchange Instruction by the relevant Clearing System will constitute instructions to debit the securities account of the relevant Direct Participant on the Issue Date in respect of all of the Existing Notes that the relevant Existing Noteholder has offered for exchange, upon receipt by such Clearing System of an instruction from the Exchange Agent for such Existing Notes to be transferred to the specified account of the Issuer or its agent on its behalf and against credit of the relevant Notes and payment by the Issuer of the Accrued Interest Payment and Exchange Fee, subject to the automatic withdrawal of those instructions on the date of any termination of the Exchange Offer (including where such Existing Notes are not accepted for exchange by the Issuer) or on the valid revocation of such Exchange Instruction, in the limited circumstances in which such revocation is permitted as described in this Exchange Offer Memorandum and Prospectus, and subject to acceptance of the Exchange Offer by the Issuer and all other conditions of such Exchange Offer.

IMPORTANT LEGAL INFORMATION

Authorised Offerors

If, in the context of a Public Offer (as defined below), you are offered Notes by any person, you must check that such person has been given consent to use this Exchange Offer Memorandum and Prospectus for the purposes of making such offer before agreeing to purchase any Notes. The following persons have consent to use this Exchange Offer Memorandum and Prospectus in connection with a Public Offer:

- Peel Hunt LLP and WH Ireland Limited (the **"Joint Lead Managers")**;
- any financial intermediary named in this Exchange Offer Memorandum and Prospectus as being an Initial Authorised Offeror; and
- any other financial intermediary authorised to make such offers under Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **"EUWA"**) ("**UK MiFIR"**) who has satisfied the Authorised Offeror Terms (as defined below) and accordingly publishes the Acceptance Statement (set out below under the heading, "*Consent*") on its website.

The persons referred to above have only been given consent to use this Exchange Offer Memorandum and Prospectus during the Offer Period and only in the United Kingdom, Jersey, the Bailiwick of Guernsey and/or the Isle of Man. Other than as set out above, neither the Issuer nor the Guarantors have authorised the making of any Public Offer by any person and neither the Issuer nor any Guarantor has consented to the use of this Exchange Offer Memorandum and Prospectus by any other person in connection with any Public Offer.

This Exchange Offer Memorandum and Prospectus has been prepared on a basis that permits offers that are not made within an exemption from the requirement to publish a prospectus under Article 1.4 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA (the **"UK Prospectus Regulation"**) ("**Public Offers**") in the United Kingdom. Any person making or intending to make a Public Offer of Notes on the basis of this Exchange Offer Memorandum and Prospectus must do so only with the Issuer's and the Guarantors' consent – see "*Consent given in accordance with Article 5.1 of the UK Prospectus Regulation*" below.

Consent given in accordance with Article 5.1 of the UK Prospectus Regulation

In the context of any Public Offer of the Notes in the United Kingdom, Jersey, the Bailiwick of Guernsey and/or the Isle of Man, each of the Issuer and the Guarantors accepts responsibility, for the content of this Exchange Offer Memorandum and Prospectus in relation to any person (an "**Investor**") who purchases any Notes in a Public Offer made by the Joint Lead Managers or an Authorised Offeror (as defined below) during the Offer Period.

Except in the circumstances described below, none of the Issuer, the Guarantors or the Joint Lead Managers has authorised the making of any offer by any offeror and neither the Issuer nor any of the Guarantors has consented to the use of this Exchange Offer Memorandum and Prospectus by any other person in connection with any offer of the Notes in any jurisdiction. Any offer made without the consent of the Issuer and the Guarantors is unauthorised and none of the Issuer, the Guarantors or, for the avoidance of doubt, the Joint Lead Managers accepts any responsibility or liability in relation to any such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Exchange Offer Memorandum and Prospectus for the purpose of the relevant Public Offer and, if so, who that person is. If an Investor is in any doubt about whether it can rely on this Exchange Offer Memorandum and Prospectus and/or who is responsible for its contents, the Investor should take legal advice.

Consent

The Issuer and each Guarantor consents, and (in connection with sub-paragraph (iii) below) offers to grant its consent, to the use of this Exchange Offer Memorandum and Prospectus in connection with any Public Offer of the Notes in the United Kingdom, Jersey, the Bailiwick of Guernsey and/or the Isle of Man in accordance with the Authorised Offeror Terms during the period commencing on the date of this Exchange Offer Memorandum and Prospectus to 4.00 p.m. (London time) on 20 April 2022 (the **"Offer Period")** by:

(i) the Joint Lead Managers;

(ii) Hargreaves Lansdown Asset Management Limited of 1 College Square South, Anchor Road, Bristol, BS1 5HL, (the "**Initial Authorised Offerors**"); and

(iii) any other financial intermediary which (a) is authorised to make such offers under UK MiFIR and (b) accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) during the Offer Period (the "**Acceptance Statement**"):

"*We, [insert legal name of financial intermediary], refer to the offer of 9.00 per cent. Notes due 27 October 2027 (the* ***"Notes")*** *described in the Exchange Offer Memorandum and Prospectus dated 29 March 2022 (the* ***"Exchange Offer Memorandum and Prospectus")*** *published by EnQuest PLC (the* ***"Issuer")****. In consideration of the Issuer and the Guarantors named in the Exchange Offer Memorandum and Prospectus offering to grant their consent to our use of the Exchange Offer Memorandum and Prospectus in connection with the offer of the Notes in the United Kingdom, Jersey, the Bailiwick of Guernsey and/or the Isle of Man during the Offer Period in accordance with the Authorised Offeror Terms (as specified in the Exchange Offer Memorandum and Prospectus), we hereby accept the offer by the Issuer and the Guarantors. We confirm that we are authorised under UK MiFIR to make, and are using the Exchange Offer Memorandum and Prospectus in connection with, the Public Offer accordingly. Terms used in this paragraph and otherwise not defined shall have the same meaning as given to such terms in the Exchange Offer Memorandum and Prospectus*."

The Initial Authorised Offerors and the financial intermediaries referred to in paragraph (ii) / (iii) above are together referred to herein as the "**Authorised Offerors**".

The "**Authorised Offeror Terms**" are that the relevant financial intermediary:

(a) is authorised to make such offers under UK MiFIR (in which regard, Investors should consult the register of authorised entities maintained by the FCA at https://www.fca.org.uk/firms/financial-services-register). UK MiFIR governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the United Kingdom in order to seek to promote cross-border business, market transparency and the protection of investors;

(b) acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**"), including the Rules published by the FCA (including, but not limited to, its guidance for distributors in "*The Responsibilities of Providers and Distributors for the Fair Treatment of Customers*" and its sourcebook for "*Product Intervention and Product Governance*") from time to time including, without limitation and in each case, Rules relating to both the target market for the Notes and the appropriateness or suitability of any investment in the Notes by an Investor and disclosure to any potential Investor;

(c) complies with the restrictions set out under the section headed "*Subscription and Sale*" in this Exchange Offer Memorandum and Prospectus which would apply as if the relevant financial intermediary were a Joint Lead Manager;

(d) acknowledges the relevant manufacturers' target market and distribution channels identified under the "*UK MiFIR Product Governance*" legend set out in this Exchange Offer Memorandum and Prospectus;

(e) ensures that any fee, commission, benefits of any kind, rebate received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and is fully and clearly disclosed to Investors and potential Investors;

(f) holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules, including authorisation under the FSMA and/or the Financial Services Act 2012;

(g) complies with, and takes appropriate steps in relation to, all applicable anti-money laundering, anti-bribery, prevention of corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to the initial investment in any Notes by the Investor), and does not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;

(h) retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the Joint Lead Managers, the Issuer and the Guarantors or directly to the appropriate authorities with jurisdiction over the Issuer, the Guarantors and/or the Joint Lead Managers in order to enable the Issuer, the Guarantors and/or the Joint Lead Managers to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer, the Guarantors and/or the Joint Lead Managers;

(i) does not, directly or indirectly, cause the Issuer, the Guarantors or the Joint Lead Managers to breach any Rule or subject the Issuer, the Guarantors or the Joint Lead Managers to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

(j) agrees and undertakes to indemnify each of the Issuer, the Guarantors and the Joint Lead Managers (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer, the Guarantors or the Joint Lead Managers, as applicable;

(k) immediately gives notice to the Issuer, the Guarantors and the Joint Lead Managers if at any time such Authorised Offeror becomes aware or suspects that it is or may be in violation of any Rules or these Authorised Offeror Terms, and takes all appropriate steps to remedy such violation and comply with such Rules and these Authorised Offeror Terms in all respects;

(l) makes available to each potential Investor in the Notes, this Exchange Offer Memorandum and Prospectus (as supplemented as at the relevant time, if applicable) and any information booklet provided by the Issuer or the Guarantors for such purpose, and does not convey or publish any information that is not contained in or entirely consistent with this Exchange Offer Memorandum and Prospectus;

(m) if it conveys or publishes any communication (other than this document or any other materials provided to such financial intermediary by or on behalf of the Issuer or the Guarantors for the purposes of the Public Offer) in connection with the Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer and the Guarantors, that such financial intermediary is solely responsible for such communication and that neither the Issuer, the Guarantors or, for the avoidance of doubt, the Joint Lead Managers accept any responsibility or liability for such communication and (C) does not, without the prior written consent of the Issuer, the relevant Guarantor or the Joint Lead

Managers (as applicable), use the legal or publicity names of the Issuer, Guarantors or Joint Lead Managers or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the Notes and the Guarantors as guarantors of the Notes on the basis set out in this document;

(n) ensures that no holder of Notes or potential Investor in Notes shall become an indirect or direct client of the Issuer, the Guarantors or the Joint Lead Managers for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;

(o) co-operates with the Issuer, the Guarantors and the Joint Lead Managers in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (h) above) upon written request from the Issuer, the Guarantors or the Joint Lead Managers as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer, the Guarantors or the Joint Lead Managers:

  (A) in connection with any request or investigation by the FCA or any other regulator in relation to the Notes, the Issuer, the Guarantors or the Joint Lead Managers; and/or

  (B) in connection with any complaints received by the Issuer, the Guarantors and/or the Joint Lead Managers relating to the any of them or another Authorised Offeror including, without limitation, complaints as defined in rules published by the FCA and/or any other regulator of competent jurisdiction from time to time; and/or

  (C) which the Issuer, Guarantors or the Joint Lead Managers may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer, the Guarantors and/or the Joint Lead Managers fully to comply with its or their own legal, tax and regulatory requirements,

(p) in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

(q) either (i) obtains from each potential Investor an executed application for the Notes, or (ii) keeps a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintains the same on its files for so long as is required by any applicable Rules; and

(r) agrees and accepts that:

  (i) the contract between the Issuer, the Guarantors and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer and the Guarantors' offer to use this Exchange Offer Memorandum and Prospectus with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;

  (ii) subject to (iv) below, the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) and accordingly submits to the exclusive jurisdiction of the English courts;

  (iii) for the purposes of (i) and (ii) above, the financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute;

(iv) to the extent allowed by law, the Joint Lead Managers may, in respect of any Dispute or Disputes, take (x) proceedings in any other court with jurisdiction; and (y) concurrent proceedings in any number of jurisdictions; and

(v) the Joint Lead Managers will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, undertakings and indemnity given by each financial intermediary pursuant to the Authorised Offeror Terms.

Investors should note that any financial intermediary who wishes to use this Exchange Offer Memorandum and Prospectus in connection with a Public Offer as set out above is required, for the duration of the Offer Period, to publish on such financial intermediary's website the Acceptance Statement as defined above and to confirm on such financial intermediary's website that its use of this Exchange Offer Memorandum and Prospectus is in accordance with the consent and conditions described above.

Other than as set out above, none of the Issuer, the Guarantors or the Joint Lead Managers has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Exchange Offer Memorandum and Prospectus in connection with any offer of Notes. Any such offers are not made on behalf of the Issuer, the Guarantors or by the Joint Lead Managers or any Authorised Offeror and none of the Issuer, the Guarantors, the Joint Lead Managers or Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

Arrangements between investors and the financial intermediaries who will distribute the Notes

In the event of any public offer being made by a financial intermediary, the financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made on such financial intermediary's website.

None of the Issuer, the Guarantors nor, for the avoidance of doubt, the Joint Lead Managers has any responsibility or liability for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so and offers and sales of the Notes to such Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements. Neither the Issuer nor the Guarantors will be a party to any such arrangements with any Investor in connection with the offer or sale of the Notes and, accordingly, this Exchange Offer Memorandum and Prospectus does not contain such information. The information relating to the procedure for making applications will be provided by the relevant Authorised Offeror to the relevant Investor(s) at the relevant time. None of the Issuer, the Guarantors or the Joint Lead Managers or other Authorised Offerors has any responsibility or liability for such information.

Notice to Investors

The Notes may not be a suitable investment for all Investors. Potential Investors must determine the suitability of any investment in light of their own circumstances. In particular, Investors may wish to consider, either on their own or with the help of their financial and other professional advisers, whether they:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Exchange Offer Memorandum and Prospectus (and any applicable supplement to this Exchange Offer Memorandum and Prospectus);

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on the Investor's overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments (sterling) is different from the currency which the Investor usually uses;

(d) understand thoroughly the terms of the Notes and are familiar with the behaviour of the financial markets; and

(e) are able to evaluate possible scenarios for economic, interest rate and other factors that may affect the Investor's investment and your ability to bear the applicable risks.

No person is or has been authorised by the Issuer, the Guarantors, the Joint Lead Managers or the Trustee to give any information or to make any representation not contained in or not consistent with this Exchange Offer Memorandum and Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors, the Joint Lead Managers or the Trustee.

Neither the publication of this Exchange Offer Memorandum and Prospectus nor the offering, sale or delivery of the Notes shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or any Guarantor since the date of this Exchange Offer Memorandum and Prospectus or that there has been no adverse change in the financial position of the Issuer or the Guarantors since the date of this Exchange Offer Memorandum and Prospectus or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Joint Lead Managers nor the Trustee undertakes to review the financial condition or affairs of the Issuer or any Guarantor during the life of the Notes or to advise any Investor in the Notes of any information coming to their attention.

Neither this Exchange Offer Memorandum and Prospectus nor any other information supplied in connection with the offering of the Notes should be considered as a recommendation by the Issuer, the Guarantors, the Joint Lead Managers or the Trustee that any recipient of this Exchange Offer Memorandum and Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Exchange Offer Memorandum and Prospectus and any purchase of Notes should be based upon such investigation as it deems necessary.

The Joint Lead Managers, the Trustee and the Existing Notes Trustee

None of the Joint Lead Managers, the Trustee or the Existing Notes Trustee has independently confirmed the information contained in this Exchange Offer Memorandum and Prospectus. No representation, warranty or undertaking, express or implied, is made by the Joint Lead Managers, the Trustee or the Existing Notes Trustee as to the accuracy or completeness of the information contained in this Exchange Offer Memorandum and Prospectus or any other information provided by the Issuer or any Guarantor in connection with the offering of the Notes. None of the Joint Lead Managers, the Trustee or the Existing Notes Trustee accepts liability in relation to the information contained in this Exchange Offer Memorandum and Prospectus or any other information provided by the Issuer or any Guarantor in connection with the offering of the Notes or their distribution.

The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Guarantors and their respective affiliates in the ordinary course of business.

Forward-looking statements

This Exchange Offer Memorandum and Prospectus includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should' or, in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Exchange Offer Memorandum and Prospectus and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Issuer and the Group

concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Exchange Offer Memorandum and Prospectus. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Exchange Offer Memorandum and Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. These and other factors are discussed in more detail under the sections headed "*Risk Factors*" and "*Description of the Group*". Many of these factors are beyond the control of the Issuer, the Guarantors and the Group. Should one or more of these risks or uncertainties materialise or should underlying assumptions on which the forward-looking statements are based prove incorrect, actual results may vary materially from those described in this Exchange Offer Memorandum and Prospectus as anticipated, believed, estimated or expected. Except to the extent required by laws and regulations, the Issuer and the Guarantors do not intend, and do not assume any obligation, to update any forward-looking statements set out in this Exchange Offer Memorandum and Prospectus.

This Exchange Offer Memorandum and Prospectus is based on English law in effect as of the date of issue of this Exchange Offer Memorandum and Prospectus. Except to the extent required by laws and regulations, the Issuer and the Guarantors do not intend, and do not assume any obligation, to update this Exchange Offer Memorandum and Prospectus in light of the impact of any judicial decision or change to English law or administrative practice after the date of this Exchange Offer Memorandum and Prospectus.

CREST depository interests

In certain circumstances, Investors may also hold interests in the Notes through CREST through the issue of CDIs representing interests in the Underlying Notes. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the CREST Deed Poll. Neither the Notes nor any rights attached to the Notes will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. CDI Existing Noteholders will not be entitled to deal directly in the Notes and, accordingly, all dealings in the Notes will be effected through CREST in relation to the holding of CDIs. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Exchange Offer Memorandum and Prospectus.

UK MiFIR Product Governance

Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **"EUWA"**), eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**"COBS"**) and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (**"UK MiFIR"**); and (ii) all channels for distribution of the Notes are appropriate, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable. Any person subsequently offering, selling or recommending the Notes (a **"distributor"**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **" UK MiFIR Product Governance Rules"**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable.

SUBSCRIPTION AND SALE

Under a subscription agreement expected to be dated on or about 21 April 2022 (the **"Subscription Agreement"**), the Joint Lead Managers are expected to agree to procure subscribers for the Notes at the issue price of 100 per cent. of the principal amount of the Notes, less arrangement and management fees. The Joint Lead Managers will receive fees of 1.25 per cent. of the principal amount of the Notes issued. In addition, certain authorised distributors may be eligible to receive a fee as follows:

(i) each Initial Authorised Offeror (as defined and named in the section headed "*Important Legal Information*" of this Exchange Offer Memorandum and Prospectus) may be eligible to receive a distribution fee of 0.375 per cent. of the principal amount of the Notes allotted to and paid for by them; and

(ii) each additional Authorised Offeror may be eligible to receive a distribution fee of 0.375 per cent. of the principal amount of the Notes allotted to and paid for by them.

The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses incurred in connection with the offer and issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to the issue of the Notes. The issue of the Notes will not be underwritten by the Joint Lead Managers, the Authorised Offerors or any other person.

Selling restrictions

Under the terms of the Subscription Agreement, the Issuer, the Guarantors and the Joint Lead Managers will agree to comply with the selling restrictions set out below. The Authorised Offerors will also be required to comply with these restrictions during the Offer Period under the Authorised Offeror Terms. See the section headed "*Important Legal Information – Consent*".

United States

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933 (the **"Securities Act"**). Subject to certain exceptions, the Notes and the Guarantee may not be offered, sold or delivered within the United States. The Joint Lead Managers will agree that they will not offer, sell or deliver any Notes or the Guarantee within the United States.

In addition, until 40 days after the commencement of the offering of the Notes and the Guarantee, an offer or sale of the Notes or the Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Public offer selling restriction under the UK Prospectus Regulation

The Joint Lead Managers will represent and agree that they have not made and will not make an offer of Notes which is the subject of the offering contemplated by this Exchange Offer Memorandum and Prospectus to the public in the UK other than the offer contemplated in this Exchange Offer Memorandum and Prospectus from the time this Exchange Offer Memorandum and Prospectus has been approved by the FCA and published in accordance with the UK Prospectus Regulation until the Issue Date, except that they may make an offer of Notes to the public:

(a) to any legal entity which is a qualified investor as defined in the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Lead Managers; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of Notes referred to above shall require the Issuer, any Guarantor or the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression **"UK Prospectus Regulation"** means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

Other UK Regulatory Restrictions

The Joint Lead Managers will also represent and agree that:

(a) they have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **"FSMA"**)) received by them in connection with the issue or sale of any Notes in circumstances in which section 21(1) of FSMA would not apply to the Issuer or the Guarantors; and

(b) they have complied and will comply with all applicable provisions of FSMA with respect to anything done by them in relation to any Notes in, from or otherwise involving the United Kingdom.

Jersey

The Joint Lead Managers will represent and agree that there will be no circulation in Jersey of any offer for subscription, sale or exchange of the Notes unless such offer is circulated in Jersey by a person or persons authorised to conduct the appropriate category of financial services business under the Financial Services (Jersey) Law 1998, as amended and (a) such offer does not for the purposes of Article 8 of the Control of Borrowing (Jersey) Order 1958 (the **"COBO Order"**), as amended, constitute an offer to the public; or (b) an identical offer is for the time being circulated in the United Kingdom without contravening the FSMA and is, *mutatis mutandis*, circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom. Consent under the COBO Order has not been obtained for the circulation of this offer and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Notes. By accepting this offer each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the offer.

Guernsey

The Joint Lead Managers will represent and agree that:

(a) the Notes cannot be marketed, offered or sold in or to persons resident in Guernsey other than in compliance with the requirements of The Protection of Investors (Bailiwick of Guernsey) Law, 2020) (the "**POI Law**"), and the regulations enacted thereunder, or any exemption therefrom;

(b) this Exchange Offer Memorandum and Prospectus has not been approved or authorised by the Guernsey Financial Services Commission for circulation in Guernsey; and; and

(c) this Exchange Offer Memorandum and Prospectus may not be distributed or circulated, directly or indirectly, to any persons in the Bailiwick of Guernsey other than:

    (i) by a person licensed to do so under the terms of the POI Law; or

    (ii) by non-Guernsey bodies who (a) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of, certain designated countries or territories which, in the opinion of Guernsey Financial Services Commission, afford adequate protection to investors and (b) meet the criteria specified in section 44(1)(c) of the POI Law; or

    (iii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the POI Law, The Banking Supervision (Bailiwick of Guernsey) Law, 2020, the

Insurance Business (Bailiwick of Guernsey) Law 2002, as amended, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended, or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2020) by non-Guernsey bodies who (a) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of the Guernsey Financial Services Commission, afford adequate protection to investors and (b) meet the criteria specified in 44(1)(d) of the POI Law; or

(iv) as otherwise permitted by the Guernsey Financial Services Commission.

Isle of Man

The Joint Lead Managers will represent and agree that any offer for subscription, sale or exchange of the Notes in or from within the Isle of Man shall be made by (i) a person licensed under Section 7 of the Financial Services Act 2008 to do so or (ii) in accordance with any relevant exclusion contained within the Regulated Activities Order 2011, as amended, or exemption contained in the Financial Services (Exemptions) Regulations 2011, as amended.

Prohibition of Sales to European Economic Area Retail Investors

The Joint Lead Managers will represent, warrant and agree that they have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **"MiFID II");**

(b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(c) not a qualified investor as defined in the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in the European Economic Area the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

General

No action has been or will be taken by the Issuer, any Guarantor or the Joint Lead Managers in any jurisdiction other than the United Kingdom that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Joint Lead Managers will agree, to the best of their knowledge and belief, to comply in all material respects with all applicable laws and regulations in each jurisdiction in which they acquire, offer, sell or deliver Notes or have in their possession or distribute this Exchange Offer Memorandum and Prospectus or any amendment or supplement thereto or any other offering material, in all cases at their own expense.

OFFER AND DISTRIBUTION RESTRICTIONS RELATING TO THE EXCHANGE OFFER

This Exchange Offer Memorandum and Prospectus does not constitute an invitation to participate in the Exchange Offer in any jurisdiction in which, or to any person to or from whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws. The distribution of this Exchange Offer Memorandum and Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum and Prospectus comes are required by each of the Issuer, the Guarantors, the Joint Dealer Managers and the Exchange Agent to inform themselves about, and to observe, any such restrictions. No action has been or will be taken in any jurisdiction in relation to the Exchange Offer that would permit a public offering of securities.

Relevant restrictions contained elsewhere in this Exchange Offer Memorandum and Prospectus

The description of restrictions on sales of any Notes set out above under the heading "*Subscription and Sale*" are relevant restrictions for Existing Noteholders wishing to participate in the Exchange Offer, and should be interpreted as if all references in such section to "*Notes*" were also (as appropriate) references to the Notes and the Exchange Offer (as applicable).

General

The distribution of this Exchange Offer Memorandum and Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum and Prospectus comes are required by the Issuer, the Guarantors, the Joint Dealer Managers and the Exchange Agent to inform themselves about and to observe any such restrictions.

The Joint Dealer Managers and the Exchange Agent (and their respective directors, employees or affiliates) make no representations or recommendations whatsoever regarding this Exchange Offer Memorandum and Prospectus or the Exchange Offer. The Exchange Agent is the agent of the Issuer and owes no duty to any Existing Noteholder. None of the Issuer, the Guarantors, the Joint Dealer Managers or the Exchange Agent makes any recommendation as to whether or not Existing Noteholders should participate in the Exchange Offer or refrain from taking any action in the Exchange Offer with respect to any of such Existing Noteholder's Existing Notes, and none of them has authorised any person to make any such recommendation.

This Exchange Offer Memorandum and Prospectus does not constitute an offer to sell or buy or the solicitation of an offer to sell or buy the Existing Notes and/or Notes, as applicable, and offers of Existing Notes for exchange pursuant to the Exchange Offer will not be accepted from Existing Noteholders in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require an exchange offer to be made by a licensed broker or dealer and the Joint Dealer Managers or any of their affiliates is such a licensed broker or dealer in any such jurisdiction, the Exchange Offer shall be deemed to be made by the Joint Dealer Managers or such affiliate (as the case may be) on behalf of the Issuer in such jurisdiction.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantors, the Joint Dealer Managers or the Exchange Agent that would permit a public offering of the Notes.

In addition to the representations referred to above in respect of the United States, each Existing Noteholder participating in the Exchange Offer will also be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in "*Procedures for Participating in the Exchange Offer*". Any offer of Existing Notes for exchange pursuant to the Exchange Offer from an Existing Noteholder that is unable to make these representations will not be accepted. Each of the Issuer, the Joint Dealer Managers and the Exchange Agent reserves the right, in its absolute discretion, to investigate, in relation to any offer of Existing Notes for exchange pursuant to the Exchange Offer, whether any such representation given by an Existing Noteholder is correct and, if such investigation is undertaken and as a result the Issuer determines (for any reason) that such representation is not correct, such offer shall not be accepted.

EEA

The Joint Dealer Managers have represented and agreed that no offer of any Notes is being made to any retail investor in any Member State of the European Economic Area pursuant to this Exchange Offer Memorandum and Prospectus. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **"MiFID II"**);

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation EU 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression "**offer**" means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes or participate in the Exchange Offer.

United Kingdom

Public offer restriction under the UK Prospectus Regulation

The Joint Dealer Managers have represented and agreed that no offer of any Notes is being made to any retail investor in the UK other than the offer contemplated in this Exchange Offer Memorandum and Prospectus from the time this Exchange Offer Memorandum and Prospectus has been approved by the FCA and published in accordance with the UK Prospectus Regulation until the Issue Date, except that they may make an offer of Notes to the public:

(a) to any legal entity which is a qualified investor as defined in the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Lead Managers; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of Notes referred to above shall require the Issuer, any Guarantor or the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression **"UK Prospectus Regulation"** means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

Other UK Regulatory Restrictions

The communication of this Exchange Offer Memorandum and Prospectus by the Issuer and any other documents or materials relating to the Exchange Offer is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the **"FSMA"**). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) those persons who are existing members or creditors of the Issuer or other persons within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and (2) to any other persons to whom these documents and/or materials may lawfully be communicated.

United States

The Exchange Offer is not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. The Existing Notes may not be tendered in the Exchange Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States as defined in Regulation S of the U.S. Securities Act of 1933, as amended (the **"Securities Act"**) or to U.S. persons as defined in Regulation S of the Securities Act (each a "**U.S. Person**"). Accordingly, copies of this Exchange Offer Memorandum and Prospectus and any other documents or materials relating to the Exchange Offer are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons. Any purported exchange of Notes pursuant to the Exchange Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported exchange of Notes effected by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

This Exchange Offer Memorandum and Prospectus is not an offer of securities for sale in the United States or to U.S. persons. The purpose of this Exchange Offer Memorandum and Prospectus is limited to the Exchange Offer and this Exchange Offer Memorandum and Prospectus may not be sent or given to a person in the United States or otherwise to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each holder of Notes participating in the Exchange Offer will represent that it is not a U.S. Person and it is not located in the United States and is not participating in the Exchange Offer from the United States or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Exchange Offer from the United States. For the purposes of this and the above paragraph, "**United States**" means United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

Belgium

Neither this Exchange Offer Memorandum and Prospectus nor any other documents or materials relating to the Exchange Offer have been submitted to or will be submitted for approval or recognition to the Financial Services and Markets Authority ("*Autorité des services et marchés financiers / Autoriteit voor financiële diensten en markten*") and, accordingly, the Exchange Offer may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of 1 April 2007 on public takeover bids as amended or replaced from time to time (the "**Belgian Takeover Law**"). Accordingly, the Exchange Offer may not be advertised and the Exchange Offer will not be extended, and neither this Exchange Offer Memorandum and Prospectus nor any other documents or materials relating to the Exchange Offer (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than (i) to "**qualified investors**" in the sense of Article 10 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets, acting on their own account or (ii) in any circumstances set out in Article 6, §4 of the Belgian Takeover Law. This Exchange Offer Memorandum and Prospectus has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Exchange Offer. Accordingly, the information contained in this Exchange Offer Memorandum and Prospectus may not be used for any other purpose or disclosed to any other person in Belgium.

France

The Exchange Offer is not being made, directly or indirectly, to the public in France. Neither this Exchange Offer Memorandum and Prospectus nor any other documents or offering materials relating to the Exchange Offer have been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French Code monétaire et financier, are

eligible to participate in the Exchange Offer. This Exchange Offer Memorandum and Prospectus has not been submitted to the clearance procedures (visa) of the *Autorité des marchés financiers*.

Italy

None of this Exchange Offer Memorandum and Prospectus nor any other documents or materials relating to the Exchange Offer have been or will be submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian laws and regulations.

The Exchange Offer is being carried out in the Republic of Italy as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

A holder of Existing Notes located in the Republic of Italy can tender such Existing Notes through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Existing Notes and the Exchange Offer.

Jersey, Guernsey and Isle of Man

No financial intermediary may use this Exchange Offer Memorandum and Prospectus in connection with:

- the circulation in Jersey of any offer for subscription, sale or exchange of any Existing Notes or Notes unless such offer is circulated in Jersey by a person or persons authorised to conduct investment business under the Financial Services (Jersey) Law 1998 and in accordance with the Control of Borrowing (Jersey) Order 1958;

- the marketing, offering for subscription, sale or exchange or sale of Existing Notes or Notes in or from within or to persons resident in any part of the Bailiwick of Guernsey other than in compliance with the requirements of the Protection of Investors (Bailiwick of Guernsey) Law, 2020 as amended, and the rules, regulations and guidance enacted or issued thereunder, or any exemption therefrom; and

- the circulation in the Isle of Man of any offer for subscription, sale or exchange of any Existing Notes or Notes unless such offer is made in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008 or any exclusions or exemption therefrom.

TAXATION (NOTES)

General

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer or any Guarantor further issues of securities that will form a single series with the Notes, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the terms and conditions of the Notes). Any Noteholders who are in doubt as to their own tax position should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the United Kingdom as discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.

United Kingdom

The summary set out below is a general description of certain taxation matters of the United Kingdom based on the Issuer's and the Guarantors' understanding of current United Kingdom tax law and HMRC practice (which may not be binding on HMRC), in each case as at the date of this Exchange Offer Memorandum and Prospectus, both of which are subject to change, possibly with retrospective effect. It does not purport to be a complete analysis of all tax considerations relating to the Notes. It does not necessarily apply where the income is deemed for tax purposes to be the income of any other person. The summary is intended as a general guide only and is not intended to be, nor should it be construed to be, legal or tax advice.

The summary set out below applies only to persons who are the absolute beneficial owners of Notes who hold their Notes as investments (regardless of whether the holder also carries on a trade, profession or vocation through a permanent establishment, branch or agency to which the Notes are attributable). In particular, Noteholders holding their Notes via a depositary receipt system or clearance service should note that they may not always be the beneficial owners thereof. Some aspects do not apply to certain classes of person (such as dealers, certain professional investors and persons connected with the Issuer and any Guarantor) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may therefore differ to that set out below or may be subject to change in the future (possibly with retrospective effect).

If you may be subject to tax in a jurisdiction other than the United Kingdom or are unsure as to your tax position, you should seek your own professional advice. This summary only deals with the matters expressly set out below.

Interest on the Notes

Withholding tax on the Notes

Payments of interest on the Notes may be made without deduction or withholding for or on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "**ITA**") as it applies for the purposes of section 987 of the ITA, or admitted to trading on a multilateral trading facility operated by a regulated recognised stock exchange within the meaning of section 987 of the ITA, and therefore constitute "quoted Eurobonds" within the meaning of section 987 of the ITA.

The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if (and only if) they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of FSMA) and admitted to trading on the London Stock Exchange.

The main market of the London Stock Exchange (the "**Main Market**") is a regulated market and hence a recognised stock exchange for these purposes and the ORB market is a platform within the Main Market. Provided, therefore, that the Notes are and continue to be included in the United Kingdom official list and admitted to trading on the ORB market, the Issuer is entitled to make payments of interest on the Notes without withholding or deduction for or on account of United Kingdom income tax.

If the Notes cease to be so listed, the Issuer must generally withhold an amount from payments of interest on the Notes for or on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to any direction to the contrary by HMRC under an applicable double taxation treaty, and except that (unless HMRC direct otherwise) the withholding obligation is disapplied in respect of payments to Noteholders which the Issuer reasonably believes are either a United Kingdom resident company or a non-United Kingdom resident company carrying on a trade in the United Kingdom through a permanent establishment which brings into account the interest in computing its United Kingdom taxable profits, or fall within various categories enjoying a special tax status (including charities and pension funds), or are partnerships consisting solely of such persons. If interest were paid under deduction of United Kingdom income tax, Noteholders may be able to recover all or part of the tax deducted if relief is available pursuant to an appropriate provision in an applicable double taxation treaty (in the case of Noteholders who are not resident in the United Kingdom) or if any other exemption applies.

Further United Kingdom tax issues

Interest on the Notes constitutes United Kingdom source income for tax purposes and, as such, may be subject to United Kingdom income tax by direct assessment even where paid without withholding, irrespective of the residence of the Noteholder.

However, interest with a United Kingdom source properly received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom income tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom, and will not be chargeable to United Kingdom corporation tax in the hands of a corporate Noteholder, unless that Noteholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Noteholders.

Noteholders should note that the provisions relating to the payment of additional amounts referred to in "*Terms and Conditions of the Notes – Taxation*" Condition 8 above would not apply if HMRC sought to assess the person entitled to the relevant interest or (where applicable) profit on any Note directly to United Kingdom tax on interest as described above. However, exemption from, or reduction of, such United Kingdom tax liability (or recovery of all or part of any tax deducted from any payment) might be available under an applicable double taxation treaty.

Payments in respect of the Guarantee

The United Kingdom withholding tax treatment of payments by a Guarantor under the terms of the Guarantee in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. Depending on the correct legal analysis of payments made by a Guarantor as a matter of United Kingdom tax law, it is possible that payments by a United Kingdom Guarantor under the terms of the Guarantee would be subject to withholding on account of United Kingdom tax, subject to any applicable exemptions or reliefs (and noting that not all of the exemptions and reliefs set out above would necessarily be applicable). In particular, such payments by a United Kingdom Guarantor may not be eligible for the exemption from withholding on account of United Kingdom income tax in respect of notes listed on a recognised stock exchange described above in relation to payments of interest by the Issuer. Accordingly, if a United Kingdom Guarantor makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.).

United Kingdom corporation tax payers

In general, Noteholders which are within the charge to United Kingdom corporation tax (other than certain types of Noteholder such as investment trusts, venture capital trusts, authorised unit trusts and open ended investment companies) in respect of a Note (including non-resident Noteholders whose Notes are used, held or acquired for the purposes of a trade carried on in the United Kingdom through a permanent establishment) will be subject to United Kingdom corporation tax as income on all interest, returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) (and be entitled to obtain relief for permitted losses) broadly in accordance with their statutory accounting treatment so long as the accounting treatment is in accordance with

generally accepted accounting practice as that term is defined for tax purposes. Such interest, returns, profits, gains and losses (or where the Noteholder's functional currency is not sterling, then the sterling equivalent of such interest, returns, profits, gains and losses as computed in the Noteholder's functional currency) will be taken into account in computing taxable income for corporation tax purposes. For such Noteholders, the "accrued income scheme" (described below) will not apply to such Notes. Noteholders that are investment trusts, venture capital trusts, authorised unit trusts or open ended investment companies will be subject to the same taxation treatment in respect of the Notes as other Noteholders that are within the charge to United Kingdom corporation tax, other than with respect to capital profits, gains or losses as defined.

Other United Kingdom tax payers

Interest

Noteholders who are either individuals or trustees and are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom will generally be liable to United Kingdom income tax on the amount of any interest received in respect of the Notes.

Transfer (including redemption)

The Notes will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal or redemption by a Noteholder of a Note will not give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains.

Accrued income scheme

The provisions of the accrued income scheme (the "**Scheme**") may apply to certain Noteholders who are not subject to corporation tax, in relation to a transfer of the Notes. On a transfer of securities with accrued interest, the Scheme usually applies to deem the transferor to receive an amount of income equal to the accrued interest and to treat the deemed or actual interest subsequently received by the transferee as reduced by a corresponding amount. Generally, persons who are not resident in the United Kingdom and who do not carry on a trade in the United Kingdom through a branch or agency to which the Notes are attributable will not be subject to the provisions of these rules.

Individual Savings Accounts

The Notes will be qualifying investments for the stocks and shares component of an account (an "**ISA**") under the Individual Savings Account Regulations 1998 (the "**ISA Regulations**") provided that the Notes are listed on the official list of a recognised stock exchange within the meaning of section 1005 of the ITA. The London Stock Exchange is a recognised stock exchange for these purposes and the ORB market is a platform within the Main Market of the London Stock Exchange for these purposes. Individual Noteholders who acquire or hold their Notes through an ISA and who satisfy the requirements for tax exemption in the ISA Regulations will not be subject to United Kingdom tax on interest or certain other amounts received in respect of the Notes.

The opportunity to invest in Notes through an ISA is restricted to certain individuals. Individuals wishing to purchase the Notes through an ISA should contact their professional advisers regarding their eligibility.

Stamp duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue or transfer by delivery of a Note or on its redemption.

The Foreign Account Tax Compliance Act

Pursuant to certain provisions of the Code, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes.

A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under "*Terms and Conditions – Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all such Notes, including those Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. If any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

TAXATION (EXCHANGE OFFER)

In view of the number of different jurisdictions where tax laws may apply to an Existing Noteholder, this Exchange Offer Memorandum and Prospectus does not otherwise discuss the tax consequences for Existing Noteholders arising from the exchange of Existing Notes pursuant to the Exchange Offer, in relation to the Notes or in relation to the payment of the Accrued Interest Payment or the Exchange Fee. Existing Noteholders are urged to consult their own professional advisers regarding these possible tax consequences under the laws of the jurisdictions that apply to them or to the exchange of their Existing Notes and the receipt pursuant to the Exchange Offer of Notes and the Accrued Interest Payment and the Exchange Fee. Existing Noteholders are liable for their own taxes and have no recourse to the Issuer, the Guarantors, the Joint Dealer Managers or the Exchange Agent with respect to taxes arising under or in connection with the Exchange Offer.

Certain tax consequences applicable to the Notes are described above under the heading "*Taxation (Notes)*".

JOINT DEALER MANAGERS AND EXCHANGE AGENT

The Issuer has retained Peel Hunt LLP and WH Ireland Limited as Joint Dealer Managers for the Exchange Offer and has retained Lucid Issuer Services Limited as Exchange Agent. The Issuer, the Guarantors and the Joint Dealer Managers have entered into a Dealer Manager Agreement dated on or about 30 March 2022 which contains certain provisions regarding payment of fees, expense reimbursement and indemnity arrangements relating to the Exchange Offer.

For the purposes of the settlement of the Exchange Offer on the Issue Date, the Issuer will calculate, or procure the calculation on its behalf of, the Accrued Interest Payment and Exchange Fee for each Existing Noteholder in respect of the Existing Notes validly offered for exchange by such Existing Noteholder and accepted by the Issuer. All such determinations and calculations by the Issuer, or by a third party acting on its instructions and on its behalf, will, absent manifest error, be conclusive and binding on the Issuer and the Existing Noteholders.

The Joint Dealer Managers and their affiliates may contact Existing Noteholders regarding the Exchange Offer and may request brokerage houses, custodians, nominees, fiduciaries and others to forward this Exchange Offer Memorandum and Prospectus and related materials to Existing Noteholders.

The Joint Dealer Managers and their affiliates have provided and continue to provide certain investment banking services to the Issuer and other group companies for which the Joint Dealer Managers and their affiliates have received and will receive compensation that is customary for services of such nature.

Neither the Joint Dealer Managers nor the Exchange Agent nor any of their respective directors, employees or affiliates assumes any responsibility for the accuracy or completeness of the information concerning the Exchange Offer, the Issuer, the Guarantors, the Existing Notes or the Notes contained in this Exchange Offer Memorandum and Prospectus (including this Exchange Offer Memorandum and Prospectus and any information incorporated by reference herein and therein) or for any failure by the Issuer or the Guarantors to disclose events that may have occurred and may affect the significance or accuracy of such information.

The Joint Dealer Managers may (i) submit Exchange Instructions for their own account; and (ii) submit Exchange Instructions (subject to the offer restrictions set out in "*Offer and Distribution Restrictions relating to the Exchange Offer*") on behalf of Existing Noteholders.

None of the Issuer, any of the Guarantors, the Joint Dealer Managers, the Exchange Agent, or any director, officer, employee, agent or affiliate of any such person, is acting for any Existing Noteholder, or will be responsible to any Existing Noteholder, for providing any protections which would be afforded to its clients or for providing advice in relation to the Exchange Offer, and accordingly none of the Joint Dealer Managers, the Exchange Agent, the Issuer, any of the Guarantors or any of their respective directors, employees or affiliates make any representation or recommendation whatsoever regarding the Exchange Offer, or any recommendation as to whether Existing Noteholders should offer Existing Notes for exchange.

The Exchange Agent is the agent of the Issuer and does not owe any duty to any Existing Noteholder.

Conflicts of interest

The Joint Dealer Managers are involved in a wide range of commercial banking, investment banking and other activities out of which conflicting interests or duties may arise. The Joint Dealer Managers and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Existing Notes or the Notes. Such activities and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, the provision of financial advisory services and the exercise of creditor rights. Neither the Joint Dealer Managers nor any of its subsidiaries and affiliates has any obligation to disclose any such information. The Joint Dealer Managers and any of their subsidiaries and affiliates and any of their officers and directors may engage in any such activities without regard to the Existing Notes, the Notes or the effect that such activities may directly or indirectly have on any of the Existing Notes or the Notes.

ADDITIONAL INFORMATION RELATING TO THE NOTES

Listing and admission to trading of the Notes

It is expected that the admission of the Notes to the Official List of the FCA and to trading on the London Stock Exchange plc's regulated market and through the ORB market will occur on or about 28 April 2022, after the publication of the Sizing Announcement relating to the Notes.

The estimated amount of expenses related to the admission to trading of the Notes will be specified in the Sizing Announcement.

The London Stock Exchange plc's regulated market is a UK regulated market for the purposes of UK MiFIR. UK MiFIR governs the organisation and conduct of the business of investment firms and the operation of regulated markets in the United Kingdom in order to seek to promote market transparency and the protection of investors.

The LEI number of the Issuer is 2138008LJU6WFQWOXJ73. The LEI number of the each Guarantor is: EnQuest Britain Limited: 213800PLY3IRUZLMNX80, EnQuest ENS Limited: 213800MQLJCJMCD7EC08, EnQuest Global Limited: 213800OG97FXIW4EH754, EnQuest Heather Limited: 213800PP8O8ZWV6MYA62, EnQuest Heather Leasing Limited: 2138006U7OBNWOVTOR94, EnQuest NWO Limited: 2138007I14B7LXUTXZ88, EnQuest Production Limited: 213800KR5MJ9PLRCDG92, EnQuest Petroleum Production Malaysia Ltd: 213800DC5XWV3NHP2962, NSIP (GKA) Limited: 2138003B3C97VTDJMT27, EnQuest Marketing and Trading Limited: 213800AVDAIW1CNRNZ14, EnQuest Petroleum Developments Malaysia Sdn Bhd: 2138003GRQE9HAORS770, EnQuest Advance Limited: 213800ONK6LO2J7YXQ95, EnQuest Advance Holdings Limited: 213800MZVMYV41C8QY69, EQ Petroleum Sabah Limited: 213800LGGM6EM5O65398 and North Sea (Golden Eagle) Resources Ltd: 9845001QAJ76B5DL9621.

Authorisation

The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 28 March 2022. The Guarantors authorised the giving of the guarantee in respect of the Notes pursuant to resolutions of their respective Boards of Directors dated 28 March 2022. The Issuer and the Guarantors have obtained all necessary consents, approvals and authorisations in England and Wales in connection with the issue and performance of the Notes and the giving of the Guarantee.

Significant or material change statement

There has been no significant change in the financial performance or the financial position of the Issuer, any Guarantor or the Group since 31 December 2021 (which is the end of the last financial period covered by the available financial information of the Group) and there has been no material adverse change in the prospects of the Issuer, any Guarantor or the Group since 31 December 2021 (being the date of the last audited financial statements of the Group).

Litigation statement

Save as described in the section "*Issuer and the Group- Legal and Arbitration Proceedings*" on pages 89 and 90, there are no, and there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or any Guarantor is aware) during the 12 month period preceding the date of this Exchange Offer Memorandum and Prospectus which may have, or have had in the recent past, significant effects on the Issuer's, any Guarantors and/or the Group's financial position or profitability.

Solvency

There have been no recent events which are to a material extent relevant to an evaluation of either the Issuer or the Guarantors' solvency.

Borrowing and funding structure

There have been no material changes in the Issuer's and each Guarantor's borrowing and funding structure since 31 December 2021.

Directors purchasing Notes

Certain entities related to Amjad Bseisu will purchase up to £5 million of the Notes. Any such purchase shall be made from a broker (and, for the avoidance of doubt, not from the Lead Managers nor from the Issuer) in compliance with all applicable laws.

Clearing systems information

The Notes will initially be represented by a Global Certificate in registered form, which will be deposited with a common depository on behalf of Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and Euroclear Bank SA/NV ("**Euroclear**") on or about the Issue Date. The Global Certificate will be exchangeable for Definitive Notes in registered form in the denomination of £1 in the limited circumstances set out in it. See the section headed "*Summary of Provisions Relating to the Notes while in Global Form in the Clearing Systems*" of this Exchange Offer Memorandum and Prospectus.

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In addition, the Notes will be accepted for settlement in CREST via the CDI mechanism. Interests in the Notes may also be held through CREST through the issuance of CDIs representing the Underlying Notes. You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this Exchange Offer Memorandum and Prospectus. The ISIN for the Notes is XS2461853793 and the Common Code is 246185379.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB.

Documents available for inspection

For so long as any Note remains outstanding, copies of the following documents will, when published, be available for inspection on the Group's website (https://www.enquest.com/investors/corporate-actions/retail-bond):

(a) the memorandum and articles of association of the Issuer and each Guarantor;

(b) the Trust Deed (which includes the forms of Global Certificate and Definitive Notes) and the Agency Agreement;

(c) a copy of this Exchange Offer Memorandum and Prospectus; and

(d) any future prospectuses and supplements to this Exchange Offer Memorandum and Prospectus and any other documents incorporated therein or herein by reference.

This Exchange Offer Memorandum and Prospectus will be published on the website of the RNS operated by the London Stock Exchange plc at:

https://www.londonstockexchange.com/live-markets/new-issues Copies of the Exchange Offer Memorandum and Prospectus will be available from the website of Lucid Issuer Services Limited at:

https://deals.lucid-is.com/exchange-offer-enquest

Auditors

The consolidated financial statements of the Issuer for the financial years ended 31 December 2021 have been audited without qualification in accordance with the International Standards on Auditing (UK) by Deloitte LLP.

The consolidated financial statements of the Issuer for the financial years ended 31 December 2020 have been audited in accordance with the International Standards on Auditing by Deloitte LLP without qualification and including an explanatory paragraph referring to material uncertainty related to going concern.

Deloitte LLP is registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales.

The consolidated financial statements of the Issuer for the financial year ending 31 December 2019 have been audited without qualification in accordance with the International Standards on Auditing (UK) by Ernst & Young LLP, which is registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales.

Independent Reserve Auditors

Estimates of the Group's 1P and 2P reserves as of 31 December 2019, 2020 and 2021 included in this Exchange Offer Memorandum and Prospectus were based in part upon reserve reports prepared by independent international energy advisory company Gaffney, Cline & Associates Ltd. Estimates of 1P and 2P reserves derived from the GaffneyCline Reports have been included in reliance on the authority of such firm as an expert in such matters. Conversation of gas reserves volumes billion standard cubic feet (**"Bscf")** to MMboe has been made by the Issuer assuming a conversion rate of 5.8 Bscf of gas to 1 MMboe of oil for production data and reserves.

Material and conflicts of interest

So far as the Issuer and the Guarantors are aware, no person involved in the offer of the Notes has an interest material to the offer. There are no conflicts of interest which are material to the offer of the Notes.

Material Contracts

There are no material contracts entered into other than in the ordinary course of the Group's business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's, or any Guarantor's, as the case may be, ability to meet its respective obligations to Noteholders in respect of the Notes being issued.

Yield

The yield of the Notes is 9.00 per cent. on an annual basis. This yield is calculated as at the date the Notes are issued on the basis of the issue price (being 100 per cent. of the principal amount of the Notes). It is not an indication of future yield.

Websites

The website of the Issuer and the Guarantors is: www.enquest.com.

The information on this website and any other website specified in this Exchange Offer Memorandum and Prospectus does not form part of this Exchange Offer Memorandum and Prospectus, except where information has been specifically incorporated by reference into this Exchange Offer Memorandum and Prospectus.

Maximum Amount of Securities to be Offered

The Issuer will not issue in excess of £300 million in aggregate principal amount of the Notes; however, this maximum principal amount of securities being offered is not intended to be indicative of how many Notes will be issued, and the principal amount of Notes to be issued will depend in part on the demand from investors during the Offer Period. The final principal amount of Notes to be issued may be significantly less than this.

ADDITIONAL INFORMATION RELATING TO THE EXCHANGE OFFER

Copies of this Exchange Offer Memorandum and Prospectus and the documents incorporated by reference herein are available on request, subject to applicable laws and the restrictions set out in "*Offer and Distribution Restrictions relating to the Exchange Offer*", from the Exchange Agent, the contact details for whom appear on the last page of this Exchange Offer Memorandum and Prospectus (see "*Documents Incorporated by Reference*" for further information).

Each Existing Noteholder is solely responsible for making its own independent appraisal of all matters such Existing Noteholder deems appropriate (including those relating to the Exchange Offer, the Notes, and those relating to the Issuer and the Guarantors) and each Existing Noteholder must make its own decision as to whether to offer any or all of its Existing Notes for exchange pursuant to the Exchange Offer. Neither the Joint Dealer Managers nor the Exchange Agent (nor any of their respective directors, employees or affiliates) expresses any opinion about the terms of the Exchange Offer, or makes any representation or recommendation whatsoever regarding this Exchange Offer Memorandum and Prospectus or the Exchange Offer, and none of the Issuer and the Guarantors, the Joint Dealer Managers or the Exchange Agent (or any of their respective directors, employees or affiliates) makes any recommendation as to whether holders of Existing Notes should offer any Existing Notes for exchange pursuant to the Exchange Offer. The Exchange Agent is the agent of the Issuer and does not owe any duty to any Existing Noteholder.

None of the Joint Dealer Managers the Exchange Agent, the Trustee, the Existing Notes Trustee, the Agents, the Existing Notes Agents or any of their respective directors, employees or affiliates assumes any responsibility for the accuracy or completeness of the information concerning the Exchange Offer or the Issuer or the Guarantors contained in this Exchange Offer Memorandum and Prospectus. Accordingly, no representation or warranty, express or implied, is made by the Joint Dealer Managers or the Exchange Agent as to the accuracy or completeness of the information set forth in this Exchange Offer Memorandum and Prospectus, and nothing contained in this Exchange Offer Memorandum and Prospectus is, or should be relied upon as, a promise or representation, whether as to the past or the future. Neither the Exchange Agent nor the Joint Dealer Managers accepts any liability in relation to the information contained in this Exchange Offer Memorandum and Prospectus or any other information provided by the Issuer or the Guarantors in connection with the Exchange Offer, the Existing Notes or the Notes.

Neither the delivery of this Exchange Offer Memorandum and Prospectus nor any exchange of Existing Notes pursuant to the Exchange Offer shall, under any circumstances, create any implication that the information contained in this Exchange Offer Memorandum and Prospectus is current as of any time subsequent to the date of such information or that there has been no change in the information set out in it or in the affairs of the Issuer or the Guarantors since the date of this Exchange Offer Memorandum and Prospectus.

No person has been authorised to give any information or to make any representation about the Issuer, the Guarantors, or about the Exchange Offer other than as contained in this Exchange Offer Memorandum and Prospectus (including all information incorporated by reference herein) and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors, the Joint Dealer Managers or the Exchange Agent or any of their affiliates or respective agents.

In the ordinary course of their respective businesses, the Joint Dealer Manager and the Exchange Agent are entitled to hold positions in the Existing Notes and the Notes either for their own account or for the account, directly or indirectly, of third parties. The Joint Dealer Managers and their affiliates may hold significant positions in the Existing Notes or the Notes. The Joint Dealer Managers are entitled to continue to hold or dispose of, in any manner they may elect, any Existing Notes they may hold as at the date of this Exchange Offer Memorandum and Prospectus or, from such date, to acquire further Existing Notes or Notes, subject to applicable law and may or may not submit offers to exchange in respect of such Existing Notes. No such submission or non-submission by the Joint Dealer Managers or the Exchange Agent should be taken by any holder of Existing Notes or any other person as any recommendation or otherwise by the Joint Dealer Manager or the Exchange Agent, as the case may be, as to the merits of participating or not participating in the Exchange Offer.

This Exchange Offer Memorandum and Prospectus (including any document incorporated by reference herein) contains important information which should be read carefully before any decision is made with respect to the Exchange Offer. If any Existing Noteholder is in any doubt as to the contents of this Exchange Offer Memorandum and Prospectus or the action it should take, it is recommended to seek its own financial and legal advice, including in respect of any tax consequences, immediately from its stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser. Any individual or company whose Existing Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to offer Existing Notes for exchange pursuant to the Exchange Offer.

None of the Joint Dealer Managers, the Exchange Agent, the Issuer or any of the Guarantors makes any recommendation as to whether Existing Noteholders should offer Existing Notes for exchange pursuant to the Exchange Offer or expresses any opinion about the terms of the Exchange Offer.

Neither US Bank Trustees Limited (in its capacity as the Existing Notes Trustee and as Trustee) nor any of its directors, officers, employees or affiliates has made or will make any assessment of, or expresses any opinion on the merits of, or makes any representation or recommendation whatsoever regarding, the Exchange Offer, or this Exchange Offer Memorandum and Prospectus or the impact of the Exchange Offer on the interests of the Existing Noteholders or makes any recommendation whether Existing Noteholders should tender Existing Notes in the Exchange Offer or otherwise participate in the Exchange Offer and none of them has reviewed nor will be reviewing, any documents relating to the Exchange Offer. Neither the Trustee nor any of its directors, officers, employees or affiliates has verified, or assume any responsibility for the accuracy or completeness of, any of the information concerning the Exchange Offer, the Issuer, the Guarantors or the factual statements contained in this Exchange Offer Memorandum and Prospectus or any other documents referred to in this Exchange Offer Memorandum and Prospectus or assume any responsibility for any failure by the Issuer or the Guarantors to disclose events that may have occurred and may affect the significance or accuracy of such information or the terms of any amendment (if any) to the Exchange Offer.

The Exchange Offer is not being made, and any instructions relating to an Exchange Offer will not be accepted from, or on behalf of, Existing Noteholders in any jurisdiction in which the making of the Exchange Offer would not be in compliance with the laws or regulations of such jurisdictions. For further details see "*Offer and Distribution Restrictions relating to the Exchange Offer*".

The Exchange Offer is not being made within, and this Exchange Offer Memorandum and Prospectus is not for distribution in or into, the United States of America or to any U.S. person (as defined in Regulation S under the Securities Act). This Exchange Offer Memorandum and Prospectus is not an offer of securities for sale in the United States or any other jurisdiction. Securities may not be offered, sold or delivered in the United States absent registration under, or an exemption from the registration requirements of, the Securities Act. The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons.

The applicable provisions of the Financial Services and Markets Act 2000, as amended, must be complied with in respect of anything done in relation to the Exchange Offer in, from or otherwise involving the United Kingdom.

Existing Noteholders who do not participate in the Exchange Offer, or whose Existing Notes are not accepted for exchange by the Issuer, will continue to hold their Existing Notes subject to the Existing Note Conditions.

For the avoidance of doubt, the invitation by the Issuer to Existing Noteholders contained in this Exchange Offer Memorandum and Prospectus is an invitation to treat by the Issuer and any references to any offer or invitation being made by the Issuer under or in respect of the Exchange Offer shall be construed accordingly.

DOCUMENTS INCORPORATED BY REFERENCE

This Exchange Offer Memorandum and Prospectus should be read and construed in conjunction with the following:

(a) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2019, together with the audit report thereon, as set out on pages 103 to 168 of the Issuer's Annual Report and Accounts for the year ended 31 December 2019 (the "**2019 Financial Statements**") (available for viewing at: https://www.enquest.com/fileadmin/content/Annual_Reports/Annual_Reports/32964_EnQuest_AR19.pdf);

(b) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2020, together with the audit report thereon, as set out on pages 115 to 178 of the Issuer's Annual Report and Accounts for the year ended 31 December 2020 (the "**2020 Financial Statements**") (available for viewing at: https://www.enquest.com/fileadmin/content/Annual_Reports/Annual_Report_2020/2020-annual-report-full.pdf);

(c) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2021, together with the audit report thereon, as set out on pages 106 to 173 of the Issuer's Annual Report and Accounts for the year ended 31 December 2021 (the "**2021 Financial Statements**") (available for viewing at: https://www.enquest.com/fileadmin/content/Annual_Reports/Annual_Reports/EnQuest_ARA_2021_FINAL.pdf); and

(d) the following sections of the Issuer's Annual Report and Accounts for the year ended 31 December 2021:

Issuer's Annual Report 2021	**Page References:**
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together, the "**Documents Incorporated by Reference**".

The 2019 Financial Statements include the following auditor's statement of a material uncertainty related to going concern:

"*We draw attention to note 2 in the financial statements which indicates that, due to oil price volatility, the Group could fail a quarterly liquidity covenant and in such circumstances would request a covenant waiver. The risk of not being able to obtain a waiver represents a material uncertainty. As stated in note 2, this material uncertainty may cast significant doubt on the Group's or the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group or parent company were unable to continue as a going concern. Our opinion is not modified in respect of this matter.*"

We describe below how our audit responded to the risk relating to going concern:

- *The audit engagement partner increased his time directing and supervising the audit procedures on going concern;*
- *Our audit procedures have focused on management's estimation process including the key assumptions used in the Directors' assessment and cash flow model including oil prices, production profiles and future costs. We performed our own sensitivity calculations on key assumptions to test the adequacy of the available headroom and EnQuest's covenant compliance;*
- *We considered whether management has exercised any bias in selecting their assumptions. We identified forecast oil prices as the key assumption in the going concern assessment. Management's forecasts took account of the market volatility observed in March 2020. In conjunction with EY Valuation specialists, we audited management's oil and gas price assumptions in their Base case and their plausible downside case. Our audit procedures included a comparison of management's price*

assumptions with those of market participants released since 9 March 2020 when significant price volatility was first observed. We also compared management's prices to the most recent Brent futures prices;

- *We re-performed management's reverse stress testing over prices in response to the recent market volatility, to confirm their results. This included the reverse stress test on liquidity as well as the reverse stress test on the liquidity covenant;*
- *We ensured the forecasts for opex and capex incorporated in the model were consistent with the two revisions to the budget in response to the recent price volatility. We discussed the nature and drivers of the cost savings with financial and operational management and have verified these through review of the forecast costs that were included in the asset impairment model that we have audited. We also assessed historical forecasting accuracy through forecast versus actual analysis;*
- *We ensured that production profiles used in the going concern model were in line with the production profiles audited as part of our impairment testing described above. We checked that the profiles and capex/opex reflected the announced shut-downs of assets. We compared management's production profiles with prior period forecasts, investigating any significant variances and corroborating the drivers of variances to our understanding obtained when performing other audit procedures including reserve estimation and impairment. We analysed management's operational response to COVID-19 as part of our consideration of COVID-19's potential impact on production;*
- *We compared forecast future cash flows to historical data, ensuring variations are in line with our expectations and understanding of the business and considered the reliability of past forecasts;*
- *We tested the mathematical accuracy and integrity of the model;*
- *We tested the covenant calculations to ensure they had been calculated correctly in accordance with the revolving credit facility agreement;*
- *We agreed the available facilities and arrangements to underlying agreements and external confirmation from debt providers; and*
- *We reviewed the disclosures made in the Annual Report and Accounts as highlighted in the above section of our opinion covering going concern."*

The Group obtained pre-emptive waivers following the publication of its 2019 Financial Statements for the remaining quarters in 2020 meaning the next applicable test date was 31 March 2021, which the Group passed.

The 2020 Financial Statements include the following auditor's statement of a material uncertainty related to going concern:

"We draw attention to note 2 in the Financial Statements, which indicates that the Revolving Credit Facility expires in October 2021 and the new facility has not been signed at the time of publication of the Group's results. As stated in note 2, these events or conditions, along with the other matters set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- *we obtained an understanding of the relevant controls relating to the going concern assumption;*
- *we have tested the clerical accuracy of the model used to prepare the going concern forecasts;*
- *we have assessed the historical accuracy of forecasts prepared by management;*
- *we have verified the consistency of key inputs relating to future costs, hedging and production to other financial and operational information obtained during our audit;*
- *we have agreed the available facilities to underlying agreements and external confirmation from debt providers and testing covenant calculation forecasts performed by management;*
- *we have challenged management as to the reasonableness of oil and gas pricing assumptions applied, based on benchmarking to market data;*
- *we have assessed and concluded on the reasonableness of management's sensitivity analysis on the forecast, including the downside scenarios such as lower oil prices and reduced*

production, and considered the mitigating actions highlighted by management in the event that they were required; and

- *we have challenged management as to the adequacy of disclosures made in the Annual Report and Accounts.*

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- *the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting; and*
- *the Directors' identification in the Financial Statements of the material uncertainty related to the Group's and Parent Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the Financial Statements.*

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report."

The Issuer refinanced the revolving credit facility due to expire in October 2021 and entered into an up to $750.0 million senior secured revolving borrowing base facility agreement on 10 June 2021.

The Documents Incorporated by Reference have been previously published or are published simultaneously with this Exchange Offer Memorandum and Prospectus and have been approved by the FCA or filed with it. The Documents Incorporated by Reference shall be incorporated in, and form part of, this Exchange Offer Memorandum and Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Exchange Offer Memorandum and Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Exchange Offer Memorandum and Prospectus. Those parts of the documents incorporated by reference in this Exchange Offer Memorandum and Prospectus which are not specifically incorporated by reference in this Exchange Offer Memorandum and Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Exchange Offer Memorandum and Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Exchange Offer Memorandum and Prospectus shall not form part of this Exchange Offer Memorandum and Prospectus.

Copies of the Documents Incorporated by Reference in this Exchange Offer Memorandum and Prospectus may be obtained (without charge) from the hyperlinks contained above and on the website of the Regulatory News Service (RNS) operated by the London Stock Exchange plc at http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html.

For Existing Noteholders, copies of all of the above documents and information that is incorporated by reference into this Exchange Offer Memorandum and Prospectus are available, free of charge, on request from the Exchange Agent, the contact details for whom are on the last page of this Exchange Offer Memorandum and Prospectus. They are also available athttps://www.enquest.com/investors/reports-results-and-presentations.

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CERTAIN RESERVES AND PRODUCTION INFORMATION

This Exchange Offer Memorandum and Prospectus presents information concerning the Group's reserves as of 31 December 2019, 2020 and 2021 which are audited annually by Gaffney, Cline and Associates Limited ("**GaffneyCline**") of Second Floor, Building M3, Millenium Centre, Crosby Way, Farnham, Surrey, GU9 7XX. GaffneyCline is an independent international energy advisory group of more than 55 years' standing, whose expertise includes petroleum reservoir evaluation and economic analysis. GaffneyCline does not have any material interest in the Group. The reserves associated with the Golden Eagle Asset have also been audited by GaffneyCline in connection with the Golden Eagle Acquisition. GaffneyCline has prepared its estimates in accordance with resource definitions jointly set out by the SPE, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts, and the European Association of Geoscientists and Engineers in June 2018 in the "Petroleum Resources Management System" ("**PMRS**"). All reserves information in this document is presented on the basis of SPE-PRMS standards, unless otherwise indicated. Any reference to the 1P or 2P Reserves of the Group's assets in this document is based on the GaffneyCline Year End 2021 Reserves Report (the "**2021 Reserves Report"),** the GaffneyCline Year End 2020 Reserves Report (the ("**2020 Reserves Report**") and the GaffneyCline Year End 2019 Reserves Report (the (the ("**2019 Reserves Report**") and together with the 2020 Reserves Report and the 2021 Reserves Report, the ("**Reserves Reports**") and has been included in this document with the consent of GaffneyCline, who has authorised the inclusion of such information in this document. The Issuer confirms that this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by GaffneyCline, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Group assesses the commercial recoverability of its reserves based on forecasts for items such as capital expenditures to develop the reserves against future oil prices, operating costs and taxation. If the costs of development are less than the present value of future income streams associated with the development, the reserves are "commercially recoverable".

Pursuant to the classifications and definitions provided by the PRMS, 1P Reserves are defined as those quantities of oil which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations (**"Proved Reserves"**, or **"1P Reserves"**). If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Pursuant to the classifications and definitions provided by the PRMS, 2P Reserves are defined as the sum of Proved Reserves, plus those additional reserves which analysis of geoscience and engineering data indicate as less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves **("Probable Reserves"** and together with Proved Reserves, **"2P Reserves"**). It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated 2P Reserves.

Pursuant to the classifications and definitions provided by the PRMS, Contingent Resources are those quantities estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. The 2C Contingent Resources represent the "best estimate" scenario (the **"2C Resources"**); there is a probability of at least 50% that the amount actually recovered will equal or exceed the 2C estimate, in the event that the development project goes ahead.

Unless otherwise indicated, all production figures are presented on a net working interest basis. Where gross amounts are indicated, they are presented on a total basis—i.e., the actual interest of the relevant license holder in the relevant fields and license areas without deduction for the economic interest of its commercial partners, taxes or royalty interests or otherwise. The Group's legal interest and effective working interest in the relevant fields and license areas are separately disclosed. See "Description of the Issuer and the Group - Production and development." See also "Description of the Issuer and the Group – Material Contracts" for a more detailed discussion of the terms of the agreements governing the Group's interests.

See also "Glossary" for a description of certain oil and gas metrics and terms.

Market, economic and industry data

Where third-party information has been used in this document, the source of such information has been identified. Unless the source is otherwise stated, the market, economic and industry data in this document constitute the Group's own estimates. The Group has obtained the market data and certain industry forecasts used in this document from internal surveys, reports and studies, as well as, publicly available information, market research and industry publications. Industry publications generally state that while the information they contain has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed. The Issuer confirms that such third-party information in this document has been accurately reproduced and, as far as the Group is aware and able to ascertain from information published by the relevant third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

Hydrocarbon data

The Reserves Reports referenced in this Exchange Offer Memorandum and Prospectus presents the following estimates:

- oil and natural gas liquids in standard millions of barrels (**"MMbbl"**) (a barrel being the equivalent of 42 U.S. gallons); and

- natural gas in billions of cubic feet ("**Bscf"**) at standard temperature and pressure bases.

This Exchange Offer Memorandum and Prospectus presents certain production and reserves related information on an "equivalency" basis. The Group's conversion of gas from Bscf into MMboe may differ from the conversion used by other companies. The Group has assumed a conversion rate for natural gas of 5.8 Bscf to 1 MMboe. This conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalencies at the wellhead. Although this conversion factor is an industry accepted convention, it is not reflective of price or market value differentials between product types.

The information on reserves in this document is based on economic and other assumptions that may prove to be incorrect. Prospective investors should not place undue reliance on the forward-looking statements in this document or on the ability of the information on reserves in this document to predict actual reserves.

Typical to the industry in which the Group operates, there are a number of uncertainties inherent in estimating quantities of 1P and 2P Reserves. The reserve information on the Group is based on the Group's assessments of its asset base and its opinion as to the reasonableness of such assessments and represents only estimates. Reserve assessment is a subjective process of estimating underground accumulations of oil and natural gas and cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of a number of variable factors and assumptions, many of which are beyond the Group's control, including the quality of available data and of engineering and geological interpretation and judgment assumptions as to oil price. As a result, estimates of different reserve assessors may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to inherent uncertainties and the limited nature of reservoir data and the inherently imprecise nature of reserve estimates, the initial reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. The significance of such estimates depends primarily on the accuracy of the assumptions upon which they were based. Thus investors should not place undue reliance on the accuracy of the reserves information in this document in predicting the actual reserves or on comparisons of similar estimates/information concerning other companies. In addition, except to the extent that the Group acquires additional properties containing 1P and 2P Reserves or conduct successful exploration and development activities, or both, the Group's 1P and 2P Reserves will decline as reserves are produced. For a discussion of the risks involving the oil and gas industry and reserves specifically, see Risk factors – "*Risks Relating to the oil and gas industry"*.

Prospective investors should read the whole of this document for more information on the Group's reserves and the reserves definitions that the Group uses.

SUMMARY RESERVES, RESOURCES, PRODUCTION AND OPERATING DATA

The following table sets forth the Group's summary of oil and gas 1P and 2P Reserves and 2C Resources. The 2C Resources data presented in this Exchange Offer Memorandum and Prospectus has been prepared by the Group's internal competent and qualified technical personnel and has not been audited by GaffneyCline.

In this Exchange Offer Memorandum and Prospectus, "**1P Reserves**" are defined as the Proved Reserves. "**2P Reserves**" are defined as the sum of Proved Reserves plus Probable Reserves. Pursuant to the classifications and definitions provided by the PRMS, "**Proved Reserves**" are defined as those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations and "**Probable Reserves**" are defined as those additional reserves which analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves; it is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved Reserves plus Probable Reserves (2P Reserves). In this Exchange Offer Memorandum and Prospectus, references to "**2C Resources**" are to the "best estimate" of the Contingent Resources. Pursuant to the classifications and definitions provided by the PRMS, Contingent Resources are those quantities estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. The "**2C Resources**" represent the "best estimate" scenario of the Contingent Resources; there is a probability of at least 50% that the amount actually recovered will equal or exceed the 2C Resources estimate, in the event that the development project is undertaken.

Reserves & Contingent Resources

The following table sets forth the 1P Reserves, 2P Reserves and 2C Resources as of the years ended 31 December 2019, 2020 and 2021.

	As of 31 December		
	2019	**2020**[(1)]	**2021**[(2)]
1P Reserves			
Oil (MMbbl)	133	115	133
Gas (Bscf)[(3)]	44	49	50
Total 1P Reserves (MMboe)	**140**	**123**	**141**
2P Reserves			
Oil (MMbbl)	201	178	182
Gas (Bscf)[(4)]	68	64	69
Total 2P Reserves (MMboe)	**213**	**189**	194
2C Resources			
Oil (MMbbl)	134	238	359
Gas (Bscf)	237	249	262
Total 2C Resources (MMboe)	**173**	**279**	**402**

(1) For the year ended 31 December 2020, 2C Resources includes 115 MMbbls associated with the completion of the Bressay acquisition in January 2021.

(2) For the year ended 31 December 2021, 1P Reserves, 2P Reserves and 2C Resources include the net oil and gas reserves associated with the Golden Eagle acquisition which the Group closed on 22 October 2021.

(3) For the years ended 31 December 2019, 2020 and 2021, 1P gas reserves included 34.2 Bscf used for fuel and 10.1 Bscf used for sales, 32.8 Bscf used for fuel and 16.0 Bscf used for sales and 40.2 Bscf used for fuel and 9.7 Bscf used for sales, respectively.

(4) For the years ended 31 December 2019, 2020 and 2021, 2P gas reserves included 41.5 Bscf used for fuel and 26.9 Bscf used for sales, 38.6 Bscf used for fuel and 25.5 Bscf used for sales and 47.8 Bscf used for fuel and 21.5 Bscf used for sales, respectively.

Production & operating data

	For the year ended 31 December		
	2019	2020	2021
Net daily average production (boepd)[1]	68,606	59,116	44,415
Realised oil price[2] ($/bbl)	65.3	41.3	68.6
Average unit operating costs[3] ($/boe)	20.6	15.2	20.5
Unit production costs[4] ($/boe)	17.6	12.3	18.1
Tariff and transportation expenses ($/boe)	3.0	2.9	2.4
Depletion of oil and gas assets ($m)	525.1	438.2	305.6

(1) Export volume. See "Certain reserves and production information—Hydrocarbon data."
(2) Realised oil prices including the impact of hedging in the respective period.
(3) Average unit operating costs include production costs, tariff and transportation expenses and realised (gain)/loss on derivatives but exclude depletion of oil and gas assets, depreciation, (credit)/charge relating to our lifting position and inventory and other cost of sales.
(4) Unit production costs are operating costs less tariff and transportation expenses and realised (gain)/loss on derivatives.

ALTERNATIVE PERFORMANCE MEASURES

This Exchange Offer Memorandum and Prospectus (and the Documents Incorporated by Reference into the Exchange Offer Memorandum and Prospectus) contain certain APMs. The Group uses APMs when assessing and discussing the Group's financial performance, balance sheet and cash flows that are not defined or specified under IFRS. The Group uses these APMs, which are not considered to be a substitute for or superior to IFRS measures, to provide stakeholders with additional useful information by adjusting for exceptional items and certain remeasurements which impact upon IFRS measures or, by defining new measures, to aid the understanding of the Group's financial performance, balance sheet and cash flows.

These APMs are not audited, reviewed or subject to review by the Group's auditors and are not measures required by, or presented in accordance with, the IFRS. Accordingly, these APMs should not be considered as alternatives to any performance or liquidity measures prepared in accordance with IFRS. Many of these APMs are based on the Group's internal estimates, assumptions, calculations and expectations of future results and there can be no guarantee that these results will actually be achieved. Accordingly, investors are cautioned not to place undue reliance on these APMs.

Furthermore these APMs, as used by the Group, may not be comparable to similarly titled measures used by other companies. Prospectus investors should not consider such APMs in isolation, as alternatives to the information calculated in accordance with IFRS, as indications of operating performance or as measures of the Group's profitability or liquidity. Such APMs must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS and investors are advised to review these APMs in conjunction with the 2021, 2020 and 2019 audited consolidated annual financial statements of the Issuer incorporated by reference into this Exchange Offer Memorandum and Prospectus.

The 2019, 2020 and 2021 Annual ReportS and Accounts of the Group contain a list of the APMs used, along with a reconciliation between certain management indicators and the indicators presented in the consolidated financial statements prepared under IFRS.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following review should be read in conjunction with the Group's consolidated financial statements and the related notes thereto included elsewhere in this document. Estimated 1P and 2P reserves presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry or by the SEC. See **"Certain reserves and production information."** ***Unless otherwise indicated, they are presented on a total basis—i.e., the actual interest of the relevant license holder in the relevant fields and license areas without deduction for the economic interest of the Group's commercial partners, taxes or royalty interests or otherwise. The Group's legal interest and effective working interest in the relevant fields and license areas are separately disclosed. See*** **"Description of the Issuer and the Group—Material contracts"** ***for a more detailed discussion of the terms of the agreements governing the Group's interests. The following discussion includes forward looking statements which, although based on assumptions that the Group considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward looking statements. For a discussion of some of those risks and uncertainties please refer to the sections entitled*** **"Forward-looking statements"** ***and*** **"Risk factors."**

Significant factors affecting results of operations

Price of oil

The Group is exposed to the impact of changes in Dated Brent crude oil prices. Changes in oil prices can impact the levels of the Group's reserves and, therefore, depletion charges, as well as revenues, which in turn would impact the Group's profits and cash flow. Low oil prices, as experienced in 2020, typically result in significant reductions in capital expenditure budgets, cancellation or deferral of projects and reductions in discretionary expenditures.

Crude oil prices have historically been volatile, dependent upon the balance between supply and demand and particularly sensitive to OPEC production levels and, in recent years, the rapid increase in US shale oil output. The outbreak of the COVID-19 pandemic in 2020 caused severe effects on energy demand and supply dynamics with a low point in April 2020. Since then, oil prices have recovered throughout the remainder of 2020 and increased incrementally throughout 2021. Dated Brent crude oil averaged $70.95/bbl in 2021, compared to $43.21/bbl in 2020 and $64.16/bbl in 2019. The International Energy Agency predicts that world oil demand will reach 100.6 million of barrels per day ("**MMbblpd**") in 2022 and exceed pre-pandemic levels as restrictions, such as mandatory lockdowns and travel restrictions imposed in response to the COVID-19 pandemic are eased. Meanwhile, global oil supply has risen to 98.7 MMbblpd, despite persistent underperformance by OPEC+ in meeting its output targets. Further aiding oil price expectations are the Organisation for Economic Co-operation and Development industry stocks which have declined to their lowest level for 7 years. As of the date of this Exchange Offer Memorandum and Prospectus, commodity futures for Brent average $104.0/bbl for the remainder of 2022.

The Group's oil sales for its UKCS assets (excluding Kraken) are primarily priced based on the Platts Dated Brent crude oil benchmark. Differentials to the benchmark price are negotiated with customers driven by market conditions. Prices for the Group's Kraken oil sales are priced against the VLSFO market, with Kraken oil currently being sold as a key component of IMO 2020 compliant low sulphur fuel oil in the shipping fuel market. Prices for the Group's Malaysian oil sales are set by the Malaysian OSP, which is generally a premium to the Platts Dated Brent benchmark. A Tapis differential is then applied to the Malaysian OSP and further differentials are negotiated with customers.

The average realised price for the Group's oil sales (excluding hedging) increased by 75% to $73.0/boe for the year ended 31 December 2021 from $41.60/boe for the year ended 31 December 2020. The average realised price for the Group's oil sales (excluding hedging) decreased by 35.2% to $41.60/boe for the year ended 31 December 2020 from $64.20/boe for the year ended 31 December 2019.

The average Brent ICE quoted oil price increased by 64.2% to $70.95/bbl for the year ended 31 December 2021 from $43.21/bbl for the year ended 31 December 2020. The average Brent ICE quoted oil price decreased by 32.7% to $43.21/bbl for the year ended 31 December 2020 from $64.16/bbl for the year ended 31 December 2019.

The following table sets forth information on Brent ICE quoted oil prices for the years ended 31 December 2019, 2020 and 2021.

	For the year ended 31 December		
	2019	2020	2021
		(*in $/bbl*)	
Average price for the period	64.16	43.21	70.95
Highest price for the period	74.57	68.91	86.40
Lowest price for the period	54.91	19.33	51.09

Source: International Commodities Exchange

The Group's hedging policy is to attempt to manage the impact of oil prices to protect against volatility and to ensure the availability of cash flow for servicing of debt obligations and investment in capital programs that drive business growth. As part of this strategy, the Group has entered into commodity hedging contracts. As of 23 March 2022, the Group has hedged a total of approximately 8.6 MMbbls and 3.5 MMbbls of its production in the year ended 31 December 2022 and 2023, respectively, using similar structures with an Average Floor Price of approximately $62.5/bbl and $57.5/bbl, respectively, and an Average Ceiling Price of approximately $77.6/bbl and $77.1/bbl, respectively. This ensures that the Group will receive a minimum oil price for some of its production. As further mitigation, the Group will continue to pursue hedging at the appropriate time and price, in line with its established policy.

Substantially all of the Group's reserves are assessed using a commerciality threshold and are therefore impacted by changes in oil prices. In particular, decreases to oil prices could lead to reduction in the economic life of a field, which would, in turn, lead to a decrease in reserves. See "Management's discussion and analysis of financial condition and results of operations—*Reserves*." For example, following safety-related shutdowns at the Heather and Thistle facilities in late 2019, the Group announced in March 2020 that it would not restart production from the Heather, Broom, Thistle or Deveron fields. In June 2020, the Group also decided to decommission the Dons asset. These decisions follow its assessment that these fields had reached their "economic limit."

Production volumes

In addition to oil prices, production volumes are a primary revenue driver. The Group's production levels also affect the level of reserves and depletion charges. The volume of the Group's oil reserves and resources and production volumes may be lower than estimated or expected. See "*Risk factors—Risks relating to the oil and gas industry—The levels of the Group's 1P and 2P Reserves and Contingent Resources, their quality and production volumes may be lower than estimated or expected.*"

Based on the Group's anticipated production, volumes are nominated for lifting approximately two months in advance. Buyers of the Group's crude oil are invoiced for the volume loaded on tankers as measured by an independent inspector and/or the fiscal meter. Volumes lifted and sold out of the terminals will normally be lower than those fiscally measured as being produced on the Group's platforms, reflecting "shrinkage." Shrinkage may occur from three potential sources – process fuel, terminal flaring and value adjustment. The Group is required to contribute fuel necessary to process the hydrocarbons at the Kinneil Oil Terminals. There is also flaring at the terminals to which all pipeline entrants are required to contribute. Oil from Magnus is exported through the Ninian pipeline. The SVT uses commingled crude (Brent and Ninian), which results in a "blend" oil price being calculated. Similarly, Greater Kittiwake Area, Scolty, and Crathes flow into the Forties Pipeline System and are redelivered as export Forties Crude oil at Hound Point near Edinburgh. Furthermore, production from the Golden Eagle field is delivered by pipeline to the Flotta Terminal in the Orkney Islands where it is blended into Flotta Gold export crude oil. In each case, a value adjustment is then calculated based on the relative quality of the Group's crude against the blend as a whole and this normally results in a further element of shrinkage. For the period from 1 January 2019 to 31 December 2021, the Group's shrinkage factor has been less than 3.0% of produced volumes for total gross production across all of the Group's assets. The resulting invoice volume after deduction of shrinkage, entitlement and over/underlift as applicable to each producing asset is the Group's sales volume.

The Group's production on a working interest basis decreased by 24.9% to 44,415 boepd for the year ended 31 December 2021 from 59,116 boepd for the year ended 31 December 2020, primarily driven by well integrity and topside downtime at Magnus, outages due to planned maintenance, as well as a subsea

power umbilical failure at the Greater Kittiwake Area, and natural declines across the UK Upstream assets. This was partially offset by the contribution from the Golden Eagle.

The Group's production on a working interest basis decreased by 13.8% to 59,116 boepd for the year ended 31 December 2020 from 68,606 boepd for the year ended 31 December 2019 primarily reflecting Thistle, Heather and Alma/Galia moving to cessation of production, the impact of the detached riser at the Seligi Alpha platform and lower production at the Dons caused by a lack of gas lift no longer available from Thistle as well as underlying natural declines, which were partially offset by a strong performance from Kraken. As of the date of this document, the Group's production remains materially unaffected by the COVID-19 pandemic or the implementation by the UK government of any related measures.

The following table sets forth information on the Group's oil production on a net working interest basis and sales volumes for the years ended 31 December 2019, 2020 and 2021.

	For the year ended 31 December		
	2019	**2020**	**2021**
(boepd)			
Total average daily production for the period	68,606	59,116	44,415
Total average daily sales volume for the period	77,362	60,736	50,513

(1) Includes volumes related to onward sale of third-party gas purchases not required for injection activities at Magnus.

Reserves

The Group estimates its 1P Reserves and 2P Reserves, which are reflected in its financial statements, using standard recognised evaluation techniques. This estimate is reviewed internally at least annually and is also audited annually by GaffneyCline. The Group estimates future development costs, taking into account the level of development required to produce the reserves it has elected to develop. The amount of development costs in turn influences the economic recoverability of the resources and, therefore, what proportion of resources are recognised as reserves.

Separately, the depletion of oil assets charged to the Group's income statement under cost of sales is dependent on the estimate of the Group's oil reserves. An increase in estimated reserves will cause a reduction in the charge to its annual income statement because a larger base exists on which to depreciate the asset. Conversely, a decrease in estimated reserves will cause an increase in the charge to the Group's annual income statement. The estimate of oil reserves also underpins the net present value of a field used for impairment calculations, and in significant cases a reduction to the reserves estimate can lead to an impairment charge. These impairment charges would not impact the Group's cash flow nor its UK tax allowances.

Development and production success and impairment

The Group faces inherent risks in connection with its development and production activities. These risks include the difference between estimated and actual reserves, its cost efficiency in development, timing of production activities and its level of production. The Group reviews its development and production projects at least semi annually for indicators of impairment. Where such an indicator does exist, the Group compares the net present value of the asset (based on discounted cash flows) with the carrying value on its balance sheet. If the net present value is lower than the carrying value, the Group records any impairment to the "Net impairment reversal/(charge)to oil and gas assets" line of its income statement.

Following the completion of the original Kraken field development plan in March 2019, the Group's exposure to development risks has been materially reduced. Development of its existing reserves and resources is anticipated to be primarily through short-cycle drilling and subsea tie-back projects. However, following the cessation of production at the Alma/Galia, Heather/Broom and Thistle/Deveron, the commencement of cessation of production activities at the Dons in March 2021 and the termination of the Tanjong Baram risk service contract, the Group is more reliant on fewer sources of production and, therefore, its exposure to risks in its production activities has increased.

In the year ended 31 December 2021, the net impairment reversal to the Group's oil and gas assets was $39.7 million. This net impairment reversal primarily related to changes in the Group's near-term future oil price assumptions during the period. In the year ended 31 December 2020, the impairments to the Group's oil and gas assets were $422.5 million. This charge primarily related to changes in the Group's

oil price assumptions during the period, with changes to the long-term oil price reducing from $70/bbl to $60/bbl. In the year ended 31 December 2019, the impairments to the Group's oil and gas assets were $637.5 million. This charge primarily related to changes to the long-term oil price reducing from $75/bbl to $70/bbl, revisions to the production profiles of Heather/Broom, Thistle/Deveron and the Dons, and the anticipated cessation of production at Alma/Galia. The Heather/Broom, Thistle/Deveron and the Don fields were fully impaired as a result of the impairment assessment conditions as of 31 December 2019.

Acquisitions and disposals

The Group's results are affected by acquisitions and disposals of assets that take place during the period, although the extent of the impact largely depends on the mix of assets acquired or sold. If it elects to divest an asset, it could impact several line items in the Group's income statement depending, in part, on the stage of the asset's life in which disposal occurs. Any acquisition of or sale of interests in producing assets will affect the Group's production volumes, revenues and operating costs. Acquisitions and disposals also affect the Group's liquidity and cash position in the relevant period to the extent the purchase price is paid in cash. The Group continually evaluates potential acquisitions and disposals and the timing of any such transaction is uncertain.

Acquisitions and disposals during the periods presented included, among others, those set forth below:

> 2019: Awarded the Block PM409 PSC, under which the Group operates the block with a working interest of 85.0%, with PETRONAS Carigali Sdn Bhd owning the remaining 15.0%.
>
> January 2021: Acquired a 40.81% working interest basis in the Bressay field.
>
> July 2021: Acquired a 100.0% interest in the Bentley discovery.
>
> October 2021: Completed the acquisition of Suncor's entire 26.7% non-operated working interest in the Golden Eagle Area Development, comprising the producing Golden Eagle, Peregrine and Solitaire fields.

See "Business Description of the Issuer and the Group—*Material Contracts.*" As of 31 December 2021, the Group had no assets held for sale.

Underlying operating costs

Fixed

Fixed operating costs are substantially independent from production levels and therefore do not automatically increase (or decrease) with an increase (or decrease) of the Group's level of production. Fixed operating costs include routine and non routine maintenance costs, certain labour costs and power costs. Certain regular maintenance programs also result in the temporary shut in of production. An increase in fixed operating costs will result in an increase in underlying operating costs per barrel due to higher costs with no associated increase in production.

Variable

The variable element of operating costs will increase (or decrease) with the level of production. An increase (or decrease) in production will result in an increase (or decrease) in underlying variable operating costs. The primary variable operating costs that affect the Group's results include the costs associated with the use of infrastructure (including third-party infrastructure such as pipelines and terminals), consumable well supplies and fuel. The Group pays tariffs for use of third-party infrastructure based on its proportionate use of the infrastructure. Tariffs are set in part based on the infrastructure operator's total expenses.

Oil produced at Kraken is loaded from the Armada Kraken FPSO onto shuttle tankers and then delivered directly to buyers in Northwest Europe or transferred to other conventional oil tankers for delivery into the United States, the Mediterranean and/or Asia.

The greatest portion of the Group's transportation and infrastructure costs arise through tariffs charged for the use of the SVT, through which oil from Magnus is transported and marketed. These charges are based on a cost share model.

Oil produced at Golden Eagle is processed on the platform and then transported through the Golden Eagle pipeline to the Claymore line, where it is then routed to the Flotta system and processed into stabilised Flotta Gold blend at the Flotta Terminal. Gas is currently exported from the platform to the Ettrick 'T' piece and pipeline into the SAGE system for processing and sales at St Fergus. However, gas exports are due to finish in 2022 as from then on all available gas will be utilised for fuel.

With respect to production from the Greater Kittiwake Area and Scolty/Crathes, the Group holds an equity interest in an offshore platform at Kittiwake and a 100% interest in a pipeline linking Kittiwake to the Forties Unity pipeline. Fields in the Greater Kittiwake area and Scolty/Crathes are tied via subsea infrastructure to the offshore platform at Kittiwake. Oil from the platform at Kittiwake is transported via pipeline to the Forties Unity platform where it is then transported to shore at Cruden Bay through the Forties Unity pipeline system. The oil then continues through the pipeline to Hound Point, Scotland, where it is loaded on tankers, and raw gas and natural gas liquids are taken to Grangemouth, Scotland for further processing.

Oil from Alba, where the Group holds a minority interest, is also transported by shuttle tanker from the Alba Northern platform to onshore terminals.

Production from PM8/Seligi is transported via the Tapis platform (operated by ExxonMobil) to the Terengganu Crude Oil Terminal (operated by PETRONAS Carigali Sdn Bhd) for processing and sale.

Derivative financial instruments

The Group's results are affected by commodity and foreign currency hedging. The Group's commodity hedging policy is to have the ability to hedge oil prices up to a maximum of 75% of the next 12 months' production on a rolling annual basis, up to 60% in the following 12 month period, and 50% in the subsequent 12 month period. Under the terms of the Group's RBL Facility, the Group is required to hedge a minimum of 60% of volumes of net entitlement production expected to be produced in the 12 months following the relevant quarter date, 40% of net entitlement production volumes in the subsequent 12 month period and 10% of volumes of net entitlement produced expected to be produced in the subsequent12 months.

As of the 23 March 2022, the Group has hedged a total of approximately 8.6 MMbbls and 3.5 MMbbls of its production in the year ended 31 December 2022 and 2023, respectively, using financial instruments (options and swaps) with an Average Floor Price of approximately $62.5/bbl and $57.5/bbl, respectively, and an Average Ceiling Price of approximately $77.6/bbl and $77.1/bbl, respectively.

The Group's foreign currency hedging policy allows for up to 70% of non-U.S. dollar denominated annual capital budget and operating expenditure to be hedged, although it may hedge up to 100% of non-US dollar capital expenditure in relation to specific contracted capital expenditure projects. As of the Issue Date, the Group has hedged its exposures to pounds sterling in line with this policy.

The Group holds derivative financial instruments classified as held for trading, not designated as effective hedging instruments. The derivative financial instruments include forward currency contracts and commodity contracts, to address the respective risks. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Financial instruments are carried in the Group's balance sheet at fair value with net changes in fair value recognised in its income statement. Unrealised mark-to-market changes in the remeasurements of open derivative contracts at each period is recognised within remeasurements.

Write-offs and impairment

For the year ended 31 December 2019, the Group either wrote off or impaired costs totaling $25.4 million in relation to its intangible exploration and evaluation assets following unsuccessful exploration and evaluation activities and for the years ended 31 December 2020 and 2021, no charges weremade. The extent of the Group's write offs and impairments in a period relates to its success in evaluating assets prior to receipt of a license. Such evaluations have become less significant to the Group's operations because of its decreased exploration and evaluation activities.

Write offs and impairments of intangible exploration and evaluation assets are expensed through the exploration and evaluation expenses line of the Group's income statement. The Group accounts for such

write offs and impairments using the successful efforts method of accounting. In line with the successful efforts method of accounting, all license acquisition, exploration and evaluation costs are initially capitalised as intangible assets in cost centres by field or exploration area, as appropriate, pending determination of commerciality of the relevant property. Directly attributable administration costs are capitalised insofar as they relate to specific exploration activities. Pre license costs and general exploration costs not specific to any particular license or prospect are expensed as incurred. If prospects are deemed to be impaired ("unsuccessful") on completion of the evaluation, the associated costs are charged to the income statement. If the field is determined to be commercially viable, the attributable costs are transferred to property, plant and equipment in single field cost centres. These costs are then depreciated on a unit of production basis. All field development costs are capitalised as property, plant and equipment. Property, plant and equipment related to production activities are amortised in accordance with the Group's depletion and amortisation accounting policy. See "*—Critical accounting estimates and judgments.*"

Interest rates

The Group's exposure to the risk of changes in market interest rates relates primarily to its borrowings under the RBL Facility and the SVT Working Capital Facility, each of which have a SONIA and SOFR linked interest rate and GBP LIBOR linked interest rate, respectively and the Group is currently negotiating the use of a risk free rate to replace GBP LIBOR (which is . See "*—Financing - Debt financing*" and "*Description of certain financing arrangements*."

The Group's risk exposure that is directly affected by the interest rate benchmark reform is its portfolio of total borrowings of $424.9 million as of 31 December 2021.

In the year ended 31 December 2021, the RBL Facility interest accrued at a rate of 4.25% plus USD LIBOR. From 1 January 2022, interest began to accrue at a rate of 4.25% plus a margin. The margin will be a combination of a fixed rate based on the interest period and SOFR. From October 2022, the fixed percentage will increase from 4.25% to 4.50%.

Currency exchange rates

The Group's functional and presentational currency is the US dollar, primarily because it prices its oil sales in US dollars and substantially all of its revenues are denominated in US dollars. However, because a significant amount of the Group's staffing and other administration costs are denominated in pounds sterling, its results are affected by changes in the US dollar/pounds sterling exchange rate.

Costs denominated in currencies other than the US dollar were 95.0%, 86.0% and 89.0% for the years ended 31 December 2019, 2020 and 2021, respectively.

The following table sets forth the high, low and average Bloomberg Composite Rate (London) US dollar/pounds sterling exchange rate for the years ended 31 December 2019, 2020 and 2021.

	2019	2020	2021
		(*in $/£*)	
Average rate for the period	1.2767	1.2838	1.3757
Highest rate for the period	1.3326	1.3651	1.4212
Lowest rate for the period	1.2060	1.1555	1.3204

Source: Bloomberg Composite Rate (London)

Taxation

Taxation can have a significant impact on the Group's results of operations. The Group is subject to corporate income taxes, UK Corporation Tax and Ring Fence Supplementary Charge ("**SCT**"), in the UK as well as petroleum and corporate income taxes in Malaysia. The Group has unused UK mainstream corporation tax losses of $431.7 million (2020: $320.7 million) and ring-fenced tax losses of $957.8 million associated with the Bentley acquisition for which no deferred tax has been recognised as of 31 December 2021, as recovery of these losses is to be established. The Group recognises deferred tax assets on unused tax losses where it is probable that future taxable profits will be available for utilisation. This requires the Group's management to make judgements and assumptions regarding the amount of deferred tax that can be recognised, as well as the likelihood of future taxable profits.

In respect of the Group's UKCS operations, as of 31 December 2021, the Group had a UK corporation tax and supplementary charge liability of $3.8 million, principally arising from the acquisition of Golden Eagle partially offset by the availability of UK corporate tax losses. The Group has also historically paid Petroleum Revenue Tax ("**PRT**") in respect of its UKCS operations, which is based on taxable profits of individual production fields. However, beginning on 1 January 2016, the PRT rate was reduced to 0%. Therefore, during the year ended 31 December 2021 the Group paid no PRT in relation to its UKCS operations.

The Group's taxation is also affected by UK tax incentive programmes known as investment allowances. This regime essentially provides for a reduction in SCT (10%) where investments in new or existing UKCS assets qualify for a relief known as investment allowances. Investment allowances are activated by revenue generated from the field, and are recognised as a reduction in the charge to taxation in the years in which it is utilised.

The Group has activated investment allowance as of 31 December 2021 of $2,254.0 million which it believes will materially reduce the level of future SCT.

In addition to the investment allowances activated, the Group has unactivated allowances as of 31 December 2021 as set forth in the following table.

The following table sets forth the tax allowances of the Group's assets as of 31 December 2021.

Field Name	**As of 31 December 2021**
	(in millions of $)
Conrie[(1)]	25.2
Ythan[(1)]	5.4
Scolty	5.2
Galia[(2)]	102.2
Kraken North	360.2

(2) Conrie and Ythan form part of the Dons which ceased production in early 2021. Allowances are unlikely to be fully activated due to cessation of production.

(2) Allowances are unlikely to be activated due to cessation of production.

With continuing investment in the Group's existing assets, the Group does not expect to pay material UK cash income tax for the foreseeable future but will continue to pay petroleum income taxes in Malaysia throughout the life of the PSC.

With respect to the Group's Malaysian operations, the Group pays a 38% petroleum income tax on the profit oil derived from the production sharing agreements under which it operates its Malaysian assets in addition to a royalty payable on its oil sales. There are no tax losses carried forward in relation to the Group's Malaysian operations.

The Group is subject to various tax claims relating to VAT due on certain shipping transfers, employment tax due in relation to certain accommodation and canteen benefits and a dispute with HMRC over certain titles, all of which arise in the ordinary course of its business, including tax claims from tax authorities in the UK and Malaysia. The Group assesses all such claims in the context of the tax laws of the countries in which it operates and, where applicable, make provision for any settlements which it considers to be probable. See "*Description of the Issuer and the Group—Legal and arbitration proceedings,*" "*Risk factors—Risks relating to the Group's business—The Group's tax liability is subject to estimation and it may be adversely affected by changes to tax legislation or its interpretation or increases in effective tax rates in the jurisdictions which it does business".*

The Group may also be affected by how taxes impact its counterparties and contracts. Modifications may cause certain third parties with which it contracts to experience increased costs, which they may seek to pass on to the Group through contractual pass- through provisions or in future negotiations. The Group may be required to pay some or all of these increased costs.

Exceptional items and remeasurements

The Group's results are affected by exceptional items and remeasurements. The effect of exceptional items and depletion of fair value uplift during the periods presented is set forth below.

	For the year ended 31 December		
	2019	**2020** (Restated)[1]	**2021**
		(*in millions of $*)	
Recognised in arriving at profit from operations before tax and net finance costs:			
Fair value remeasurements	(81.3)	145.1	86.1
Impairments and write-offs	(812.6)	(422.5)	39.7
Other[2]	(73.2)	(89.9)	(47.3)
Tax on items above	303.5	138.8	(26.3)
Recognition/De-recognition of undiscounted deferred tax asset	—	(215.2)	104.5
Total	(663.6)	(433.8)	156.7

(1) The income statement for the year ended 31 December 2020 has been restated to reflect a change in presentation of rental income and the 2020 deferred tax movements. See the Note 2 – Basis of Preparation – Restatements on page 122 of the 2021 Financial Statements incorporated by reference pursuant to the section "*Documents Incorporated by Reference*".

(2) For the year ended 31 December 2021, other items are made up of the following: Cost of sales includes $7.7 million mainly related to a provision for a dispute with a third-party contractor. Other income in 2021 of $22.6 million includes $12.0 million in respect of the finalisation of the previous asset acquisitions and $9.0 million, related to the PM8/Seligi riser incident. Other expenses of $3.8 million related to expenses incurred on the repayment of the BP vendor loan and finance costs related to the Magnus contingent consideration of $58.3 million.

For the year ended 31 December 2020, other items mainly related to the unwinding of discount on contingent consideration on the 75% acquisition of Magnus and associated infrastructure of $77.2 million, provision for the PM8/Seligi riser repair of $5.9 million, loss on derecognition of assets related to the PM8/Seligi riser detachment $1.0 million and the redundancy costs in relation to the Group's transformation program of $5.8 million.

For the year ended 31 December 2019, other expenses mainly related to the provision for settlement of the historical KUFPEC claim of $15.6 million. Other finance costs mainly related to the unwinding of contingent consideration from the acquisition of Magnus and associated infrastructure of $57.2 million.

The income and costs represented by these items are not typical to the Group's results and in certain cases apply only in one period. For example, "**Other tax exceptional items**" mainly includes the tax effect of previously derecognised tax losses, as well as the impact on deferred tax of a revision to the balance of non-qualifying expenditure.

IFRS requires that a fair value exercise is undertaken allocating the cost of acquiring controlling interests to the fair value of the acquired identifiable assets, liabilities and contingent liabilities. Any difference between the cost of acquiring the interest and the fair value of the acquired net assets, which includes identified contingent liabilities, is recognised as acquired goodwill and the Group's assets are increased by this fair value uplift. The fair value exercise is performed as at the date of acquisition. The Group is required to recognise depletion charges for the fair value uplift, which are accounted for as part of cost of sales.

Significant factors affecting comparability

Magnus oil field acquisition

On 1 December 2018, the Group completed the Magnus acquisition from BP of the remaining 75.0% interest in the Magnus oil field, an additional 9.0% interest in the SVT and supply facility and other additional interests in associated infrastructure having acquired a 25.0% interest in the Magnus field and a 3.0% interest in the SVT and supply facility (amongst other assets) (collectively, the "**Magnus Assets**") in December 2017. The consolidated financial statements as of and for the year ended 31 December 2018 include the fair values of the identifiable assets and liabilities of the Magnus acquisition as at the date of acquisition and the results of the assets from 1 December 2018.

The total consideration for the Magnus acquisition comprised $100.0 million cash consideration and $200.0 million deferred consideration financed by BP plc. With an effective date of 1 January 2017, the deferred consideration was adjusted for the interim period and working capital adjustments, resulting in contingent consideration of $116.5 million as of 1 December 2018. The outstanding amount of deferred consideration financed by BP was repaid in full in July 2021. The consideration also included a

contingent profit sharing arrangement whereby the Group and BP plc share the net cash flow generated by the 75.0% interest on a 50:50 basis, subject to a cap of $1 billion received by BP plc. Together, the deferred consideration and contingent profit sharing arrangement are known as the "**Magnus Contingent Consideration**."

The acquisition of the remaining 75.0% interest is considered a step acquisition as per IFRS 3 *Business Combinations*. The property, plant and equipment acquired with the initial 25.0% was fair valued as of 1 December 2018, recognising an uplift of $123.9 million to property, plant and equipment and a corresponding deferred tax liability of $49.6 million. The gain on uplift of $74.3 million was recognised through other income in remeasurements and exceptional items in the consolidated income statement.

As of 31 December 2019, the Magnus Contingent Consideration was fair valued at $641.4 million, a decrease in fair value of $19.1 million, reflecting the change in oil price assumptions, and unwinding of discount offset by utilisation.

As of 31 December 2020, the Magnus Contingent Consideration was fair valued at $507.7 million, a decrease in fair value of $133.7 million, reflecting the change in oil price assumptions and unwinding of discount partially offset by utilisation.

As of 31 December 2021, the Magnus Contingent Consideration was fair valued at $344.6 million, a decrease in fair value of $163.1 million, reflecting revised operating cost assumptions and the repayment in full of the outstanding amount due on the deferred consideration financed by BP in July.

Magnus oil field decommissioning-linked contingent consideration

As part of the Magnus acquisition and associated interests acquisition, BP retained the decommissioning liability in respect of the existing wells and infrastructure and the Group agreed to pay additional consideration in relation to the management of the physical decommissioning costs of Magnus. As of 31 December 2021, the amount due to BP calculated on an after-tax basis by reference to 30% of BP's decommissioning costs on Magnus was $21.0 million.

Golden Eagle contingent consideration

On 22 October 2021, the Group completed the acquisition of a 26.7% non-operated working interest in the Golden Eagle Area Development, comprising the producing Golden Eagle, Peregrine and Solitaire fields. The consideration for the acquisition included an amount that was contingent on the average oil price between July 2021 and June 2023. The contingent consideration is payable in the second half of 2023, if between July 2021 and June 2023, the Dated Brent average crude price equals or exceeds $55/bbl, upon which $25 million is payable, or if the Dated Brent average crude price equals or exceeds $65/bbl, upon which $50 million is payable. The contingent consideration liability is discounted at 7% and is calculated principally based on the oil price assumptions. As of 31 December 2021, the contingent consideration was valued at $45.2 million.

Explanation of income statement items

Revenue and other operating income

Oil and gas revenues, the Group's largest sources of revenue, are comprised of its share of sales from the processing or sale of hydrocarbons on an entitlement basis, when the significant risks and rewards of ownership have been passed to the buyer. Tariff revenue is recognised in the period in which the services are provided at the agreed contract rates.

Other operating income is comprised of realised gains and unrealised gains on the Group's commodity hedging contracts.

Revenue from contracts with customers

The Group generates revenue through contracts with customers for the sale of crude oil, gas and condensate to third parties and for the provision of infrastructure to its customers in exchange for a tariff. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer, at an amount that reflects the consideration which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue

arrangements because it typically controls the goods or services before transferring them to the customer. The normal credit term is 30 days or less upon performance of the obligation.

Sale of crude oil, gas and condensate

The Group sells crude oil, gas and condensate directly to customers. The sale represents a single performance obligation, which is satisfied when the customer takes physical possession of the commodity or the commodity is delivered to an infrastructure. At this point, the title to the commodity passes to the customer and revenue is recognised. The Group principally satisfies its performance obligations at a point in time and the amounts of revenue recognised relating to performance obligations satisfied over time are not significant. Transaction prices are referenced to quoted prices, plus or minus an agreed discount rate when applicable.

Tariff revenue for the use of the Group's infrastructure

Tariffs are charged to customers for the use of infrastructure that the Group owns. The revenue represents the performance of an obligation for the use of the Group's assets over the life of the contract. The use of the assets is not separable as they are interdependent to fulfil the contract and no one item of infrastructure can be individually isolated. Revenue is recognised as the performance obligations are satisfied over the period of the contract, generally a period of 12 months or less, on a monthly basis based on throughput at the agreed contracted rates.

Other income

Other operating income also includes gains or losses from oil derivative trading transactions. Other operating income includes vessel rental income, which is recognised to the extent that its probable economic benefits will flow to the Group and the revenue can be reliably measured.

The Group enters into oil derivative trading transactions which can be settled net in cash. Accordingly, any gains or losses are not considered to constitute revenue from contracts with customers in accordance with the requirements of IFRS 15 *Revenue from Contracts with Customers*, and are included within other operating income.

Cost of sales

The Group's cost of sales consists of the costs of operations, changes in lifting position, crude oil inventory movements, depletion of oil and gas assets and underlying operating costs such as tariff and transportation expenses charged back to the Group based on its proportionate use of infrastructure and according to the total costs of the operator of such infrastructure. Inventories of consumable well supplies and inventories of hydrocarbons are stated at the lower of cost and net realisable value, cost being determined on an average cost basis. Oil and gas assets are depleted, on a field-by-field basis, using the unit of production method based on entitlement to proven and Probable Reserves, taking account of estimated future development expenditure relating to those reserves.

The Group includes in cost of sales an amount for changes in lifting position. Changes in lifting position occur when there has been a change in the Group's cumulative "over-lift" or "under-lift" for the period ending on a balance sheet date. Over-lifts/under-lifts occur when there is an imbalance during a given period between the amount of saleable production (which is the Group's interest in gross production less shrinkage, e.g. due to process fuel used at the terminal or to value adjustments) and the Group's sales. Such an imbalance occurs because the Group typically nominates the volume to be lifted and invoiced approximately two months in advance and cannot estimate future saleable production volumes with certainty. Where multiple production companies share the pipeline and processing infrastructure, any over-lift is effectively a sale of another producer's production. The over-lift liability is recorded at the cost of the production imbalance to represent a provision for production costs attributable to the volumes sold in excess of entitlement. The under-lift asset is recorded at the lower of cost and net realisable value, consistent with IAS2 (an international financial reporting standard produced and disseminated by the International Accounting Standards Board), to represent a right to additional physical inventory. An under-lift of production from a field is included in current receivables and an over-lift of production from a field is included in current liabilities.

Cost of sales also includes gains or losses related to the ineffective portion of the Group's foreign exchange hedging contracts.

Impairment of oil and gas assets

At each balance sheet date, the Group assesses assets or groups of assets, called cash-generating units ("**CGUs**"), for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Discounted cash flow models comprising asset-by-asset life of field projections and risks specific to assets, using Level 3 inputs (based on IFRS 13 *Fair Value Hierarchy*), are used to determine the recoverable amounts. The cash flows have been modelled on a post-tax basis at management's estimate of a market participant WACC. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Group's income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Group's income statement.

General and administration expenses

General and administration expenses include staff costs, depreciation, other general and administration costs and recharge of costs to operations and joint venture partners. Staff costs are capitalised or expensed when incurred. Capitalised staff costs are included within property, plant and equipment or intangible assets based on the balance sheet classification on the underlying assets on which the employee has worked. With respect to the assets at which the Group is the operator, its joint venture agreements typically allow it to charge back its expenses as operator to its partners at specified percentages and subject to certain conditions. These agreements typically allow the Group to charge to its commercial partners an additional amount up to a specified percentage of the total costs at an asset to compensate for parent company overhead. Payments received through such chargebacks offset general and administration costs.

General and administration expenses also include business development costs, such as the costs of evaluating potential acquisitions and disposals.

Net other income and other expenses

For the periods presented, other income is comprised of the change in fair value on the Magnus Contingent Consideration. The Group also include reductions in decommissioning provisions for assets that have ceased production or are fully impaired, rental income, net foreign exchange gains and one-off items such as the gain resulting from the termination of the Tanjong Baram risk service contract.

For the periods presented, other expenses are comprised mainly of increases in the decommissioning provision for assets that have ceased production or are fully impaired, changes in relation to the estimate of the Thistle decommissioning provision, change in fair value on the Magnus Contingent Consideration and net foreign exchange losses. The Group also include one-off items such as the provision for settlement of the historical KUFPEC claims, which were breach of warranty claims by the Group's field partner KUFPEC in respect of Alma/Galia.

Finance costs

Finance costs primarily include loan and bond interest, unwinding of discount on decommissioning provisions, unwinding of discount on other provisions, unwinding of discount on financial liabilities, finance costs on contingent consideration from the acquisition of Magnus and associated infrastructure, finance charges payable under finance leases, and other financial expenses, less any amounts capitalised in relation to the development costs of any qualifying asset.

Finance income

Finance income includes bank interest receivable, unwinding of discount on financial assets and other financial income.

Income tax

Income tax represents the sum of tax currently payable and deferred tax under the laws of each jurisdiction in which the Group does business. This includes UK corporation and SCT as well as PRT which is payable on profits from individual fields in the UK, and Malaysian petroleum and corporate income taxes.

Results of operations

Results of operations for the year ended 31 December 2019, 2020 and 2021

The following table sets forth certain of the Group's historical revenue and expense items for the years ended 31 December 2019, 2020 and 2021.

	For the year ended 31 December					
	2020[1]			2021		
	Business performance[2]	Remeasurements and exceptional items	Reported in year	Business performanc e [2]	Remeasurements and exceptional items	Report ed in year
	(*in millions of $*)					
Revenue and other operating income	855.1	8.8	863.9	1,320.3	(54.5)	1,265.8
Cost of sales	(785.5)	(13.6)	(799.1)	(900.4)	(7.2)	(907.6)
Gross profit/(loss)	**69.6**	**(4.8)**	**64.8**	**419.8**	**(61.7)**	**358.2**
Net impairment reversal /(charge)to oil and gas assets	-	(422.5)	(422.5)	-	39.7	39.7
General and administration expenses	(6.1)	-	(6.1)	(0.4)	-	(0.4)
Other income	18.1	138.2	156.3	31.0	162.6	193.6
Other expenses	(101.6)	(1.0)	(102.6)	(7.3)	(3.8)	(11.1)
Profit/(loss) from operations before tax and finance income/(costs)	**(20.0)**	**(290.1)**	**(310.1)**	**443.2**	**136.9**	**580.1**
Finance costs	(179.8)	(77.3)	(257.1)	(169.5)	(58.4)	(227.8)
Finance income	1.2	-	1.2	0.2	-	0.2
Profit/(loss) before tax	**(198.7)**	**(367.3)**	**(566.0)**	**274.0**	**78.5**	**352.4**
Income tax	172.5	(76.4)	96.0	(53.7)	78.2	24.5
Profit/(loss) for the year attributable to owners of the parent	**(26.2)**	**(443.8)**	**(469.9)**	**220.3**	**156.7**	**377.0**

(1) The income statement for the year ended 31 December 2020 has been restated to reflect a change in presentation of rental income and the 2020 deferred tax movements. See the Note 2 – Basis of Preparation – Restatements on page 122 of the 2021 Financial Statements incorporated by reference pursuant to the section "*Documents Incorporated by Reference*".

(2) Business performance is the Group's reported performance adjusted to remove the effects of remeasurements and exceptional items. The header of this column has been adjusted to comply with SEC requirements of defining non-IFRS measures. The Audited Financial Statements presentation is compliance with the UK standards set by the Financial Reporting Committee.

Comparison of results of operations for the years ended 31 December 2020 and 2021

Revenue and other operating income

Revenue and other operating income increased by $401.9 million, or 46.5%, to $1,265.8 million for the year ended 31 December 2021, from $863.9 million for the year ended 31 December 2020, primarily reflecting higher realised oil prices partially offset by lower volumes.

Revenue and other operating income before remeasurements and exceptional items increased by $465.2 million, or 54.4%, to $1,320.3 million in the year ended 31 December 2021 from $855.1 million in the year ended 31 December 2020, primarily as a result of materially higher oil and gas prices.

The Group's daily average production on a working interest basis was 44,415 boepd for the year ended 31 December 2021, compared to 59,116 boepd for the year ended 31 December 2020, primarily as a result of well integrity and topside downtime at Magnus, outages due to planned maintenance and a subsea power umbilical failure at the Great Kittiwake Area, delayed pipeline replacement in Malaysia and natural declines across the portfolio, partially offset by the contribution from Golden Eagle.

Revenue is predominantly derived from crude oil sales and for the year ended 31 December 2021 crude oil sales were $1,139.2 million compared with $779.9 million for the year ended 31 December 2020. The increase in revenue was principally because of higher realised oil prices partially offset by a reduction of production.

Revenue from the sale of condensate and gas, primarily in relation to the onward sale of third-party gas purchases not required for injection activities at Magnus, was $244.1 million for the year ended 31 December 2021 compared with $60.5 million for the year ended 31 December 2020, primarily as a result of significantly higher realised gas prices.

The Group's commodity hedges and other oil derivatives generated $67.7 million of realised losses for the year ended 31 December 2021, compared to $6.1 million of realised gains for the year ended 31 December 2020.

The Group's average realised price per barrel of oil sold (including the impact of hedging) was $68.6/bbl for the year ended 31 December 2021, compared to $41.3/bbl for the year ended 31 December 2020. These realised prices are consistent with average oil prices for 2021 and 2020.

Cost of sales

Cost of sales increased by $108.5 million, or 13.6%, to $907.6 million for the year ended 31 December 2021 from $799.1 million for the year ended 31 December 2020. Cost of sales before remeasurements and exceptional items increased by $114.9 million to $900.4 million for the year ended 31 December 2021 from $785.5 million in the year ended 31 December 2020, primarily as a result of lower depletion cost and other costs of operations and the charge associated with the Group's lifting position, partially offset by the lower depletion expense as detailed below.

Operating costs, which include production costs, tariff and transportation expenses and the effect of any realised gains or losses on derivatives related to operating costs, decreased by $7.6 million, or 2.3%, to $321.0 million for the year ended 31 December 2021 from $328.6 million for the year ended 31 December 2020, primarily due to reduced tariff and transportation costs due to lower production in 2021 and realised derivative gains related to emissions allowances. This was largely offset by higher production costs driven by materially higher emission allowances costs, lower lease charter credits reflecting higher uptime at Kraken driven by the continued strong performance of the FPSO and remediation costs at Magnus.

Production costs increased to $292.3 million for the year ended 31 December 2021 from $265.5 million for the year ended 31 December 2020. Tariff and transportation expenses decreased to $39.4 million for the year ended 31 December 2021 from $63.7 million in the year ended 31 December 2020.

Average unit operating cost (excluding hedging) increased by $5.3/boe, or 34.9%, to $20.5/boe for the year ended 31 December 2021 from $15.2/boe for the year ended 31 December 2020, reflecting lower production. Average Unit operating costs (including hedging) increased by $4.6/boe from $15.2/boe for the year ended 31 December 2020 to $19.8/boe for the year ended 31 December 2021.

The Group's depletion expense decreased by $132.6 million, or 30.3%, to $305.6 million for the year ended 31 December 2021 from $438.2 million for the year ended 31 December 2020, mainly reflecting lower production.

The charge relating to the Group's lifting position and inventory was $62.3 million (2020: credit of $34.8 million). This reflects a switch to an $18.0 million net overlift position at 31 December 2021 from a $3.0

million net underlift position at 31 December 2020. The charge for the year is also impacted by the post-acquisition revaluation of the underlift position at Golden Eagle.

Other cost of operations of $211.5 million were materially higher than in 2020 ($53.5 million), principally as a result of higher Magnus-related third-party gas purchases following the increase in associated market prices, offset by a partial release of the inventory provision.

Net impairment reversal/(charge)to oil and gas assets

Net impairment reversal/(charge)reversal to oil and gas assets was a reversal of $39.7 million for the year ended 31 December 2021 compared to a charge of $422.5 million for the year ended 31 December 2020. The charge in 2020 was primarily related to oil and gas assets ($314.3 million) and right-of-use assets ($108.2 million) within the North Sea reportable segment and impairment losses arose principally as a result of changes in oil price assumptions during the year. The net impairment reversal in 2021 primarily related to oil and gas assets ($24.0 million) and right-of-use assets ($15.7 million) within the North Sea reportable segment and principally arose as a result of an increase in the Group's near-term future oil price assumptions.

General and administration expenses

General and administration expenses decreased by $5.7 million, or 83.6%, to $0.4 million for the year ended 31 December 2021 from $6.1 million reported in the year ended 31 December 2020. The decrease was primarily due to lower staff costs during 2021 and the change in the Group's equity interests of the decommissioning assets.

Other income/expenses

Net other income increased by $128.8 million, or 239.9%, to $182.5 million for the year ended 31 December 2021, from net other income of $53.7 million for the year ended 31 December 2020, primarily due to increased change in decommissioning provisions. A gain on termination of the Tanjong Baram risk service contract was also recognised in 2020. In addition, in the year ended 31 December 2021 other income / expenses included remeasurements and exceptional items of $140.1 million in relation to fair value changes in contingent consideration.

Finance costs

Finance costs decreased by $29.3 million, or 11.4% to $227.8 million for the year ended 31 December 2021 from $257.1 million for the year ended 31 December 2020 primarily due to decreased loan interest payable, decreased bond interest payable and decreased finance charges payable under leases. Finance costs for 2021 included remeasurements and exceptional items of $58.4 million related to finance costs on Magnus related contingent consideration.

The following table sets forth additional details on the Group's finance costs for the years ended 31 December 2021 and 2020.

	For the year ended 31 December		
	2020	2021	% Change
	(in millions of $)		
Loan interest payable	32.8	20.2	38.4
Bond interest payable	73.5	69.1	6.0
Unwinding of discount on decommissioning provisions	14.5	15.9	9.7
Unwinding of discount on other provisions	0.8	1.1	37.5
Finance charges payable under leases	50.9	45.4	10.8
Amortisation of finance fees on loans and bonds	5.4	13.6	151.9
Other financial expenses	2.0	4.3	115.0
Business performance finance expenses [(1)]	**179.8**	**169.5**	**5.7**
Finance costs on Magnus related contingent consideration	77.3	58.4	24.5
Total finance costs	**257.1**	**227.8**	**11.4**

(1) Business performance is the Group's reported performance adjusted to remove the effects of remeasurements and exceptional items. The header of this column has been adjusted to comply with SEC requirements of defining non-IFRS measures. The Audited Financial Statements presentation is compliant with the UK standards set by the Financial Reporting Committee.

Finance income

Finance income decreased by $1.0 million, or 80.5%, to $0.2 million for the year ended 31 December 2021 from $1.2 million for the year ended 31 December 2020 primarily due to decreased interest received and loss of unwinding discount on the Bumi Armada Berhad receivable which was recognised in 2020.

The following table sets forth additional details on the Group's finance income for the years ended 31 December 2021 and 2020.

	For the year ended 31 December		
	2020	2021	% Change
	(in millions of $)		
Bank interest receivable	0.9	0.2	77.8
Unwinding of discount on financial asset	0.3	—	100
Finance income	**1.2**	**0.2**	**83.3**

Income tax

The Group recorded an income tax charge, before remeasurements and exceptional items, of $53.7 million for the year ended 31 December 2021 compared to a tax credit before remeasurements and exceptional items of $172.5 million for the year ended 31 December 2020, primarily due to the taxable profits generated in 2021 exceeding the Ring Fence Expenditure Supplement on UK activities generated during the year.

Including remeasurements and exceptional items, the Group recorded an income tax credit of $24.5 million for the year ended 31 December 2021 compared to an income tax credit of $96.0 million for the year ended 31 December 2020, primarily due to the recognition of an undiscounted deferred tax asset following the Group's acquisition of Golden Eagle and its higher oil price assumptions.

Results of operations for the years ended 31 December 2019 and 2020

The following table sets forth certain of the Group's historical revenue and expense items for the years ended 31 December 2019 and 2020.

	For the year ended 31 December					
	2019			2020[1]		
	Business performance [2]	Remeasurements and exceptional items	Reported in year	Business performance [2]	Remeasurements and exceptional items	Reported in year
	(in millions of $)					
Revenue and other operating income	1,711.8	(65.4)	1,646.5	855.1	8.8	863.9
Cost of sales	(1,243.6)	(0.4)	(1,243.9)	(785.5)	(13.6)	(799.1)
Gross profit/(loss)	**468.3**	**(65.8)**	**402.5**	**69.6**	**(4.8)**	**64.8**
Net impairment reversal/(charge)to oil and gas assets	-	(812.4)	(812.4)	-	(422.5)	(422.5)
General and administration expenses	(7.7)	-	(7.6)	(6.1)	-	(6.1)
Other income	3.4	-	3.4	18.1	138.2	156.3
Other expenses	(21.9)	(31.7)	(53.6)	(101.6)	(1.0)	(102.6)
Profit/(loss) from operations before tax and finance income/(costs)	**442.2**	**(909.9)**	**(467.8)**	**(20.0)**	**(290.1)**	**(310.1)**
Finance costs	(206.6)	(57.2)	(263.8)	(179.8)	(77.3)	(257.1)
Finance income	2.4	-	2.4	1.2	-	1.2
Profit/(loss) before tax	**238.0**	**(967.1)**	**(729.1)**	**(198.7)**	**(367.3)**	**(566.0)**
Income tax	(23.6)	303.5	279.8	172.5	(76.4)	96.0
Profit/(loss) for the year attributable to owners of the parent	**214.3**	**(663.6)**	**(449.3)**	**(26.2)**	**(443.8)**	**(469.9)**

(1) The cash flow statement as of 31 December 2020 has been restated to reflect a change in presentation of rental income and the 2020 deferred tax movements. See the Note 2 – Basis of Preparation – Restatements on page 122 of the 2021 Financial Statements incorporated by reference pursuant to the section "*Documents Incorporated by Reference*".

(2) Business performance is the Group's reported performance adjusted to remove the effects of remeasurements and exceptional items. The header of this column has been adjusted to comply with SEC requirements of defining non-IFRS measures. The Audited Financial Statements presentation is compliant with the UK standards set by the Financial Reporting Committee.

Comparison of results of operations for the years ended 31 December 2019 and 2020

Revenue and other operating income

Revenue and other operating income decreased by $782.6 million, or 47.5%, to $863.9 million for the year ended 31 December 2020, from $1,646.5 million for the year ended 31 December 2019, primarily due to the materially lower realised prices and lower production.

Revenue and other operating income before remeasurements and exceptional items decreased by $856.7 million, or 50.0%, to $855.1 million in the year ended 31 December 2020, from $1,711.8 million in the year ended 31 December 2019, primarily due to materially lower realised prices and lower production.

The Group's daily average production was 59,116 boepd for the year ended 31 December 2020, compared to 68,606 boepd for the year ended 31 December 2019, primarily due to the Group's decision to cease production at its highest cost assets: Heather/Broom; Thistle/Deveron; and Alma/Galia, and the impact of the detached riser in Malaysia.

Revenue is predominantly derived from crude oil sales and for the year ended 31 December 2020 crude oil sales were $779.9 million compared with $1,548.2 million in the year ended 31 December 2019, reflecting the significantly lower oil prices, a reduction of production and moving from a net overlift to a net underlift position at the end of the year.

Revenue from the sale of condensate and gas, primarily in relation to the onward sale of third-party gas purchases not required for injection activities at Magnus, was $60.5 million for the year ended 31 December 2020 compared with $120.2 million in the year ended 31 December 2019, primarily as a result of significantly lower gas prices.

The Group's commodity hedges and other oil derivatives generated $6.1 million of realised losses for the year ended 31 December 2020, compared to gains of $24.8 million in the year ended 31 December 2019, as a result of the timing at which the hedges were entered into.

The Group's average realised price per barrel of oil sold (including the impact of hedging) was $41.3 for the year ended 31 December 2020, compared to $65.3 per barrel in the year ended 31 December 2019. These realised prices are consistent with average oil prices for 2020 and 2019.

Cost of sales

Cost of sales decreased by $444.8 million, or 35.8%, to $799.1 million for the year ended 31 December 2020 from $1,243.9 million for the year ended 31 December 2019. Cost of sales before remeasurements and exceptional items decreased by $458.1 million to $785.5 million for the year ended 31 December 2020 from $1,243.6 million in the year ended 31 December 2019. The decrease in cost of sales was primarily due to lower operating costs, lower depletion charges and lower other costs of operations as detailed below.

Operating costs, which include production costs, tariff and transportation expenses and the effect of any realised gains or losses on derivatives related to operating costs, decreased by $189.5 million, or 36.6%, to $328.6 million for the year ended 31 December 2020 from $518.1 million for the year ended 31 December 2019, primarily reflecting the Group's focus on cost control and its 2020 transformation program, the decisions to cease production at Heather/Broom and Thistle/Deveron and the cessation of production at Alma/Galia.

Production costs decreased by $176.1 million or 39.9%, to $265.5 million for the year ended 31 December 2020 from $441.6 million for the year ended 31 December 2019. Transportation costs decreased by $11.1 million, or 14.8%, to $63.7 million for the year ended 31 December 2020 from $74.8 million in the year ended 31 December 2019.

Average unit operating cost decreased by $5.4/boe, or 26.2%, to $15.2/boe for the year ended 31 December 2020 from $20.6/boe for the year ended 31 December 2019, primarily due to the material reduction in costs having a greater impact than the lower production in the year ended 31 December 2020.

Depletion expense decreased by $86.9 million, or 16.5%, to $438.2 million for the year ended 31 December 2020 from $525.1 million for the year ended 31 December 2019, primarily due to the asset impairments as of 30 June 2020 and as of 31 December 2019, along with lower production.

The credit relating to the Group's net lifting position was $34.8 million, reflecting a switch to a $3.0 million net underlift position as of 31 December 2020 from a $28.6 million net overlift position as of 31 December 2019.

Other cost of operations decreased by $44.0 million, or 45.1%, to $53.5 million for the year ended 31 December 2020 from $97.5 million for the year ended 31 December 2019. This primarily reflects the lower cost of Magnus-related third-party gas purchases following the reduction in the market price for gas, partially offset by the $24.9 million inventory write down recognised in the year, which principally relates to inventory held as assets now scheduled for decommissioning.

Net impairment reversal/(charge)to oil and gas assets

Net impairment reversal/(charge)reversal to oil and gas assets was $422.5 million for the year ended 31 December 2020 compared to $812.4 million for the year ended 31 December 2019.

The charge for the year ended 31 December 2020 was primarily due to non-cash impairment charges of $314.3 million and $108.2 million recognised in respect of the Group's oil and gas assets and right-of-use assets, respectively, within the North Sea segment representing changes to the Group's oil price assumptions during the year. The Group did not have any impairment or write-offs in respect of goodwill during the year ended 31 December 2020.

The charge for the year ended 31 December 2019 was primarily due to non-cash impairment charges of $637.5 million on the Group's tangible oil and gas assets due to a reduction in long-term oil price, revisions to production profiles at Heather/Broom, Thistle/Deveron and the Don fields and the anticipated cessation of production at Alma/Galia, as well as non-cash impairment charges of $149.6 million attributable to the impairment of goodwill. Both the Heather/Broom and Thistle/Deveron fields were fully impaired as a result of the impairment assessment conditions as of 31 December 2019.

General and administration expenses

General and administration expenses decreased by $1.6 million, or 20.8%, to $6.1 million for the year ended 31 December 2020 from $7.7 million reported in the year ended 31 December 2019.

Other income/expenses

Net other income increased by $103.9 million to $53.7 million for the year ended 31 December 2020 from net other expense of $50.2 million for the year ended 31 December 2019, primarily due to fair value changes in contingent consideration offset by changes in decommissioning provision on assets that have ceased production or are fully impaired.

Finance costs

Finance costs decreased by $6.7 million, or 2.5% to $257.1 million for the year ended 31 December 2020 from $263.8 million for the year ended 31 December 2019. Finance costs for the year ended 31 December 2020 primarily related to a reduction of $35.0 million in interest charges associated with the Group's loans partially offset by a $10.9 million increase in bond interest. Other finance costs included lease liability interest of $50.9 million in the year ended 31 December 2020, $15.3 million in connection with the unwinding of discount on decommissioning provisions and other liabilities, $5.4 million amortisation of arrangement fees for financing facilities and bonds and other financial expenses of $2.0 million primarily relating to the cost for surety bonds to provide security for decommissioning liabilities.

The following table sets forth additional details on the Group's finance costs for the years ended 31 December 2019 and 2020.

	For the year ended 31 December	
	2019	2020
	(in millions of $)	
Loan interest payable	67.7	32.8
Bond interest payable	62.7	73.5
Unwinding of discount on decommissioning provisions	13.4	14.5
Unwinding of discount on other provisions	0.7	0.8
Finance charges payable under leases	55.7	50.8
Amortisation of finance fees on loans and bonds	5.7	5.4
Other financial expenses	2.1	2.0
	208.0	**179.8**
Amounts capitalised to the cost of qualifying asset	(1.4)	—
Business performance finance expenses [1]	**206.6**	**179.8**
Finance costs on Magnus-related contingent consideration	57.2	77.3
Total Finance costs	**263.8**	**179.8**

(1) Business performance is the Group's reported performance adjusted to remove the effects of remeasurements and exceptional items. The header of this column has been adjusted to comply with SEC requirements of defining non-IFRS measures. The Audited Financial Statements presentation is compliant with the UK standards set by the Financial Reporting Committee.

Finance income

Finance income decreased by $1.2 million, or 50.0%, to $1.2 million for the year ended 31 December 2020 from $2.4 million for the year ended 31 December 2019.

The following table sets forth additional details on the Group's finance income for the years ended 31 December 2019 and 2020.

	For the year ended 31 December		
	2019	2020	% Change
	(in millions of $)		
Bank interest receivable	1.5	0.9	40.0
Unwinding of discount on financial asset	0.9	0.3	66.7
Finance income	**2.4**	**1.2**	**50.0**

Income tax

The Group recorded an income tax credit, before remeasurements and exceptional items, of $172.5 million for the year ended 31 December 2020 compared to an income tax charge of $23.6 million for the year ended 31 December 2019, primarily due to the Ring Fence Expenditure on UK activities generated in the year.

Including remeasurements and exceptional items, the Group recorded an income tax credit of $96.0 million in the year ended 31 December 2020 compared to an income tax credit of $279.8 million for the year ended 31 December 2019, primarily due to the Ring Fence Expenditure Supplement on UK activities generated in the year partially offset by a derecognition of undiscounted deferred tax assets following the reduction in the Group's oil price assumptions. See "— *Explanation of income statement items - Impairment of oil and gas assets*".

Liquidity[1]

The Group closely monitors and manages its funding position and liquidity risk throughout the year, including monitoring forecast covenant results to ensure it has access to sufficient funds to meet forecast cash requirements. Cash forecasts are regularly produced and sensitivities considered for, but not limited to, changes in crude oil prices (adjusted for the hedging the Group undertakes), production rates and costs.

The Group's liquidity requirements arise principally from its capital investment and working capital requirements. For the periods presented, the Group met its working capital requirements primarily from oil revenues from its producing assets and debt financing through ongoing drawings on the RBL Facility and through other debt financing.

The Group held cash and cash equivalents of $220.5 million, $222.8 million and $286.7 million as of 31 December 2019, 2020 and 2021, respectively, which included restricted cash of $2.3 million, $1.7 million and $9.7 million, respectively, and $74.0 million, $108.0 million and $181.7 million of ring-fenced funds held in joint venture and operational accounts.

As of 31 December 2021, after allowing for letter of credit utilisation of $53.0 million, $32.0 million remained available for drawdown under the RBL Facility.

Cash flow

The following table sets forth consolidated cash flow information for the years ended 31 December 2019, 2020 and 2021.

	For the year ended 31 December		
	2019	**2020[(1)]**	**2021**
		(in millions of $)	
OPERATING ACTIVITIES			
Cash generated from operations	**994.6**	**567.2**	**756.9**
Cash received from insurance	—	—	0.7
Cash received/(paid) on sale/(purchase) of financial instruments	4.9	6.2	(0.3)
Decommissioning spend	(11.1)	(41.6)	(65.8)
Income taxes paid	(26.2)	(10.4)	(17.4)
Net cash flows from/(used in) operating activities	**962.3**	**521.4**	**674.1**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(234.2)	(131.4)	(43.7)
Purchase of intangible assets	(3.2)	—	(8.1)
Purchase of other intangible assets	—	—	(10.1)
Net cash received on termination of Tanjong Baram risk service contract	—	51.1	—
Repayment of Magnus Contingent Consideration — Profit share	(21.6)	(41.1)	(1.0)
Acquisitions	—	—	(258.6)
Interest received	1.2	0.8	0.3
Net cash flows (used in)/from investing activities	**(257.8)**	**(120.6)**	**(321.2)**
FINANCING ACTIVITIES			
Net proceeds of share issue	—	—	47.8
Proceeds from loans and borrowings	—	—	125.0
Repayment of loans and borrowings	(394.0)	(210.7)	(184.3)
Repayment of Magnus Contingent Consideration — Vendor loan	(52.7)	(20.7)	(73.7)
Shares purchased by Employee Benefit Trust	—	(1.2)	(0.6)
Repayment of obligations under financing leases	(135.1)	(123.0)	(136.7)
Interests paid	(146.0)	(43.0)	(63.0)
Other finance costs paid	(2.1)	(2.5)	-
Net cash flows from/(used in) financing activities	**(730.0)**	**(401.0)**	**(285.5)**
Net (decrease)/increase in cash and cash equivalents	**(25.6)**	**(0.2)**	**67.4**
Net foreign exchange on cash and cash equivalents	6.6	2.6	(3.6)
Cash and cash equivalents at 1 January	237.2	220.5	222.8
CASH AND CASH EQUIVALENTS AS OF 31 DECEMBER	**218.2**	**222.8**	**286.7**
Reconciliation of cash and cash equivalents			
Cash and cash equivalents per statement of cash flows	218.2	221.2	277.0
Restricted cash	2.3	1.7	9.7
Total cash at bank and in hand	**220.5**	**222.8**	**286.7**

(1) The statement of cash flows for the year ended 31 December 2020 has been restated to reflect a change in accounting policy and prior period error. For more information, see note 2 of the 2021 Financial Statements.

Net cash flows (used in)/from investing activities

Net cash flows from operating activities was $674.1 million for the year ended 31 December 2021 compared to $521.4 million generated for the year ended 31 December 2020. The increase in net cash flows from operating activities was primarily due to materially higher oil prices, partially offset by lower production in particular at Magnus and Kraken, as well as increased decommissioning spend and income taxes paid.

Net cash flows from operating activities was $521.4 million for the year ended 31 December 2020 compared to $962.3 million for the year ended 31 December 2019. The decrease in net cash flows from operating activities was primarily due to materially lower realised oil prices and a decrease in productions, partially offset by the reduction in operating expenditure.

Net cash flows (used in)/from operating activities

Net cash flows used in investing activities was $321.2 million for the year ended 31 December 2021, compared to $120.6 million of net cash flows used in investing activities for the year ended 31 December 2020. The net cash flows used in investing activities for the year ended 31 December 2021 was primarily related to:

- the Golden Eagle Acquisition;
- Magnus production enhancement campaigns; and
- PM8/Seligi pipeline replacement.

Net cash flows used in investing activities was $120.6 million for the year ended 31 December 2020, compared to $257.8 million for the year ended 31 December 2019. The net cash flows used in investing activities for the year ended 31 December 2020 was primarily related to:

- drilling activity at Kraken, with a new producer-injector pair coming on-stream;
- drilling activity at Magnus, with two new wells coming on-stream;
- reimbursement of net outstanding capital expenditure following termination of the Tanjong Baram small field risk service contract with PETRONAS; and
- payment of Magnus contingent consideration.

Net cash flows used in investing activities was $257.8 million for the year ended 31 December 2019. The net cash flows used in investing activities for the year ended 31 December 2019 was primarily related to:

- the completion of the drill centre 4 drilling program at Kraken;
- the drilling of two wells at the PM8/Seligi field in Malaysia and the start of drilling two new wells at Magnus;
- two subsea pipeline replacement projects at Scolty/Crathes and at the Dunlin bypass in respect of Thistle and the Dons.

Net cash from/(used in) financing activities

Net cash flows used in financing activities amounted to $285.5 million for the year ended 31 December 2021 compared to $401.0 million for the year ended 31 December 2020.

Net cash flows used in financing activities amounted to $401.0 million for the year ended 31 December 2020 compared to $730.0 million in the year ended 31 December 2019.

For a more detailed description of the Group's recent financing activities, see *"—Financing."*

Capital investment

The primary objective of the Group's capital management is to optimise the return on investment, by managing its capital structure to achieve capital efficiency while maintaining flexibility for the investment of additional capital where required. The Group regularly monitors the capital requirements of the business over the short, medium and long term, in order to enable it to better anticipate the timing of requirements for additional capital.

Cash capex represents investing activities on a cash basis, while cash capital and abandonment expense represents cash capex plus the Group's cash spend on decommissioning activities. The following table sets forth a reconciliation of the Group's reported net cash flows used in investing activities to cash capex and cash capital and abandonment expense for the years ended 31 December 2019, 2020 and 2021.

	For the year ended 31 December		
	2019	2020	2021
		(in millions of $)	
Reported net cash flows (used in)/from investing activities	(257.8)	(120.6)	(321.2)
Adjustments			
Purchase of other intangible assets	—	—	10.1
Repayment of Magnus contingent consideration – Profit share	21.6	41.1	1.0
Net cash received on Tanjong Baram risk service contract	—	(51.1)	—
Acquisition costs	—	—	258.6
Interest received	(1.2)	(0.8)	(0.3)
Cash capex	**(237.5)**	**(131.4)**	**(51.8)**
Decommissioning spend	(11.1)	(41.6)	(65.8)
Cash capital and abandonment expense	**(248.6)**	**(173.0)**	**(117.6)**

Capital investment has historically comprised the costs of construction of oil and gas facilities, the acquisition of interests in new assets and farm-ins to additional equity in existing assets, costs of technical services and studies, seismic acquisition and interpretation, and exploratory, appraisal, development and productivity enhancement drilling and well testing.

The following table sets forth the Group's cash outflow on capital expenditure for the years ended 31 December 2019, 2020 and 2021.

	For the year ended 31 December		
	2019	2020	2021
		(in millions of $)	
Kraken	102.9	60.8	3.4
Magnus	19.4	32.8	22.9
Golden Eagle	--	--	0.5
Other UK North Sea	102.1	33.5	9.1
Malaysia	13.0	4.3	14.8
Exploration and evaluation	0.1	—	**1.1**
Capital investment	**237.5**	**131.4**	**51.8**

Capital investment in the year ended 31 December 2021 principally related to Magnus production enhancement campaigns and the PM8/Seligi pipeline replacement.

Capital investment in the year ended 31 December 2020 principally related to drilling activity at Kraken and Magnus.

Capital investment in the year ended 31 December 2019 principally related to drilling at Kraken, Magnus and PM8/Seligi and the Group's pipeline projects in the UK North Sea.

Future capital investment

The Group's capital investments are largely focused on low-cost, short-cycle drilling projects to develop its existing material reserves and resource. The Group's 2022 capital expenditure program is primarily related to the Group's intention to return to drilling at its Magnus and PM8/Seligi fields, infill drilling at Golden Eagle and essential safety and maintenance related activities. As of 31 December 2021, the Group had entered into contracts in respect of $1.9 million of capital investments and the Group is expecting to have capital expenditure for the year ending 31 December 2022 of approximately $165.0 million which covers the mentioned drilling program and maintenance activities, with cash abandonment expenditure of approximately $75.0 million.

Contractual obligations and contingent liabilities

The following table sets forth its remaining contractual maturity for its non derivative financial liabilities with contractual repayment periods as of 31 December 2021. The table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group could be required to pay, including interest projected to be paid thereon.

Contractual obligations	Payments due by period On demand	Up to 1 year	1-2 years	2-5 years	More than 5 years	Total
			(in millions of $)			
Loans and borrowings................	—	241.9	204.1	—	—	446.0
Bonds[(1)]......................................	—	75.9	1,162.6	—	—	1,238.5
Contingent considerations	—	26.2	68.9	115.5	184.0	394.6
Obligations under leases	—	125.4	95.5	311.3	35.8	568.0
Trade and other payables	—	420.5	—	—	—	420.5
Total..	—	**889.9**	**1,531.1**	**426.8**	**219.8**	**3,067.6**

(1) Includes both the High Yield Notes and the Retail Notes. Maturity analysis profile for the High Yield Notes and the Retail Notes includes semi-annual coupon interest. This interest is only payable in cash if the average dated Brent oil price is equal to or greater than $65.00/bbl for the six months preceding one month before the coupon payment date.

As is common within its industry, the Group has entered into various commitments related to the exploration and evaluation of, and production from, commercial oil and gas properties. As of 31 December 2019, 2020 and 2021, the Group had future capital commitments of $17.9 million, $nil and $1.9 million respectively. These amounts represent its obligations during the course of the following years to fulfil its contractual commitments. It is expected that such commitments will be met from cash from operations and other available liquidity without a material adverse effect on its financial position, results of operations or cash flows.

The Group also has potential liability for decommissioning its assets. The Group makes full provision for the future costs of decommissioning its oil production facilities and pipeline systems on a discounted basis based on its decommissioning liability.

With respect to Heather, GKA, Thistle/Deveron, Magnus and PM8/Seligi, the decommissioning provisions are based on the Group's contractual obligations rather than its working interest in the fields. The Group makes decommissioning provisions on a working interest basis for Golden Eagle, the Dons, Broom, Alma/Galia, Alba, Kraken, Scolty/Crathes and part of the working interest in the SVT.

The Group's total provision represents the present value of decommissioning costs which are expected to be incurred up to 2048, assuming no further development of its assets. As of 31 December 2021, an estimated $409.6 million is expected to be utilised between one and five years (2020: $329.2 million; 2019: $155.6 million), $81.4 million within six to ten years (2020: $145.1 million; 2019: $339.8 million), and the remainder in later periods.

The Group enters into surety bonds principally to provide security for its decommissioning obligations. See "*—Financing— Letters of credit and surety bonds*".

These provisions have been created based on internal and third-party estimates. Assumptions based on the current economic environment have been made which the Group believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. The Group cannot assure you, however, that actual decommissioning costs will not be materially greater than its estimates. See "*Risk factors—Risks relating to the Group's business—The Group may face unanticipated increased or incremental costs in connection with decommissioning obligations*." See also "*—Critical accounting estimates and judgments*."

Financing

The Group's liquidity requirements arise principally from its capital investment and working capital requirements. For the periods presented, the Group met its capital investment and working capital requirements primarily from oil sales revenues and the proceeds of debt financing. After the completion of this offering, the Group expects to meet its liquidity requirements through cash generated from its operations and oil hedge proceeds.

The Group's actual financing requirements will depend on a number of factors, many of which are beyond its control, including the price of crude oil. See "*Risk factors—Risks relating to the Notes and the Group's structure—The Group's leverage and debt service obligations could adversely affect its business, financial condition, results of operations and its ability to satisfy its obligations under its debt, including the Notes and the Guarantee*."

Equity financing

As of 31 December 2021, the Group had 1,886 million allotted and fully paid ordinary shares of 5 pence each.

Debt financing

Total debt as of 31 December 2021 amounted to $1,508.6 million.

As of 31 December 2021, drawings under the RBL Facility were $415.0 million. The Group may draw funds under the RBL Facility if (i) no default or event of default has occurred or is occurring in the case of a rollover loan or letter of credit, or default in the case of any other utilisation is continuing or would result from the utilisation, (ii) the repeating representations are true in all material respects on the date of the utilisation request and proposed utilisation date, (iii) the projection which is due to be adopted by the most recent redetermination date has been so adopted (other than in the certain exceptions) and (iv) the aggregate amount of the proposed utilisation will not exceed the applicable limits. See *"Description of certain financing arrangements—RBL Facility."*

For a more detailed description of the Group's financing arrangements, see "*Description of certain financing arrangements*."

Letters of credit and Surety bonds

The Group enters into surety bonds, letters of credit and guarantees principally to provide security for its decommissioning obligations. As of 31 December 2021, the Group held surety bonds totalling $240.8 million compared to $151.7 million and $131.6 million as of 31 December 2020 and 2019, respectively.

The Group does not currently have letters of credit or surety bonds in respect of its other assets. See "*Risk factors—Risks relating to the Group's business—the Group may face unanticipated increased or incremental costs in connection with decommissioning obligations*."

Qualitative and quantitative disclosures about market risk

Credit risk management

Credit risk refers to the risk that a counterparty will fail to perform or fail to pay amounts due, resulting in financial loss. The Group has a credit policy that governs the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals. The Group trades only with recognised international oil and gas operators. As of each of 31 December 2019, 2010 and 2021, the Group has trade receivables past due of $2.4 million, $2.6 million and $0.2 million, respectively. The Group had joint venture receivable past due but not impaired of $0.1 million, $2.5 million and $nil million as of 31 December 2019, 2020 and 2021, respectively.

As of 31 December 2021, the Group had one customer accounting for 84% of outstanding trade and other receivables (2020: three customers, 77%; 2019: four customers, 84%). The Group sells its production lifted to buyers in ports in Northwestern Europe, the United States, the Mediterranean and/or Asia.

With respect to credit risk arising from the Group's other financial assets, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

With respect to the Group's decommissioning obligations, it is exposed to the risk of its commercial partners defaulting on their proportionate share of decommissioning costs once such costs became payable, which could result in the Group being required to bear such costs.

Cash balances can be invested in short term bank deposits and AAA rated liquidity funds, subject to Board approved limits and with a view to minimising counterparty credit risks.

Liquidity risk management

Liquidity and refinancing risks refer to the risk that the Group will not be able to obtain sufficient financing from lenders and the capital markets to meet its working capital and project financing and

refinancing requirements. The Group monitors its liquidity risk by reviewing its cash flow requirements on a regular basis relative to its existing bank facilities and outstanding debt instruments and the maturity profile of these facilities and instruments. The Group closely monitors and manages its liquidity requirements through the use of both short-term and long-term cash flow projections, supplemented by maintaining debt financing plans and active portfolio management. Cash forecasts are regularly produced and sensitivities considered for, but not limited to, changes in crude oil prices (adjusted for hedging undertaken by the Group), production rates and costs. In addition to the Group's operating cash flows, portfolio management opportunities are reviewed to potentially enhance its financial capacity and flexibility. Ultimate responsibility for liquidity risk management rests with the Board, which has built a liquidity risk management framework which the Group believes to be appropriate for the management of all its funding and liquidity management requirements. Throughout the year ending and as of 31 December 2021, the Group was in compliance with all applicable financial covenant ratios agreed and managing ongoing compliance remains a priority. See "*Risk factors—Risks relating to the Group's business—the Group's leverage and debt service obligations could adversely affect its business, financial condition, results of operations and its ability to satisfy its obligations under its debt, including the Notes and the Guarantee*."

The Group held cash and cash equivalents of $220.5 million, $222.8 million and $286.7 million, respectively, as of December 2019, 2020 and 2021.

Foreign currency risk management

The Group is exposed to foreign currency risk arising from movements in currency exchange rates. The Group's functional currency is the US dollar, primarily because it prices its oil in US dollars; however, the Group's operations are entirely outside the United States and the majority of its costs are denominated in currencies other than the US dollar. Additionally, the Group's Existing Notes and Notes are denominated in pounds sterling. As a result, the Group is exposed to both transactional and translational foreign exchange risk.

The Group's transactional foreign currency risk arises primarily from sales or purchases in currencies other than its functional currency, the US dollar. The Group manages this risk by converting US dollar receipts at spot rates periodically and as required for payments in other currencies. For the years ended 31 December 2019, 2020 and 2021, 6%, 8% and 18%, respectively, of the Group's sales and 95%, 86% and 89%, respectively, costs (including operating and capital expenditure and general and administration costs) were denominated in currencies other than the US dollar.

Additionally, the Group's Existing Notes and Notes require the payment of interest and principal in pounds sterling.

The Group's translational foreign currency exposure arises from the translation of assets and liabilities denominated in currencies other than US dollars. To mitigate the risks of substantial fluctuations in the currency markets, the Group's hedging policy allows for up to 70% of the non-US dollar portion of its annual capital budget and operating expenditure to be hedged. For specific contracted capital expenditure projects, up to 100% can be hedged.

The Group will continue to consider opportunities to enter into foreign exchange hedging contracts. The following table sets forth the impact on the Group's pre-tax profit (due to change in the fair value of monetary assets and liabilities) of the variations in the US dollar to pound sterling exchange rate covered below.

	Pre tax profit,	
	+10% dollar rate increase	**−10% dollar rate decrease**
	(in $ millions)	
31 December 2019	(21.9)	21.9
31 December 2020	(46.2)	46.2
31 December 2021	(50.7)	50.7

The Group cannot assure you that its financial condition and results of operations will not be negatively affected by risks related to foreign currency movements. See "*Risk factors—Risks relating to the Group's business—The Group is subject to both transactional and translational foreign exchange and inflation risks, which might adversely affect its financial condition and results of operations*."

Commodity price risk management

Oil price hedging

The Group is exposed to the impact of changes in Brent crude oil prices on its revenue and profits. The Group's policy is to have the flexibility to hedge oil prices up to a maximum of 75% of the next 12 months' production on a rolling annual basis, up to 60% in the following 12 month period, and 50% in the subsequent 12 month period. On a rolling quarterly basis, under the RBL Facility, the Group is expected to hedge a minimum of 60% of net entitlement production volumes expected for the following 12 months, 40% of net entitlement production volumes in the subsequent 12 month period and 10% of net entitlement production volumes in the subsequent period. This requirement ceases at maturity of the RBL Facility.

As of 23 March 2022, the Group had hedged a total of approximately 8.6 MMbbls and 3.5 MMbbls of its production in the year ended 31 December 2022 and 2023, respectively, using financial instruments (options and swaps) with an Average Floor Price of approximately $62.5/bbl and $57.5/bbl, respectively, and an Average Ceiling Price of approximately $77.6/bbl and $77.1/bbl, respectively. See "*Risk factors—Risks relating to the Group's business—The Group's commodity hedging activities may not be effective*."

The following table sets forth the impact on the Group's pre-tax profit of the variations in crude oil prices covered below, with all other variables held constant.

	Pre tax profit,	
	+10% dollar rate increase	**−10% dollar rate decrease**
	(in $ millions)	
31 December 2019	(22.9)	20.5
31 December 2020	(8.0)	1.4
31 December 2021	(91.8)	55.3

Commodity derivative contracts at fair value through profit or loss

Commodity derivative contracts are designated as at fair value through profit or loss, and gains and losses on these contracts are recognised as a component of revenue. These contracts typically include bought and sold call options, bought put options and commodity swap contracts.

For the year ended 31 December 2021, losses totalling $119.7 million were recognised in respect of commodity contracts designated as fair value through profit or loss. This included losses totalling $65.3 million realised on contracts that matured during the year ended 31 December 2021, and mark-to-market unrealised losses totalling $54.5 million.

The mark-to-market value of the Group's open contracts as of 31 December 2021 was a liability of $54.9 million.

For the year ended 31 December 2020, gains totalling $2.7 million were recognised in respect of commodity contracts designated as fair value through profit or loss. This included losses totalling $6.1 million realised on contracts that matured during the year ended 31 December 2020, and mark-to-market unrealised gains totalling $8.8 million. Of the realised amounts recognised during the year ended 31 December 2020, a gain of $6.2 million was realised in Business performance revenue in respect of the premium expense received on sale of these options. The premiums received are amortised into Business performance revenue over the life of the option.

The mark-to-market value of the Group's open contracts as of 31 December 2020 was a liability of $2.0 million.

For the year ended 31 December 2019, losses totalling $40.6 million were recognised in respect of commodity contracts designated as fair value through profit or loss. This included gains totalling $24.8 million realised on contracts that matured during the year, and mark-to-market unrealised losses totalling $65.4 million. Of the realised amounts recognised during the year, a gain of $4.9 million was realised in Business performance revenue in respect of the amortisation of premium income received on the sale of

these options. The premiums received are amortised into Business performance revenue over the life of the option.

The mark-to-market value of the Group's open contracts as of 31 December 2019 was a liability of $10.8 million.

Interest rate risk management

Interest rate risk refers to the risk that market interest rates will increase, resulting in higher borrowing costs under the Group's credit facilities which have floating interest rates, including the RBL Facility and the SVT Working Capital Facility, each of which have a SONIA and SOFR linked interest rate and GBP LIBOR linked interest rate, respectively and the Group is currently negotiating the use of a risk free rate to replace GBP LIBOR.

The Group may be affected by changes in market interest rates at the time it needs to refinance any of its indebtedness. See "*Risk factors—Risks relating to the Notes and the Group's structure—Certain of the Group's borrowings bear interest at floating rates which could rise significantly, thereby increasing its interest cost and reducing cash flow*."

Critical accounting estimates and judgments

This "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" discusses the Group's consolidated financial statements, which have been prepared in accordance with IFRS. Accounting estimates are an integral part of the preparation of the financial statements and the financial reporting process and are based upon current judgements. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Certain accounting estimates are particularly sensitive because of their complexity and the possibility that future events affecting them may differ materially from the Group's current judgements and estimates. See "*Risk factors—Risks relating to the Group's business— the Group's tax liability is subject to estimation and the Group may be adversely affected by changes to tax legislation or its interpretation or increases in effective tax rates in the jurisdictions in which it does business."*

This listing of critical accounting policies is not intended to be a comprehensive list of all the Group's accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by IFRS, with no need for management's judgement regarding accounting policy. The Group believes that of the its significant accounting policies, the following policies may involve a higher degree of judgement and complexity.

Climate change and energy transition

The Group recognises that the energy transition is likely to impact the demand, and hence the future price of, commodities such as oil and natural gas. In turn, this may affect the recoverable amount of property, plant and equipment, as well as goodwill in the oil and gas industry. The Group acknowledges that there are a range of possible energy transition scenarios that may lead to different outcomes for oil prices. There are inherent limitations with scenario analysis and it is difficult to predict which, if any, of the scenarios might occur.

The Group have assessed the potential impacts of climate change and the transition to a lower carbon economy in preparing its consolidated financial statements, including the Group's current assumptions relating to the demand for oil and natural gas and their impact on the Group's long-term price assumptions. See *"- Recoverability of asset carrying values."*

While the pace of the energy transition to a lower carbon economy is uncertain, oil and natural gas demand is expected to remain a key element of the energy mix in the short-to medium term based on the government's stated policies, commitments and announced pledges to reduce emissions.

Therefore, given the useful lives of the Group's current portfolio of oil and gas assets, a material adverse change is not expected to the carrying value of the Group's assets and liabilities as a result of climate change and the transition to a lower carbon economy.

The Group will continue to review price assumptions as the energy transition progresses and this may result in impairment charges or reversals in the future.

Recoverability of asset carrying values

Judgements

The Group assesses each asset or cash-generating unit **("CGU")** (excluding goodwill, which is assessed annually regardless of indicators) in each reporting period to determine whether any indication of impairment exists. Assessment of indicators of impairment or impairment reversal and the determination of the appropriate grouping of assets into a CGU or the appropriate grouping of CGUs for impairment purposes require significant management judgement. For example, individual oil and gas properties may form separate CGUs whilst certain oil and gas properties with shared infrastructure may be grouped together to form a single CGU. Alternative groupings of assets or CGUs may result in a different outcome from impairment testing.

Estimates

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the FVLCD and value in use (**"VIU"**). The assessments require the use of estimates and assumptions such as the effects of inflation and deflation on operating expenses, discount rates, capital expenditure, production profiles, reserves and resources and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for crude oil and natural gas.

As described above, the recoverable amount of an asset is the higher of its VIU and its FVLCD. When the recoverable amount is measured by reference to FVLCD, in the absence of quoted market prices or binding sale agreement, estimates are made regarding the present value of future post-tax cash flows. These estimates are made from the perspective of a market participant and include prices, future production volumes, operating costs, capital expenditure, decommissioning costs, tax attributes, risking factors applied to cash flows and discount rates. Reserves and resources are included in the assessment of FVLCD to the extent that it is considered probable that a market participant would attribute value to them.

The estimates for assumptions made in impairment tests in 2021 relating to discount rates and oil prices are discussed below. Changes in the economic environment or other facts and circumstances may necessitate revisions to these assumptions and could result in a material change to the carrying values of the Group's assets within the next financial year.

Discount rates

For discounted cash flow calculations, future cash flows are adjusted for risks specific to the CGU. Fair value less costs of disposal discounted cash flow calculations use the post-tax discount rate. The discount rate is derived using the weighted average cost of capital methodology. The discount rates applied in impairment tests are reassessed each year and in 2021, the post-tax discount rate was 10% (2020: 10%).

Oil prices

The price assumptions used for fair value less costs to dispose (**"FVLCD"**) impairment testing were based on latest internal forecasts as at 31 December 2021, which assume short-term market prices will revert to the Group's assessment of long-term oil price. These price forecasts reflect the Group's long-term views of global supply and demand, including the potential financial impacts of climate change and the transition to a low carbon economy and are benchmarked with external sources of information such as analyst forecasts. The Group's price forecasts are reviewed and approved by management and challenged by the audit committee.

The Issuer revised its oil price assumptions for FVLCD impairment testing compared to those used in 2020. The assumptions up to 2024 were increased to reflect an improved demand outlook as at the end of 2021. Oil prices rose 51% in 2021 from 2020 due to a strong rebound in oil demand as the impact of COVID-19 eased and there were measured increases in OPEC+ supply combined with continued capital discipline across the industry impacting supply. A summary of the Group's revised price assumptions is provided below. These assumptions, which represent management's best estimate of future prices, sit

within the range of external forecasts and are considered by the Group to be broadly in line with a range of transition paths consistent with the Paris climate goals. However, they do not correspond to any specific Paris-consistent scenario. An inflation rate of 2% (2020: 2%) is applied from 2025 onwards to determine the price assumptions in nominal terms. Discounts or premiums are applied to price assumptions based on the characteristics of the oil produced and of the terms of the relevant sales contracts.

	2022	2023	2024	2025
Brent oil ($/bbl)	75.0	70.0	70.0	60.0

The increase in oil prices in the first quarter of 2022 relating to the Russia-Ukraine conflict is a result of conditions that arose after the balance sheet date. As such, the Group's future oil price assumptions used in impairment tests to assess the recoverable amount of assets at the balance sheet date have not been adjusted.

The price assumptions used in 2020 were $47.0/bbl (2021), $55.0/bbl (2022), $60.0/bbl (2023) and $60.0/bbl real thereafter, inflated at 2.0% per annum from 2024.

Oil and natural gas reserves

Hydrocarbon reserves are estimates of the amount of hydrocarbons that can be economically and legally extracted from the Group's oil and gas properties. The business of the Group is to enhance hydrocarbon recovery and extend the useful lives of mature and underdeveloped assets and associated infrastructure in a profitable and responsible manner. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity and drilling of new wells all impact on the determination of the Group's estimates of its oil and gas reserves and result in different future production profiles affecting prospectively the discounted cash flows used in impairment testing and the calculation of contingent consideration, the anticipated date of decommissioning and the depletion charges in accordance with the unit of production method, as well as the going concern assessment. Economic assumptions used to estimate reserves change from period-to-period as additional technical and operational data is generated. This process may require complex and difficult geological judgements to interpret the data.

The Group uses proved and probable **("2P Reserves")** reserves as the basis for calculations of expected future cash flows from underlying assets because this represents the reserves management intent to develop and it is probable that a market participant would attribute value to them. Independent third-party audits of the Group's reserves and resources are conducted annually.

Sensitivity analysis

The Group tested the impact of a change in cash flows in FVLCD impairment testing arising from a 10% reduction in price assumptions.

Price reductions of this magnitude in isolation could indicatively lead to a reduction in the carrying amount of the Group's oil and gas properties by approximately $283.5 million, which is approximately 10% of the net book value of property, plant and equipment as at 31 December 2021.

The oil price sensitivity analysis above does not, however, represent the Group's best estimate of any impairments that might be recognised as they do not fully incorporate consequential changes that may arise, such as reductions in costs and changes to business plans, phasing of development, levels of reserves and resources, and production volumes. As the extent of a price reduction increases, the more likely it is that costs would decrease across the industry. The oil price sensitivity analysis therefore does not reflect a linear relationship between price and value that can be extrapolated.

The Group also tested the impact of a one percentage point change in the discount rate used for FVLCD impairment testing of oil and gas properties. If the discount rate was one percentage point higher across all tests performed, the net impairment reversal recognised in 2021 would have been approximately $35.1 million lower. If the discount rate was one percentage point lower, the net impairment reversal recognised would have been approximately $38.3 million higher.

Goodwill

Irrespective of whether there is any indication of impairment, the Group is required to test annually for impairment of goodwill acquired in business combinations. As of 31 December 2021, the Group carried goodwill of approximately $134.4 million on its balance sheet (2020: $134.4 million), principally relating to the Magnus oil field transactions.

Provisions

Estimates

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's oil and gas production facilities and pipelines. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, estimates of the extent and costs of decommissioning activities, the emergence of new restoration techniques and experience at other production sites. The expected timing, extent and amount of expenditure may also change, for example, in response to changes in oil and gas reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The timing and amount of future expenditures relating to decommissioning and environmental liabilities are reviewed annually. The interest rate used in discounting the cash flows is reviewed half-yearly. The nominal interest rate used to determine the balance sheet obligations at the end of 2021 was 2% (2020: 2%). The weighted average period over which decommissioning costs are generally expected to be incurred is estimated to be approximately ten years. Costs at future prices are determined by applying an inflation rate of 2% (2020: 2%) to decommissioning costs.

Changes in assumptions in relation to the Group's provisions could result in a material change in their carrying amounts within the next financial year. A 0.5% decrease in the nominal discount rate applied could increase the Group's provision balances by approximately $40.9 million (2020: $38.4 million). The pre-tax impact on the Group's income statement would be a charge of approximately $5.9 million.

Intangible oil and gas assets

Judgments

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely from either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

GLOSSARY

"**1P Reserves**" means the Proved Reserves. Pursuant to the classifications and definitions provided by the PRMS, "Proved Reserves" is defined as those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations;

"**2019 Reserves Report**" means the GaffneyCline Year End 2019 Reserves Report;

"**2020 Reserves Report**" means the GaffneyCline Year End 2020 Reserves Report;

"**2C Resources**" means the best estimate scenario of Contingent Resources. Pursuant to the classifications and definitions provided by the PRMS, Contingent Resources are those quantities estimates, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not current considered to be commercial recoverable due to one or more contingencies, The 2C Contingent Resources represent the "best estimate" scenario; there is a probability of at least 50% that the amount actually recovered will equal or exceed the 2C estimate, in the event that the development project goes ahead;

"**2P Reserves**" means the sum of the Proved Reserves plus the Probable Reserves. Pursuant to the classifications and definitions provided by PRMS, "Proved Reserves" is defined as those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimates with reasonable certainty to be commercial recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations and "Probable Reserves" is defined as those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves; it is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimates Proved plus Probable Reserves (2P Reserves);

"**Abex**" means the abandonment expenditure;

"**Accrued Interest Payment**" means the accrued and unpaid interest the Issuer will pay from and including the interest payment date of the Existing Notes immediately precedent the Issue Date to but excluding the Issue Date;

"**Additional Retail Notes**" means the issue of additional retail notes having the same terms and conditions as the Existing Notes then outstanding;

"**Adjusted EBITDA**" consists of adjusted business performance profit/loss from operations for the year less tax and finance income/(costs) and adding back depletion, depreciation, change in provision, foreign exchange movements and inventory revaluation. Adjusted EBITDA included in this Exchange Offer Memorandum and Prospectus was defined as EBITDA in our annual report and accounts for the years ended 31 December 2019 and 2020. The definition of EBITDA was revised to Adjusted EBITDA in the Group's annual report and accounts for the year ended 31 December 2021 without changing the actual reconciliation to clarify that add backs other than interest, tax, depreciation and amortisation were reflected.

"**Agents**" means the Principal Paying Agent, the Registrar and the Transfer Agent;

"**Alba**" means the oil field located in block 16/26a in the UKCS covered by License P.213;

"**Alma/Galia or Alma and Galia**" means the oil fields located in blocks 30/24b, 30/24c and 30/25c in the UKCS covered by License P.1825 (for block 30/24b) and License P.1765 (for blocks 30/24c and 30/25c);

"**Amended and Restated RBL**" means the amended and restated RBL;

"**Amended SVTOA**" means the amended Sullom Voe Terminal operating agreement dated 21 October 2015;

"**Announcement of Results**" means the Issuer will announce on the Business Day as soon as is reasonably practicable following the Exchange Offer Deadline its decision whether to accept valid offers of Existing Notes for exchange pursuant to the Exchange Offer;

"**API**" means American Petroleum Institute;

"**APMs**" means alternative performance measures;

"**Authorised Offeror Contract**" means the contract between the Issuer, the Guarantors and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer and the Guarantors' offer to use this Exchange Offer Memorandum and Prospectus with its consent in connection with the relevant Public Offer;

"**Average Ceiling Price**" means the weighted average (by volume) of all ceiling prices (call option strikes) during a given period;

"**Average Floor Price**" means the weighted average (by volume) of all floor prices (put option strikes) during a given period;

"**Barrel" or "b" or "bbl"**" means a stock tank barrel, a standard measure of volume for oil, condensate and natural gas liquids, which equals 42 U.S. gallons;

"**BEIS**" means the UK Department for Business, Energy & Industrial Strategy;

"**Bcf**" means billions of cubic feet;

"**Bscf**" means billion standard cubic feet;

"**Beneficial Owner**" means a person who is the owner, either directly or indirectly, of an interest in a particular principal amount of the Existing Notes, as shown in the records of Euroclear or Clearstream, Luxembourg or their Direct Participants;

"**Board**" means the Group's board of directors;

"**Boe**" means barrels of oil equivalent;

"**Boepd**" means barrels of oil equivalent per day;

"**Borrowing Base Amount**" means the amount calculated at each redetermination date falling in June and December in each year as the lower of the NPV and the NPV of CFADS from Base BorrRowing Assets over the remaining loan life, divided by a LLCR;

"**Borrowing Base Assets**" means the following North Sea assets: • Kraken, Magnus, Scolty/Crathes, Greater Kittiwake Area, Alba, Thistle/Deveron, The Dons, Heather/Broom, Alma & Galia, Golden Eagle, and the following Malaysian asset: PM8/Seligi;

"**BP SVT Guarantor**" means the guarantee provided by BP International Limited in relation to the SVT Working Capital Facility;

"**Brent**" means a particular type of crude oil that is light, sweet oil produced in the North Sea with most of it being refined in Northwest Europe. Brent is a benchmark oil;

"**Bressay**" means the oil field located in the blocks 3/28a, 3/28b, 3/27b, 9/2a and 9/3a in the UKCS covered by Licenses P234, P493, P920 and P977;

"**Britoil**" means Britoil Public Limited Company;

"**Business Day**" means a day other than a Saturday or Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London;

"**CA**" means the Companies Act 2016;

"**CA06**" means the Companies Act 2006;

"**CCC**" means the Climate Change Committee;

"**CDI Holders**" means the holders of CDIs;

"**CDIs**" means the depositary interests issued by CREST which are held, settled and transferred through CREST;

"**CENSL**" means the Canamens Energy North Sea Limited;

"**CO2**" means carbon dioxide;

"**CFADS**" means cash flow available for debt service;

Euroclear Bank SA/NV or Clearstream Banking S.A. (together, the "**Clearing Systems**" and each a "**Clearing System**"

"**Clearing System**" means Euroclear Bank SA/NV or Clearstream Banking S.A, together the"**Clearing Systems**";

"**CNOOC**" means the CNOOC Petroleum Europe Limited, the operator of the Golden Eagle Area Development;

"**COBS**" means the FCA Handbook Conduct of Business Sourcebook;

"**COBO Order**" means Control of Borrowing (Jersey) Order 1958;

"**Call Option Deed**" means the deed dated 3 February 2021 between Suncor Energy UK Limited and EnQuest Heather Limited granting put and call options over the entire issued share capital of Golden Eagle;

"**Costless Collars**" means an option structure that involves the purchase of a put option to set the minimum price an organisation will receive for selling its product, in return for selling a call option which sets a ceiling price for its product. The cost of purchasing the put is equal to the income received from selling the call, and hence the acquisition of such an option structure is "costless";

"**Companies Act**" means the Companies Act 2006;

"**Contingent Consideration**" means the sum of up to $50.0 million payable for the Golden Eagle Acquisition, subject to certain adjustments;

"**Contingent Resources**" means those quantities of oil and gas estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies;

"**COVID-19**" means the novel strain of coronavirus that surfaced in Wuhan, China in December 2019;

"**CREST**" means Euroclear UK & Ireland Limited (formerly known as CREST Co Limited);

"**CREST Deed Poll**" means the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated);

"**CREST Depository**" means CREST Depositary Limited;

"**CREST International Settlement Links Service**" means CREST International Settlement Links Service;

"**CREST Manual**" means the CREST Manual issued by Euroclear UK & Ireland (including the CREST International Manual dated 14 April 2008) as amended, modified, varied or supplemented from time to time;

"**CREST Nominee**" means CREST International Nominees Limited;

"**CREST Rules**" means the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement Links Service;

"**Crude Oil**" means unrefined oil;

"**CVA**" means compulsory voluntary arrangements;

"**Dated Brent**" means a cargo of Brent that has been assigned a date when it will be loaded onto a tanker;

"**Definitive Notes**" Notes has the meaning given to it in the Trust Deed;

"**Distributor**" means any person subsequently offering, selling or recommending the Notes;

"**Dons" or "the Dons"**" means Don Southwest, West Don, Conrie and Ythan;

"**Dons Southwest"**" means the oil field located in block 211/18c in the UKCS covered by License P.236;

"**DOSH**" Notes means the Department of Occupational Safety and Health;

"**EEA**" means the European Economic Area;

"**EMS**" means the Group's Environment Management System;

"**ESG**" means the environmental, social and governance;

"**EnQuest Group Liquidity Test**" means the quarterly liquidity covenant under the Group's Senior Facility to demonstrate that the Group has sufficient funds available to meet all of its liabilities in each six-month period over the next 24 months;

"**EOSPS**" means the East of Shetland Pipeline System;

"**Equinor**" means Equinor UK Limited;

"**EUWA**" means the European Union (Withdrawal) Act 2018;

"**Exchange Agent**" means Lucid Issuer Services Limited;

"**Exchange Date**" means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the cities in which the relevant clearing system is located;

"**Exchange Fee**" means a fee paid by the Issuer to each Existing Noteholder in cash in the amount of £0.015 per £1 in principal amount of Existing Notes;

"**Exchange Instruction**" means the electronic exchange and blocking instruction in the form specified in the relevant Clearing System Notice, which must be submitted by (or on behalf of) as relevant an Existing Noteholder;

"**Exchange Offer**" means an offer to holders of Existing Notes to exchange their Existing Notes for Notes;

"**Exchange Offer Deadline**" means 20 April 2022;

"**Exchange Offer Period**" means during the period commencing on the date of this Exchange Offer Memorandum and Prospectus and expiring at 4.00 p.m. (London time) on 20 April 2022;

"**Exchange Offer Terms**" means the terms and conditions set out in the 'The Exchange Offer' section of the Exchange Offer Memorandum and Prospectus;

"**Existing Note Conditions**" means the terms and conditions on which the Existing Notes were issued;

"**Existing Noteholder**" means a holder of the Existing Notes;

"**Existing Notes**" means the £190,534,573 7.00 per cent. Extendable PIK Toggle Notes originally due 15 February 2022, as extended to 15 October 2023, issued by the Issuer and guaranteed by the Guarantors;

"**Existing Notes Agents**" means Elavon Financial Services DAC, UK Branch in its capacity as principal paying agent and Elavon Financial Services DAC in its capacity as registrar and transfer agent, in each case in relation to the Existing Notes, the Registrar and the Transfer Agent;

"**Existing Notes Trust Deed**" means a trust deed dated 24 January 2013, as amended, novated, supplemented and/or restated from time to time between, among others, the Issuer and U.S. Bank Trustees Limited, in its capacity as trustee for the holders of the Existing Notes;

"**Existing Notes Trustee**" means the U.S. Bank Trustees Limited in its capacity as trustee for the holders of the Existing Notes;

"**FCA**" means the United Kingdom Financial Conduct Authority;

"**First Oil**" means First Oil and Gas Limited;

"**FSCS**" means the Financial Services Compensation Scheme;

"**FSMA**" means the Financial Services and Markets Act 2000;

"**FVLCD**" means fair value less costs to dispose;

"**GaffneyCline"** means Gaffney, Cline & Associates Ltd;

"**GaffneyCline Reports"** means the reports prepared by GaffneyCline dated March 2020, March 2021 and March 2022 on the Group's reserves as of 31 December 2019, 31 December 2020 and 31 December 2021, respectively;

"**GKA"** means Great Kittiwake Area;

"**Global Certificate**" means a Note represented by a global certificate;

"**Golden Eagle**" means the private limited company named North Sea (Golden Eagle) Resources Ltd with company number 13148646 and with registered office address at 5th Floor, Cunard House, 15 Regent Street, London SW1Y 4LR, United Kingdom;

"**Golden Eagle Acquisition**" means the acquisition by the Group of Golden Eagle, which was completed on 22 October 2021;

"**Golden Eagle Area Development**" means the area comprising the Golden Eagle, Peregrine and Solataire fields, located in the Golden Eagle Area Licenses;

"**Golden Eagle Asset**" means the transfer of a 26.69% non-operated working interest in the area comprising the Golden Eagle, Peregrine and Solataire fields;

"**Golden Eagle Area Licenses**" means the United Kingdom Petroleum Production License P300 Block 14/26a C Rest of Block and the United Kingdom Petroleum Production License P928 Block 20/1 North;

"**Greater Kittwake Area" or "GKA"**" means the oil fields located in UKCS blocks 21/12a, 21/18a, 21/19a and 21/19b;

"**Group**" means the Issuer and its subsidiaries taken as a whole. All references to Group members or "members of the Group" are to the Issuer and its subsidiaries;

"**Guarantee**" means the Issuer's payment obligations under the Notes are irrevocably and unconditionally guaranteed on a subordinated basis (the "**Guarantee**") by the Guarantors;

"**Guarantee Subordination Agreement**" means the guarantee subordination agreement dated 9 April 2014 between, amongst others, the Company and the senior creditors and BNP Paribas as facility agent and security trustee as amended, novated, supplemented, extended and/or restated from time to time;

"**Guarantors**" means EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest NWO Limited, EnQuest Production Limited, EnQuest Petroleum Production Malaysia Ltd, NSIP (GKA) Limited, EnQuest Marketing and Trading Limited, EnQuest Petroleum Developments Malaysia Sdn Bhd, EnQuest Advance Limited, EnQuest Advance Holdings Limited, EQ Petroleum Sabah Limited and North Sea (Golden Eagle) Resources Ltd. A Guarantor may be added or released pursuant to Condition 3(c) or Condition 3(d), and accordingly the terms **"Guarantor"** and **"Guarantors"** shall refer to the Guarantors from time to time;

"**Heather/Broom**" means the oil fields located in blocks 2/5 and 2/4a in the UKCS covered by License P.242 and P.902, respectively;

"**HMRC**" means Her Majesty's Revenue and Customs;

"**High Yield Notes**" means the 7% PIK toggle senior notes dated 2 November 2016 of which $827.2 million was outstanding as at 31 December 2021.

"**High Yield Note Indenture**" means the indenture entered into by the Issuer in connection with the High Yield Notes;

"**High Yield Note Refinancing**" means:

(a) a refinancing of the High Yield Notes with new debt ranking junior to the claims of the RBL Lenders with a scheduled maturity falling due after the final maturity date of the RBL Facility; or

(b) the currently scheduled maturity of the High Yield Notes has been amended and extended such that the High Yield Notes only fall due for repayment after the final maturity date of the RBL Facility;

"**HSE**" means Health and Safety Executive;

"**HSE&A**" means health, safety, environment and assurance;

"**Hydrocarbons**" means compounds formed primarily from the elements hydrogen and carbon and existing in solid, liquid or gaseous forms;

"**IMO**" means International Maritime Organisation;

"**IMO Guidelines**" means IMO Guidelines and Standards for the Removal of Offshore Installations and Structures on the Continental Shelf and in the Exclusive Economic Zone;

"**Initial Authorised Offerors**" means the Initial Authorised Offerors named in this Exchange Offer Memorandum and Prospectus and any other financial intermediary which is (a) is authorised to make such offers under UK MiFIR and (b) accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) during the Offer Period;

"**Initial Consideration**" means $325.0 million paid for the Golden Eagle Acquisition;

"**Interest Payment Date**" means 27 April and 27 October in each year;

"**Investor**" means any person who purchases any Notes in a Public Offer made by the Joint Lead Managers or an Authorised Offeror during the Offer Period;

"**ISIN**" means International Securities Identification Number;

"**Issue Date**" means 27 April 2022;

"**Issuer**" means EnQuest PLC;

"**JM**" means judicial management;

"**Joint Dealer Managers**" means Peel Hunt LLP and WH Ireland Limited;

"**Joint Lead Managers**" means Peel Hunt LLP and WH Ireland Limited;

"**Kraken**" means the oil fields located in block 9/2b in the UKCS covered by License P.1077;

"**KUFPEC**" means KUFPEC UK Limited;

"**LEI**" means legal entity identifier;

"**LIBOR**" means London Interbank Offered Rate;

"**LLCR**" means loan life cover ratio;

"**LTI**" means lost time incident frequency;

"**Lundin**" means Lundin Petroleum AB;

"**Magnus**" means the oil field located 160 kilometres northeast of the Shetland Islands, mainly in block 211/12a and 211/7a covered by License P.193;

"**Magnus Assets**" means collectively the 75.0% interest in the Magnus oil field, 9.0% interest in the SVT and supply facility, 25.0% interest in the Magnus field and a 3.0% interest in the SVT and supply facility;

"**Magnus Contingent Consideration**" means the deferred consideration and contingent profit sharing arrangement;

"**Magnus JOA**" means the Magnus joint operating agreement;

"**Magnus SPA**" means the Magnus Sale and Purchase Agreement;

"**Main Market**" means the main market of the London Stock Exchange;

"**Maturity Date**" means 27 October 2027;

"**MiFID II**" means Directive 2014/65/EU (as amended);

"**Minimum Submission Amount**" means at least £1,000 in principal amount of Existing Notes;

"**MMbbl**" means millions of barrels;

"**MMbblpd**" means millions of barrels per day;

"**MMboe**" means millions of barrels of oil equivalent;

"**NETC"**" means Net Zero Technology Centre;

"**NLGP**" means Northern Leg Gas Pipeline;

"**Nautical PLC**" means Nautical Petroleum Limited;

"**Nautical**" means Nautical Limited;

"**Noteholder**" means a holder of the Notes;

"**Notes**" means to the Sterling denominated 9.00 per cent. Notes due 27 October 2027;

"**Notes Guarantee Liabilities**" means the certain liabilities owed by the Guarantors to the creditors in respect of the Notes issued under the Trust Deed, the Existing Notes and certain other high yield bonds also issued by the Issuer pursuant to certain high yield bond indentures;

"**Notifying News Service**" means a recognised financial news service or services as selected by the Issuer;

"**NPS**" means Ninian Pipeline System;

"**NPV**" means net present value;

"**NSTA"** " means the North Sea Transition Authority;

"**OPEC**" means the Organisation of the Petroleum Exporting Countries;

"**OFAC**" means the Office of Foreign Assets Control of the U.S. Department of Treasury;

"**Offer Period**" means the period of book-building which commences on the date of this Exchange Offer Memorandum and Prospectus and is expected to end at 4 p.m. (London time) on 20 April 2022;

"**Official List**" means the official list of the FCA;

"**OPPC**" means Offshore Petroleum Activities;

"**ORB**" means the London Stock Exchange pls's order book for retail bonds;

"**PBJV**" means PBJV Group Sdn Bhd;

"**PEDL**" means Petrofac Energy Developments Limited;

"**Possible Reserves**" means those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves;

"**PPC**" means the Offshore Combustion Installations (Pollution Prevention and Control) Regulations 2013;

"**Principal Paying Agent**" means Elavon Financial Services DAC

"**Probable Reserves**" means those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves;

"**Prospectus**" means the sections of this Exchange Offer Memorandum and Prospectus which relate only to the Exchange Offer;

"**Proved Reserves**" means those quantities of oil and gas, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations;

"**PRMS**" means the Petroleum Resources Management System;

"**PRT**" means petroleum revenue tax;

"**PSC**" means production sharing contract, which is a type of host state-investor agreement which entitles the investor (the contractor) to develop a petroleum field for a fixed term;

"**Public Offer**" means offers that are not made within an exemption from the requirement to publish a prospectus under Article 1.4 of the UK Prospectus Regulation;

"**PUQ**" means production utilities and quarters;

"**RBL Facility"**" means the facility made available under the RBL Facility Agreement;

"**RBL Facility Agreement**" means the secured revolving borrowing base facility agreement dated as of 10 June 2021, entered into between, among others, the Company, as obligor, and BNP Paribas, as agent and security agent, as amended from time to time and, as the context requires, as most recently amended on 29 November 2021. See *"Description of certain financing arrangements — RBL Facility Agreement;""*

"**RBL Borrower**" means the companies that are borrowers under the RBL, namely the Issuer, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest ENS Limited, EnQuest Britain Limited, EQ Petroleum Sabah Ltd, EnQuest Production Limited, EnQuest NWO Limited, EnQuest Global Limited, EnQuest Advance Limited and EnQuest Petroleum Production Malaysia Ltd;

"**RBL Guarantor**" means the companies that are guarantors under the RBL, namely the Issuer, EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest ENS Limited, EnQuest Britain Limited, EQ Petroleum Sabah Ltd, EnQuest Production Limited, EnQuest NWO Limited, EnQuest Global Limited, EnQuest Advance Limited and EnQuest Petroleum Production Malaysia Ltd, NSIP (GKA) Limited, EnQuest Marketing and Trading Limited, EnQuest Petroleum Developments Malaysia SDN BHD, EnQuest Advance Holdings Limited and North Sea (Golden Eagle) Resource Ltd;

"**Recovery Factor**" means the recoverable amount of hydrocarbon initially in place, normally expressed as a percentage. The recovery factor is a function of the displacement mechanism. An important objective of enhanced oil recovery is to increase the Recovery Factor;

"**R&M**" means receiver and manager;

"**Registrar**" means Elavon Financial Services DAC;

"**Regulation S**" means Regulation S under the Securities Act;

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are quoted, listed, or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"**Reserves**" means those quantities of petroleum anticipated commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions;

"**Reserve Life**" means the quotient of dividing volume of reserves as of a given date by the volume of production during a given period;

"**Reserves Reports**" means together the 2020 Reserves Report and the 2019 Reserves Report;

"**RNS**" means regulatory news service of the London Stock Exchange;

"**Rules**" means all applicable laws, rules, regulations and guidance of any applicable regulatory bodies, including the Rules published by the FCA (including, but not limited to, its guidance for distributors in "The Responsibilities of Providers and Distributors for the Fair Treatment of Customers" and its sourcebook for "Product Intervention and Product Governance") from time to time including, without limitation and in each case, Rules relating to both the target market for the Notes and the appropriateness or suitability of any investment in the Notes by an Investor and disclosure to any potential Investor;

"**Scolty/Crathes**" means the oil fields located in blocks 21/12c, 21/13a and 21/18a in the UKCS covered by License P.1617 (blocks 21/12c and 12/13a) and License P.1107 (block 21/8a);

"**Securities Act**" means the U.S. Securities Act of 1933 as amended;

"**Senior Liabilities**" means the liabilities owed by the Group to the senior creditors under certain senior finance documents;

"**Sizing Announcement**" means an announcement by the Issuer via the RNS of the LSE at the end of the Offer Period;

"**SOFR**" means secured overnight financing rate;

"**SONIA**" means the sterling overnight index average rate;

"**SPE**" means Society of Petroleum Engineers;

"**Subscription Agreement**" means the subscription agreement expected to be dated on or around 21 April 2022 signed by the Issuer, the Guarantors and the Joint Lead Managers;

"**SVT Working Capital Facility**" means the revolving loan facility entered into with BNP Paribas as lender for an aggregate amount of £42.0 million dated 1 December 2017 as novated and amended on 1 December 2018 and further amended on 25 November 2020;

"**SVT**" means the Sullom Voe Terminal;

"**Thistle/Deveron**" means the oil fields located in blocks 211/18a and 211/19a in the UKCS covered by License P.236 and P.475, respectively;

"**Transfer Agent**" means Elavon Financial Services DAC, UK Branch;

"**TCFD**" means the Taskforce on Climate-related Financial Disclosure;

"**Trust Deed**" means the trust deed to be dated the Issue Date between the Issuer, the Guarantors and U.S. Bank Trustees Limited in its capacity as trustee for the Noteholders;

"**Trustee**" means U.S. Bank Trustees Limited in its capacity as trustee for the Noteholders;

"**UKCS**" means the United Kingdom Continental Shelf;

"**UK ETS**" means the UK Emissions Trading Scheme;

"**UK MiFIR**" means Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA;

"**UK MiFIR Product Governance Rules**" means the FCA Handbook Product Intervention and Product Governance Sourcebook;

"**UK PRIIPs Regulation**" means Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA;

"**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018;

"**U.S. Person**" means persons located or resident in the United States as defined in Regulation S of the Securities Act;

"**VAT**" means value added tax;

"**VLSFO**" means very low sulphur fuel oil;

"**WHP**" means wellhead platform;

"**West Don**" means the oil field located in block 211/18b in the UKCS covered by License P.236;

"**Ythan**" means the oil field located in block 211/18e and 211/19c in the UKCS covered by License P2137.

THE ISSUER

EnQuest PLC
5th Floor, Cunard House
15 Regent Street
London SWIY 4LR

THE GUARANTORS

EnQuest Britain Limited
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

EnQuest ENS Limited
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

EnQuest Global Limited
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

EnQuest Heather Leasing Limited
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

EnQuest Heather Limited
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

EnQuest NWO Limited
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

EQ Petroleum Sabah Ltd
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

EnQuest Production Limited
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

EnQuest Petroleum Production Malaysia Limited
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

NSIP (GKA) Limited
Annan House, 33-35 Palmerston Road
Aberdeen
Scotland, AB11 5QP

EnQuest Marketing and Trading Limited
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

EnQuest Petroleum Developments Malaysia Sdn Bhd
10th Floor, Menara Hap Seng No 1 & 3
Jalan P Ramlee,
50250 Kuala Lumpur

EnQuest Advance Limited
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

EnQuest Advance Holdings Limited
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

North Sea (Golden Eagle) Resources Ltd
5th Floor, Cunard House
15 Regent Street,
London, SW1Y 4LR

THE JOINT LEAD MANAGERS AND JOINT DEALER MANAGERS

Peel Hunt LLP
100 Liverpool Street
London EC2M 2AT

WH Ireland Limited
24 Martin Lane
London EC4R 0DR

THE TRUSTEE

U.S. Bank Trustees Limited
Fifth Floor
125 Old Broad Street
London EC2N 1AR

THE PRINCIPAL PAYING AGENT

Elavon Financial Services DAC, UK Branch
Fifth Floor
125 Old Broad Street
London EC2N 1AR

THE REGISTRAR

Elavon Financial Services DAC
Block F1, Cherrywood Business Park
Cherrywood
Dublin 18
Ireland D18 W2X7

THE TRANSFER AGENT

Elavon Financial Services DAC, UK Branch
Fifth Floor
125 Old Broad Street
London EC2N 1AR

THE EXCHANGE AGENT

Lucid Issuer Services Limited
The Shard
32 London Bridge Street
London SE1 9SG
United Kingdom

For information by telephone: +44 20 7704 0880
Attention: David Shilson/Owen Morris
Email: enquest@lucid-is.com
Website: https://deals.lucid-is.com/exchange-offer-enquest

LEGAL ADVISERS

To the Issuer and the Guarantors

Ashurst LLP
London Fruit & Wool Exchange
1 Duval Square
London E1 6PW

To the Joint Lead Managers and the Trustee

Simmons & Simmons LLP
CityPoint
One Ropemaker Street
London EC2Y 9SS

AUDITORS

Deloitte LLP
1 New Street Square
London EC4A 3HQ

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