

**European Transparency Directive Disclosure 2017 (Unaudited)**

The Reports on Payments to Governments Regulations (UK regulations) came into force on 1 December 2014 and require UK companies in the extractive sector to publicly disclose payments made to Governments in countries where they undertake extractive operations. The regulations implement Chapter 10 of EU Accounting Directive (2013/34/EU).

The payments disclosed, which are on a cash basis, are based on where the obligation for the payment arose (i.e. at a project or corporate level). However, where a payment or a series of related payments do not exceed £86,000, they are disclosed at a corporate level, in accordance with the UK Regulations.

All of the payments disclosed in accordance with the Directive have been made to national Governments, either directly or through a Ministry or Department of the national Government with the exception of the Malaysia payments in respect of production entitlements, supplementary payments, royalties, research CESS and education commitment payments which are paid to PETRONAS (Petroliam Nasional Berhad, the National Oil Company of Malaysia).

| By licence                      |                            |                         |               |               |            |              |                              |               |                        |               |
|---------------------------------|----------------------------|-------------------------|---------------|---------------|------------|--------------|------------------------------|---------------|------------------------|---------------|
| Project/entity name             | Licence                    | Production entitlements |               | Taxes         | Royalties  | Licence fees | Education commitment payment | Research CESS | Supplementary payments | TOTAL         |
|                                 |                            | kboe                    | \$'000        | \$'000        | \$'000     | \$'000       | \$'000                       | \$'000        | \$'000                 | \$'000        |
| Kraken & Kraken North           | P1077 & P2148              | -                       | -             | -             | -          | 118          | -                            | -             | -                      | 118           |
| Alma & Galia                    | P1765 & P1825              | -                       | -             | -             | -          | 436          | -                            | -             | -                      | 436           |
| Heather & Broom                 | P242 & P902                | -                       | -             | -             | -          | 295          | -                            | -             | -                      | 295           |
| Greater Kittiwake Area          | P351, P73 & P238           | -                       | -             | -             | -          | 391          | -                            | -             | -                      | 391           |
| Alba                            | P213                       | -                       | -             | -             | -          | -            | -                            | -             | -                      | -             |
| Dons (including Ythan & Conrie) | P236, P2145, P1200 & P2137 | -                       | -             | -             | -          | 351          | -                            | -             | -                      | 351           |
| Scotly & Crathes                | P1107 & P1617              | -                       | -             | -             | -          | 234          | -                            | -             | -                      | 234           |
| Kildrummy                       | P585                       | -                       | -             | -             | -          | 137          | -                            | -             | -                      | 137           |
| Corporate                       |                            | -                       | -             | (678)         | -          | 303          | -                            | -             | -                      | (375)         |
| <b>Total United Kingdom</b>     |                            | -                       | -             | <b>(678)</b>  | -          | <b>2,265</b> | -                            | -             | -                      | <b>1,587</b>  |
| PM-8E                           | PM8 Extension PSC          | 1,025                   | 54,739        | -             | 845        | -            | -                            | 520           | 8,631                  | 64,735        |
| Tanjong Baram                   | Tanjong Baram RSC          | -                       | -             | -             | -          | -            | 100                          | -             | -                      | 100           |
| Corporate                       |                            | -                       | -             | 14,129        | -          | -            | -                            | -             | -                      | 14,129        |
| <b>Total Malaysia</b>           |                            | <b>1,025</b>            | <b>54,739</b> | <b>14,129</b> | <b>845</b> | -            | <b>100</b>                   | <b>520</b>    | <b>8,631</b>           | <b>78,964</b> |
| <b>Total Group</b>              |                            | <b>1,025</b>            | <b>54,739</b> | <b>13,451</b> | <b>845</b> | <b>2,265</b> | <b>100</b>                   | <b>520</b>    | <b>8,631</b>           | <b>80,551</b> |

| By Government   |                         |               |               |            |              |                              |               |                        |               |  |
|---|-------------------------|---------------|---------------|------------|--------------|------------------------------|---------------|------------------------|---------------|--|
| Government  | Production entitlements |               | Taxes         | Royalties  | Licence fees | Education commitment payment | Research CESS | Supplementary payments | TOTAL         |  |
|   | kboe                    | \$'000        | \$'000        | \$'000     | \$'000       | \$'000                       | \$'000        | \$'000                 | \$'000        |  |
| HM Revenue and Customs                                  | -                       | -             | (678)         | -          | -            | -                            | -             | -                      | (678)         |  |
| Department for Business, Energy and Industrial Strategy | -                       | -             | -             | -          | 2,265        | -                            | -             | -                      | 2,265         |  |
| <b>Total United Kingdom</b>                             | -                       | -             | <b>(678)</b>  | -          | <b>2,265</b> | -                            | -             | -                      | <b>1,587</b>  |  |
| PETRONAS  | 1,025                   | 54,739        | -             | 845        | -            | 100                          | 520           | 8,631                  | 64,835        |  |
| Malaysian Inland Revenue Board                          | -                       | -             | 14,129        | -          | -            | -                            | -             | -                      | 14,129        |  |
| <b>Total Malaysia</b>                                   | <b>1,025</b>            | <b>54,739</b> | <b>14,129</b> | <b>845</b> | -            | <b>100</b>                   | <b>520</b>    | <b>8,631</b>           | <b>78,964</b> |  |
| <b>Total Group</b>                                      | <b>1,025</b>            | <b>54,739</b> | <b>13,451</b> | <b>845</b> | <b>2,265</b> | <b>100</b>                   | <b>520</b>    | <b>8,631</b>           | <b>80,551</b> |  |

Where payments have been made on behalf of Partners, the gross payment has been disclosed rather than our share

**Production entitlements in barrels**

This includes non-cash royalties and state non-participating interest paid in barrels of oil or gas out of EnQuest's working interest share of production in a licence. The figures disclosed are produced on an entitlement basis rather than a liftings basis. It does not include the Government's or NOC's working interest share of production in a licence. Production entitlements are assessed on a quarterly basis and have been multiplied by the relevant quarter's weighted average prices.

**Taxes**

This represents cash tax calculated on the basis of profits including income or capital gains. Income taxes are usually reflected in corporate income tax returns. The cash payment of income taxes occurs in the year in which the tax has arisen or up to one year later. Income taxes also include any cash tax rebates received from the Government or revenue authority during the year and excludes fines and penalties. Due to differences in the way cash movements were categorised and disclosed in the group accounts there is a c.\$12,150 difference in the amounts disclosed above for Malaysian tax compared to the 2017 Annual Report.

**Royalties**

This represents cash royalties paid to Governments during the year for the extraction of oil or gas. The terms of the royalties are described within our Production Sharing Contracts (PSC) and can vary from project to project within one country. Royalties paid in kind have been recognised within the production entitlements category. The cash payments of royalties occurs in the year in which the tax has arisen.

**Licence fees**

This represents total, rather than working interest share of, licence fees, rental fees, entry fees and other levies or consideration for licences and/or concessions paid for access to an area during the year (with the exception of signature bonuses which are captured within bonus payments).

**Education commitment payment**

This represents the annual education contribution paid to PETRONAS pursuant to the Tanjong Baram Risk Service Contract (RSC).

**Research CESS**

Research CESS payments are contractual amounts due under the PM-8E Production Sharing Contract, and are based on EnQuest's entitlement to production. These payments are made to PETRONAS.

**Supplementary payments**

Supplementary payments are required under the PM-8E Production Sharing Contract and are based on EnQuest's entitlement to profit oil and profit gas. These payments are made to PETRONAS.