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Proposed EnQuest acquisition of a third tranche of the Kraken discovery

EnQuest PLC ('EnQuest') today announces that it has agreed with First Oil plc ('First Oil') the proposed acquisition of a further 15% interest in blocks 9/2b and 9/2c including the Kraken oil discovery ('Kraken'), bringing EnQuest's total interest in Kraken to 60%. Today's agreement is subject to the normal regulatory and partner consents and is also conditional on EnQuest shareholder approval.

In a similar arrangement to that for EnQuest's previous acquisition of 25% of Kraken from Nautical Petroleum plc ('Nautical'), EnQuest proposes to pay First Oil between \$90 million and \$144 million by way of a development carry in relation to First Oil's remaining 15% interest in Kraken. EnQuest's cash payments will be deferred and EnQuest will be entitled to receive the capital tax allowances normally available for investment in such a development project.

Prior to the proposed transaction being announced today, EnQuest had a total interest in Kraken of 45%. The amount payable by EnQuest is dependent on a future determination of the gross 2P reserves in Kraken. If the determination is less than or equal to 100 MMboe, EnQuest will only pay \$90 million, by way of development carry. If the determination is less than 166 MMboe, but more than 100 MMboe, then the amount of the development carry will be increased by up to a further \$54 million, calculated on a linear pro-rata basis. EnQuest will pay the maximum of \$144 million if the future determination of gross 2P reserves is greater than 166 MMboe. Through today's agreement EnQuest also acquires a 15% interest in blocks 9/6a and 9/7b, for no additional consideration.

Amjad Bseisu, Chief Executive of EnQuest, said:

"EnQuest is pleased to increase further its interest in Kraken, we are enthusiastic about its potential. As with our purchase of a 25% interest from Nautical and based on the maximum carry, the cost per barrel to EnQuest is \$6/bbl before tax effects and approximately \$2.40/bbl post tax effects.

EnQuest's execution team is now leading this development and is taking on operatorship earlier than previously planned; we are combining forces with partners with deep expertise in this project. EnQuest is moving forward one of the most exciting development projects in the UK North Sea."

Note. Following EnQuest's previous agreements to acquire 45% of Kraken, the aggregate effect of this latest agreement is such that it is treated as a Class 1 transaction under the FSA Listing Rules, and therefore EnQuest is required to obtain shareholder approval for this transaction in a general meeting. This shareholder approval does not apply retrospectively to EnQuest's previous two Kraken transactions. In due course EnQuest will issue a Class 1 circular and notice of a general meeting of the company.

Further information.

Kraken is a large heavy oil accumulation in the UK North Sea, located in the East Shetland basin, to the west of the North Viking Graben. It is being progressed to development following successful appraisal and well test results. Following this transaction 15% of Kraken will be held by First Oil and 25% by Nautical.

EnQuest anticipates being able to fund its share (including the carry) of the development with its own resources.

The determination of Kraken's 2P reserves for the purpose of calculating the total development carry amount will take place following the drilling of two well penetrations in the phase two development areas, one in each of the northern and southern areas, or at latest one year after the date on which the initial \$90 million carry has been spent."

Following this transaction EnQuest will have a 60% interest in blocks 9/2b, 9/2c, 9/6a and 9/7b, and a 55% interest in blocks 3/22a and 3/26. In addition EnQuest has a farm in option from Nautical for a 45% interest in block 9/1a (Ketos).

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Notes to editors

EnQuest is the largest UK independent producer in the UK North Sea. EnQuest PLC trades on both the London Stock Exchange and the NASDAQ OMX Stockholm. It is a constituent of the FTSE 250 index. Its assets include the Thistle, Deveron, Heather, Broom, West Don, Don Southwest and Conrie producing fields and the Alma and Galia development. At the end of 2011, EnQuest had interests in 22 production licences covering 27 blocks or part blocks in the UKCS, of which 19 licences were operated by EnQuest.

EnQuest believes that the UKCS represents a significant hydrocarbon basin in a low-risk region, which continues to benefit from an extensive installed infrastructure base and skilled labour. EnQuest believes that its assets offer material organic growth opportunities, driven by exploitation of current infrastructure on the UKCS and the development of low risk near field opportunities.

Forward looking statements: This announcement may contain certain forward-looking statements with respect to EnQuest's expectation and plans, strategy, management's objectives, future performance, production, costs, revenues and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this presentation should be construed as a profit forecast. Past share performance cannot be relied on as a guide to future performance.