



EnQuest PLC, 16 May 2014. Interim Management Statement

GOOD PRODUCTION GROWTH

PRODUCTION SUMMARY

Production from 1 January to 30 April 2014 averaged 25,597 Boepd, up 25% on the same period last year. EnQuest reiterates production guidance of an average of between 25,000 Boepd and 30,000 Boepd for the full year.

HIGHLIGHTS

- Alma/Galia. First oil from the Alma field is expected in H2 this year, as outlined at the full year results in March. Finishing and commissioning work continues on the EnQuest Producer. The subsea infrastructure is in place, with risers and mooring systems pre-installed, awaiting arrival of the FPSO. The 2014 wells completion programme also remains on track.
- Kraken. The Kraken vessel arrived at the shipyard in Singapore on schedule, commencement of the conversion scope has now begun; the Kraken development project is moving ahead according to plan. Preparatory work continues ahead of the planned appraisal drilling of 'Western Feature', due to commence in Q3 2014.
- Avalon. The drilling of the Avalon well has confirmed a discovery; preliminary analysis indicates an 85 ft vertical column of reasonable quality mobile oil in good quality high permeability sands. Further evaluation is ongoing.
- Malaysia. EnQuest has secured a small field development with Petroliaam Nasional Berhad ("PETRONAS"), the national oil company for Malaysia, for the development and production of petroleum from the Tanjong Baram field ("Tanjong Baram") offshore Sarawak, Malaysia. Net 2P reserves are c.3.5 MMboe, start-up is expected in late 2015 / early 2016.

Amjad Bseisu, Chief Executive, said

"Production of 25,597 Boepd to the end of April marks a good start to the year, reflecting strong reservoir and production efficiency performances from all of EnQuest's hubs, and from Thistle in particular.

We have taken another positive step forward in Malaysia with a small development in Tanjong Baram, our first operating partnership with PETRONAS. We have also had a discovery in Avalon and are now evaluating the well results towards a potential development. Avalon is in close proximity to our Scolty/Crathes discoveries and further enhances the potential of the Greater Kittiwake Area."

Net Production

	Daily average 1 Jan' 2014 to 30 April 2014	Daily average 1 Jan' 2013 to 30 April 2013
	(Boepd)	(Boepd)
Thistle/Deveron	9,354	4,614
Dons	10,079	11,401
Heather/Broom	4,030	4,080
Alba	1,289	399*
Kittiwake	845**	-
Total	<u>25,597</u>	<u>20,494</u>

* Net production since the completion of the acquisition at the end of March 2013, averaged over the four months to the end of April 2013.

** Net production since the completion of the acquisition at the start of March 2014, averaged over the four months to the end of April 2014.

Producing fields

- Thistle/Deveron. Thistle/Deveron continued to benefit from the new production well which came onstream in H2 2013 and from investment in a significantly improved power supply. In 2014, further capital investment is being made in the ongoing Thistle field life extension project.
- Dons. Following the recent award of the Don North East licence, it is intended to submit a field development plan ('FDP') application around the end of this year; this will include at least one production well in Area 24 (to be renamed 'Ythan') potentially to come onstream around mid-2015. Production optimising projects are continuing, production efficiency remains very strong and a new production well is now being drilled in Don Southwest, in Area 22 ('TJ').
- Heather/Broom. Following commencement of rig operations in Q1 2014, the workover of the H56 well was successfully completed in Q2 and the rig started on a sidetrack of H44 as a new injection well.
- Kittiwake. Following the completion of the acquisition at the start of March, Kittiwake is being fully integrated into EnQuest's operations; Goosander and Grouse have been delivering steady production and an early workover of Mallard is planned for around the middle of the year. The nearby Avalon discovery is EnQuest's latest move in creating and enhancing the new Kittiwake hub and further exploration opportunities in the area are also being actively assessed.

Business development

Malaysia, Tanjong Baram

- EnQuest expects the project to recover approximately 5 MMboe gross with peak gross production of 3,400 Boepd. EnQuest will be the operator of Tanjong Baram and hold a 70% interest. EnQuest will incur upfront costs for development and operations and will be reimbursed from field production. PETRONAS will remain the owner of the licence. EnQuest will recover its capital and operating expenditures and will be paid a remuneration fee, linked to performance variables. The contract has a term of nine years and total capital expenditure in the base case two well development is anticipated to be approximately \$70 million net over a period of time, which is reimbursable through production.
- Tanjong Baram will be developed as a near field tieback to the West Lutong A complex. The development plan includes up to two wells, depending on results of the first development well. Capacity for an additional two wells has been included in the facilities design.

UK 28th Licensing Round

- EnQuest has submitted applications as part of the UK 28th North Sea Licensing Round.

Financial

- In Q1 2014, EnQuest successfully concluded the offering of \$650 million of 7.00% senior unsecured notes due 2022 to be used for general corporate purposes.
- EnQuest's capital expenditure program remains on track and will be weighted towards the first half as a result of expenditure on Kraken and in particular payments in respect of the FPSO, expenditure on Alma and Galia, including the final payment to BVR, and the completion payment for the Kittiwake acquisition.

ENDS

EnQuest PLC

Amjad Bseisu (Chief Executive)
Jonathan Swinney (Chief Financial Officer)
Michael Waring (Head of Communications & Investor Relations)

Tel: +44 (0)20 7925 4900

Tulchan Communications

Martin Robinson
Martin Pengelley

Tel: +44 (0)20 7353 4200

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 operated assets include the Thistle, Deveron, Heather, Broom, West Don, Don Southwest, Conrie, Kittiwake, Mallard, Gadwall, Goosander and Grouse producing fields and the Alma/Galia and Kraken developments; EnQuest also has an interest in the non-operated Alba producing oil field. EnQuest had 31 UK production licences at the start of 2014. This increases to 37 production licences with the inclusion of the assets from the acquisition of the Greater Kittiwake Area which completed in Q1 2014 and the Don North East area licence which was offered 'out of round' to EnQuest in Q1 2014; these licences cover 47 blocks or part blocks in the UKCS, 30 of the licences are 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.

EnQuest has begun replicating its existing model in the UKCS by targeting previously underdeveloped assets in a small number of other maturing regions; complementing our operations and utilising its skills in the UK North Sea.

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, reserves 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.