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EnQuest PLC, 4 February 2021

EnQuest signs agreement to acquire equity interest in the Golden Eagle development

EnQuest PLC (together with its subsidiaries, 'EnQuest'), an independent oil and gas production and development company listed on the London and Stockholm stock exchanges (ENQ.L and ENQ.ST), is pleased to announce it has signed an agreement with Suncor Energy UK Limited ('Suncor') to purchase Suncor's entire 26.69% non-operated equity interest in the Golden Eagle area, comprising the producing Golden Eagle, Peregrine and Solitaire fields ('the Transaction') for an initial consideration of US\$325 million.

Highlights

- Adds immediate incremental production of c.10 kboepd, c.18 MMbbls to net 2P reserves and c.5MMbbls to net 2C resources¹
- Provides significant value enhancement in excess of US\$100 million NPV(10)¹ at a long-term oil price of US\$50/bbl, primarily related to accelerated partial use of EnQuest's tax losses
- Low cost structure with 2021 unit operating expenditure expected to be c.US\$5/Boe and life of field operating and capital expenditure anticipated to be c.US\$20/Boe¹
- Significant remaining development potential, with anticipated field life extending into the early 2030's¹:
 - Four-well infill drilling programme ongoing, with two of the four wells onstream. The programme is scheduled to conclude prior to completion of the Transaction, which is expected to take place no later than the end of the third quarter
 - A number of unsanctioned activities associated with further sub-sea and platform infill drilling, topsides water debottlenecking and an active well intervention programme are being assessed
 - Various third-party near-field tie-back opportunities being considered to utilise available capacity of the facilities
- Strong safety record with zero lost time injuries since start-up and zero safety critical maintenance backlog at the end of 2020
- Materially lower CO₂e intensity ratio than UK North Sea industry average

¹ EnQuest estimates

EnQuest Chief Executive, Amjad Bseisu, said:

"We are delighted we have agreed the acquisition of a material interest in Golden Eagle, a high-quality, low-cost UK North Sea development. Upon completion, this acquisition will add immediate material production and cash flow to EnQuest and will allow us to accelerate use of our substantial tax losses. It also demonstrates our continued commitment to the UK North Sea and diversifies our existing production base.

"The assets have a strong safety record and a lower than average CO₂e emissions intensity ratio.

"We look forward to a productive partnership with the operator, CNOOC and our future joint venture partners, NEO Energy and ONE DYAS."

Transaction details

EnQuest has agreed to acquire 100% of the shares in North Sea (Golden Eagle) Resources Ltd, a new company which will, at completion of the Transaction, hold Suncor's non-operated equity interest in the Golden Eagle area.

The initial consideration is US\$325 million (which is subject to working capital and other adjustments), with additional contingent consideration of up to US\$50 million. 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 US\$55/bbl, upon which US\$25 million is payable, or if the Dated Brent average crude price equals or exceeds US\$65/bbl, upon which US\$50 million is payable. A deposit of c.US\$3 million (being part of the initial consideration) is being provided by EnQuest which will be forfeited in most circumstances if the Transaction does not complete.

EnQuest plans to finance the Transaction through a combination of a new secured debt facility, interim period post-tax cash flows between the economic effective date of 1 January 2021 and completion, and an equity raise (collectively the 'funding arrangements').

It is anticipated the new secured debt facility, in respect of which the Group is currently working closely with its leading lending banks BNP and DNB, will incorporate the refinancing of the existing outstanding senior credit facility. Further, the Group anticipates raising up to US\$50 million of equity through a placing and open offer, in which shareholders related to Amjad Bseisu are expected to participate in line with their equity holdings. Amjad Bseisu and/or persons related to him are expected to make financing commitments assuring there will be no funding shortfall in respect of this \$50 million. These financing commitments constitute a related party transaction and will therefore require independent shareholder approval. J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("J.P. Morgan Cazenove") is acting as global coordinator, bookrunner and sponsor to EnQuest in connection with the placing and open offer, as financial adviser and sponsor to EnQuest in connection with the Transaction and as sponsor to EnQuest in connection with the related party transaction.

Completion of the Transaction is subject to the satisfaction or waiver of various conditions precedent, including putting in place the funding arrangements, approval from EnQuest's shareholders by ordinary resolutions, the approvals of joint venture partners in the Golden Eagle area and receipt of other customary regulatory and third party consents.

No stand-alone balance sheet valuation or profit before tax associated with Suncor's assets in the Golden Eagle area are currently available.

Since the Transaction constitutes a reverse takeover for the purposes of the Listing Rules, EnQuest will need to seek shareholder approval and re-admission of its ordinary shares upon completion to the Official List of the FCA and to trading on the main market of the London Stock Exchange.

Publication of the prospectus and circular

Preparation of a class 1 circular and prospectus containing further details of the Transaction, the financing arrangements and the notice convening the required general meeting will be prepared with a copy sent to qualifying shareholders as soon as practicable after the new secured debt facility has been agreed. The class 1 circular and prospectus will also be made available on the website of EnQuest plc: <https://www.enquest.com>

Presentation to Analysts and Investors

A presentation to analysts and investors will be held at 09:00 today - London time. The presentation and Q&A will also be accessible via an audio webcast, available on the investor relations section of the EnQuest website at <https://www.enquest.com>. A conference call facility will also be available at 09:00 on the following numbers:

Conference call details:

UK: +44 (0) 800 279 6619

International: +44 (0) 207 192 8338

Confirmation Code: 9879381

Today the Company also published an operations update and guidance for 2021 which is available on the website of EnQuest plc: <http://www.enquest.com/>

This announcement has been determined to contain inside information. The person responsible for the release of this announcement is Stefan Ricketts, Commercial and Legal Director.

Ends

Notes to editors

Golden Eagle is operated by CNOOC International and located about 111 kilometres northeast of Aberdeen. It is a relatively new field having been discovered in 2007, developed by Nexen and brought onstream in late 2014. Solitaire and Peregrine are two satellites that tie back to the Golden Eagle facilities. Golden Eagle is a modern, standalone processing facility consisting of a wellhead platform and a production, utilities and quarters platform.

At Golden Eagle, the operator estimates stock-tank oil initially in place ('STOIIP') in excess of 400 MMbbls gross. The Upper Jurassic and Lower Cretaceous Punt and Burns reservoirs produce a good quality, sweet, low acid 36° API oil and are produced via 14 gas lifted wells. There are six water injection wells, all on the Golden Eagle field itself. A four well infill programme is currently in progress. Solitaire and Peregrine produce under depletion.

Oil and gas are exported via the Flotta and SAGE pipeline systems respectively.

For further information please contact:

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ENQUEST

EnQuest is providing creative solutions through the energy transition. As an independent production and development company with operations in the UK North Sea and Malaysia, the Group's strategic vision is to be the operator of choice for maturing and underdeveloped hydrocarbon assets by focusing on operational excellence, differential capability, value enhancement and financial discipline.

EnQuest PLC trades on both the London Stock Exchange and the NASDAQ OMX Stockholm.

Please visit our website www.enquest.com for more information on our global operations.

Forward-looking statements: This announcement may contain certain forward-looking statements with respect to EnQuest's expectations and plans, strategy, management's objectives, future performance, production, reserves, 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 announcement should be construed as a profit forecast. Past share performance cannot be relied upon as a guide to future performance.

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