

## EnQuest PLC, 18 November 2021

### Operations update

#### EnQuest Chief Executive, Amjad Bseisu, said:

"We are delighted to have completed the acquisition of the Golden Eagle area. As a highly cash generative, low-cost asset, delivering material incremental production, reserves and resources, Golden Eagle is a great addition to our portfolio, further strengthening the Company.

"Revenue and cash flow continues to be positively impacted by the prevailing strong price environment and we expect this to continue through the end of the year.

"Group production has been challenging, largely driven by performance at Magnus and a recent unplanned shutdown at Kraken, combined with a supplier driven delay in the pipeline replacement in Malaysia. We now expect production for the year to be around 45,000 Boepd, including the contribution from Golden Eagle since completion."

#### Golden Eagle completion

- Successfully completed the Golden Eagle transaction on 22 October. In the ten months to the end of October, the asset produced 10,556 Boepd (on a net working interest basis)
- Initial consideration of c.\$325 million was financed by a \$125 million drawdown from the Reserve Based Lending facility, c.\$125 million from EnQuest's available cash and c.\$75 million of interim period post-tax cash flows from Golden Eagle
- Two cargo liftings are anticipated prior to year-end

#### Good revenue generation

- Revenue in the ten months to end October 2021 of c.\$950 million, including c.\$110 million related to Magnus crossover gas, reflecting the strong price environment and the realised impact of the Group's hedging programme
  - The Group's average realised oil price including the impact of hedging was \$66.0/bbl in the period, c.63% higher than during the ten months to October 2020 (\$40.6/bbl)
  - Higher revenues enabled the Group to finance a larger portion of the Golden Eagle acquisition from cash flow, resulting in a lower than expected drawdown on the Group's RBL facility. At the end of October, the RBL facility was drawn to \$485 million with an early voluntary repayment of around \$50 million expected to be made before the year-end
  - 2021 year-end net debt is expected to be around the closing net debt position in 2020, after the Golden Eagle acquisition and the c.\$60 million early settlement of the Magnus BP vendor payment (subject to year-end working capital movements)

#### Operating performance

- Average net Group production in the ten months to end October 2021 was 44,306 Boepd
  - Production at Magnus impacted by recent compressor system outages
  - Kraken performance has been impacted by a short unplanned shutdown and single train operation
  - Pipeline replacement at PM8/Seligi has been delayed due to support vessel availability

#### Hedging

- c.2 MMbbls have been hedged with an average ceiling price of c.\$74/bbl for the last two months of 2021
- For 2022, EnQuest has hedged a total of c.7 MMbbls predominantly with costless collars, with an average floor price of c.\$61/bbl and an average ceiling price of c.\$76/bbl. For 2023, the Group has hedged a total of c.2 MMbbls with an average floor price of c.\$56/bbl and an average ceiling price of c.\$74/bbl. Golden Eagle production is currently benefitting from the current strong oil price

#### Guidance

- 2021 average net Group production, including Golden Eagle<sup>1</sup>, is expected to be around 45,000 Boepd
  - Kraken gross production is expected to be unchanged between 30,000 Boepd and 35,000 Boepd (21,150 Boepd to 24,675 Boepd net)
- Operating expenditure is expected to be approximately \$300 million, including costs related to Golden Eagle
- Combined cash capital and abandonment expenditure is expected to be unchanged at approximately \$120 million<sup>2</sup>

<sup>1</sup> Golden Eagle contribution for the period 22 October to 31 December, averaged over the 12 months to the end of December 2021

<sup>2</sup> Excludes costs associated with the PM8/Seligi riser repair

## Production details

Average daily production on a net working interest basis (Boepd)	1 Jan' 2021 to 31 Oct' 2021	1 Jan' 2020 to 31 Oct' 2020
	(Boepd)	(Boepd)
UK Upstream		
- Magnus	12,640	17,570
- Kraken	22,544	26,637
- Golden Eagle <sup>1</sup>	328	n/a
- Other Upstream <sup>2</sup>	3,516	6,849
<b>UK Upstream</b>	<b>39,028</b>	<b>51,056</b>
<b>UK Decommissioning<sup>3</sup></b>	<b>200</b>	<b>2,606</b>
<b>Total UK</b>	<b>39,228</b>	<b>53,662</b>
<b>Total Malaysia</b>	<b>5,078</b>	<b>7,115</b>
<b>Total EnQuest</b>	<b>44,306</b>	<b>60,777</b>
<b>Golden Eagle pro forma<sup>4</sup></b>	<b>10,556</b>	<b>n/a</b>
<b>Total EnQuest pro forma</b>	<b>54,534</b>	<b>n/a</b>

<sup>1</sup> Golden Eagle contribution for the period 22 to 31 October, averaged over the ten months to the end of October 2021

<sup>2</sup> Other Upstream: Scolty/Crathes, Greater Kittiwake Area and Alba

<sup>3</sup> UK Decommissioning: The Dons, Alma/Galia

<sup>4</sup> Net working interest production for the period 1 January to 31 October 2021

### Magnus

Production remains below expectations, averaging 12,640 Boepd for the ten months to end October 2021. The Group has concluded the production enhancement programme along with the coiled tubing campaign, which has returned three wells to service. Following the planned annual shutdown to address maintenance activities, a compressor gear box failure occurred which required repairs. This has resulted in single compressor operations. The Group remains focused on optimising existing facilities performance and anticipates resuming dual compressor operations during November. The Group anticipates being entitled to 100% of Magnus cash flows through to the end of the first quarter of 2022 as it has settled the BP vendor payment.

### Kraken

During the ten months to end October 2021, average gross production was 31,977 Boepd, in line with expectations. An oil heater failure resulted in a short facility shutdown. The Group optimised production through single train operations until the heater repairs were completed.

### Golden Eagle

Performance from Golden Eagle has been strong at 10,556 Boepd on a pro forma basis for the ten months to end October, reflecting high uptime and continued good well performance following the infill drilling campaign.

### Other upstream assets

Production for the ten months to end October 2021 averaged 3,516 Boepd, in line with expectations. At the Greater Kittiwake Area, the umbilical replacement and reinstatement of power to the Mallard and Gadwall wells was concluded, with performance at Scolty/Crathes remaining as expected.

Alba continues to perform broadly in line with Group expectations.

### Infrastructure and New Energy business<sup>1</sup>

Stable operations and plant availability continue to drive a good performance at the Sullom Voe Terminal and its related infrastructure, with 100% export service availability.

As an active member of Project Orion, the Group is collaborating closely with the Shetland Islands Council and terminal partners to develop a sustainable energy hub for Shetland.

The Group has begun assessing potential new energy opportunities at the Sullom Voe Terminal to strengthen and extend the life of this asset and has held constructive initial engagement with a variety of stakeholders, including potential technical and financial partners.

<sup>1</sup> Includes the Sullom Voe Terminal and Pipelines

## **UK Decommissioning**

Average production of 200 Boepd reflects the cessation of production at the Dons in March 2021.

At Thistle, good progress continues to be made with the subsea campaign concluded in September and platform reactivation and hydrocarbon removal being completed in October. The drilling rig reactivation programme is underway ahead of the planned well plug and abandonment campaign beginning in 2022.

At Heather, the well plug and abandonment campaign continues on schedule, while the topside decommissioning programme has been approved by the Secretary of State and initial engagement with potential topside removal contractors has commenced.

## **Malaysian operations**

For the ten months to end October 2021, average production in Malaysia was 5,078 Boepd. The pipeline has been laid on the seabed. Final completions of the riser sections have been delayed by the late arrival and subsequent ongoing availability of the third-party dive support vessel. It is now anticipated that full production will return during the second quarter of 2022.

## **Hedging**

EnQuest has hedged a total of c.11 MMbbls for full year 2021 predominantly using costless collars, with an average floor price of c.\$59/bbl and an average ceiling price of c.\$69/bbl, with c.2 MMbbls hedged with an average floor of c.\$60/bbl and ceiling price of c.\$74/bbl for the remainder of 2021. For 2022, EnQuest has hedged a total of c.7 MMbbls using similar structures, with an average floor price of c.\$61/bbl and an average ceiling price of c.\$76/bbl. For 2023, the Group has hedged a total of c.2 MMbbls with an average floor price of c.\$56/bbl and an average ceiling price of c.\$74/bbl.

## **COVID-19 Update**

The Group remains compliant with UK, Malaysia and Dubai government and industry policy and continues to work with a variety of stakeholders to ensure its operational response and advice to its workforce is appropriate and commensurate with the prevailing expert advice and level of risk. The Group's day-to-day operations continue without being materially affected by COVID-19.

Ends

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## **Notes to editors**

### **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](http://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.