

EnQuest PLC, 23 May 2022

Operations update

Good production performance year to date; full year guidance remains unchanged

EnQuest Chief Executive, Amjad Bseisu, said:

“EnQuest remains on track to deliver against its 2022 targets. Performance at Kraken has been strong, with the FPSO continuing to operate with top quartile uptime.

“Underlining EnQuest’s long-term commitment to investing in the North Sea, our largest activity programme since 2014 is well underway. At Magnus, we have successfully restored production to two wells, completed a well intervention which has already achieved payback on investment, and are preparing to drill the first of three wells planned for 2022. In Malaysia, we have already completed three workovers at PM8/Seligi ahead of the planned four-well drilling programme, where the early results have been encouraging.

“I am pleased we were able successfully to execute a new retail bond issue, which extended £133 million of our unsecured debt to 2027, and we continue to explore options to refinance our high yield bond ahead of maturity in October 2023.

“Overall, our focus remains on continuing to reduce net debt while selectively investing in our low-cost, quick-payback well portfolio and existing infrastructure in order to sustain our production base. At the same time, we continue to be disciplined in our evaluation of organic and inorganic growth opportunities, including development of our new energy business in a capital light manner.”

Operating performance

- Average net Group production in the four months to end April 2022 was 50,361 Boepd, driven by good production efficiency across the portfolio
- Well work campaigns commenced at Magnus and PM8/Seligi, with two wells returned to service and three well workovers completed, respectively
- Heather plug and abandonment ('P&A') campaign is progressing well, with the Thistle P&A programme now underway

Effective liquidity management

- For the period May to December 2022, the Group has hedged c.4.7 MMbbls of oil with an average floor price of c.\$65/bbl and an average ceiling price of \$76/bbl
- Partial refinancing of the sterling retail bond was completed on 20 April, with the new October 2027 9% retail bond issue totalling £133.3 million. The remaining October 2023 7% retail bond is £111.3 million

Guidance unchanged

- 2022 average net Group production is expected to be between 44,000 Boepd and 51,000 Boepd; Kraken gross production is expected to be between 22,000 Boepd and 26,000 Boepd (15,500 Boepd to 18,500 Boepd net)
- Operating expenditure is expected to be approximately \$430 million
- Cash capital expenditure is expected to be around \$165 million
- Abandonment expense is expected to total approximately \$75 million

Production details

Average daily production on a net working interest basis (Boepd)	1 Jan 2022 to 30 Apr 2022	1 Jan 2021 to 30 Apr 2021
	(Boepd)	(Boepd)
UK Upstream		
- Magnus	12,880	14,250
- Kraken	19,862	22,689
- Golden Eagle ¹	7,551	-
- Other Upstream ²	4,158	4,080
UK Upstream	44,451	41,019
UK Decommissioning³	-	508
Total UK	44,451	41,527
Total Malaysia	5,910	4,631
Total EnQuest	50,361	46,158

¹ Golden Eagle acquisition completed on 22 October 2021

² Other Upstream assets: Scolty/Crathes, Greater Kittiwake Area and Alba

³ UK Decommissioning assets: the Dons, Alma/Galia

Magnus

Average production for the first four months of 2022 was 12,880 Boepd. Well restoration activities continue, with two wells having been successfully returned to service. The Group remains focused on further improving production through the continuation of the well intervention programme, with infill drilling of three wells planned for later in 2022.

Kraken

During the first four months of 2022, average gross production was 28,173 Boepd. The floating, production, storage and offloading vessel continues to deliver top quartile performance, with production efficiency of 92% and water injection efficiency of 94%.

Golden Eagle

Year to date April production was 7,551 Boepd. Production efficiency remains strong at 95%, with production impacted by gas lift maintenance and natural decline. The joint venture intends to drill two infill wells at the end of 2022, and EnQuest is working pro-actively with the operator to share insights to optimise drilling performance and future well work.

Other upstream assets

Production for the first four months of 2022 averaged 4,126 Boepd. This was driven by good performance at the Greater Kittiwake Area, primarily as a result of optimised gas lift delivery pressure.

Alba continues to perform broadly in line with Group expectations.

EnQuest continues to work with its partners towards development of a Bressay field development plan ('FDP') throughout 2022.

UK Decommissioning

Significant levels of activity continued throughout the first four months of the year, with the Heather P&A campaign ongoing, and the recent commencement of the Thistle P&A campaign. At the Dons, subsea infrastructure removal within the 500-metre zone is progressing as expected, having commenced in April.

Infrastructure and New Energy¹

The Sullom Voe Terminal and its related infrastructure continues to maintain safe and reliable performance, with 100% export service availability during the first four months of 2022.

EnQuest continues to develop cost-effective and efficient plans to transform the terminal and prepare and repurpose the site to progress global scale decarbonisation opportunities, including carbon capture and storage, electrification and green hydrogen.

¹ Includes the Sullom Voe Terminal and Pipelines

Malaysian operations

For the first four months of 2022, average production in Malaysia was 5,910 Boepd. An active programme of well workovers (four wells) is underway, with the first three workovers completed where the early results have been encouraging. The drilling rig has been mobilised and installed at the platform ahead of the commencement of the four well infill drilling campaign.

Liquidity

On 20 April 2022, EnQuest completed an exchange and cash offer to partially refinance its October 2023 7% GBP retail bond with an October 2027 9% GBP retail bond. The 9% bond attracted £54.0 million through the cash offer and £79.3 million through the exchange offer, which together resulted in a principal issue of £133.3 million. The exchange offer has resulted in £111.3 million of the October 2023 7% bond remaining in issue.

2022 outlook unchanged

The Group remains on track to achieve net production between 44,000 and 51,000 Boepd, with an extensive wells programme planned at several of the Group's assets through 2022, partially offset by extensive maintenance shutdowns planned at both Magnus and Kraken in the third quarter and natural declines.

As set out in our full year 2021 results, operating expenditures are expected to be approximately \$430 million, cash capital expenditure is expected to be \$165 million and abandonment expenditure is expected to be around \$75 million.

EnQuest hedged a total of c.8.6 MMbbls for 2022 predominantly using costless collars, with an average floor price of c.\$63/bbl and an average ceiling price of c.\$78/bbl. For the period May to December 2022, c.4.7 MMbbls of production remains hedged with an average floor price of c.\$65/bbl and an average ceiling price of c.\$76/bbl.

The Group continues to explore options to refinance its high yield bond ahead of maturity in October 2023.

EnQuest expects to announce its 2022 half year results in September 2022.

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 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.