



EnQuest PLC Half Year Results 2010

Chief Executive
Amjad Bseisu

**EnQuest Delivers Strong First Half
Raises 2010 Production Guidance**



Agenda



- Overview & Strategy Amjad Bseisu
- Financials Jonathan Swinney
- Operations Nigel Hares
- Summary Amjad Bseisu

EnQuest's Strategy

UKCS focused production and development



Vision

- To become one of the UK's leading independent oil and gas production and development companies
- To become a technical leader in integrated development
- To maximise potential from existing fields and future developments in the UKCS

Core Strengths

- Innovative and cost-efficient development solutions
- Strong technical, operational, commercial and financial team
- Continuous improvement in health, safety and environmental performance

Delivering growth

Focus on hubs

**Near field appraisal
and exploration**

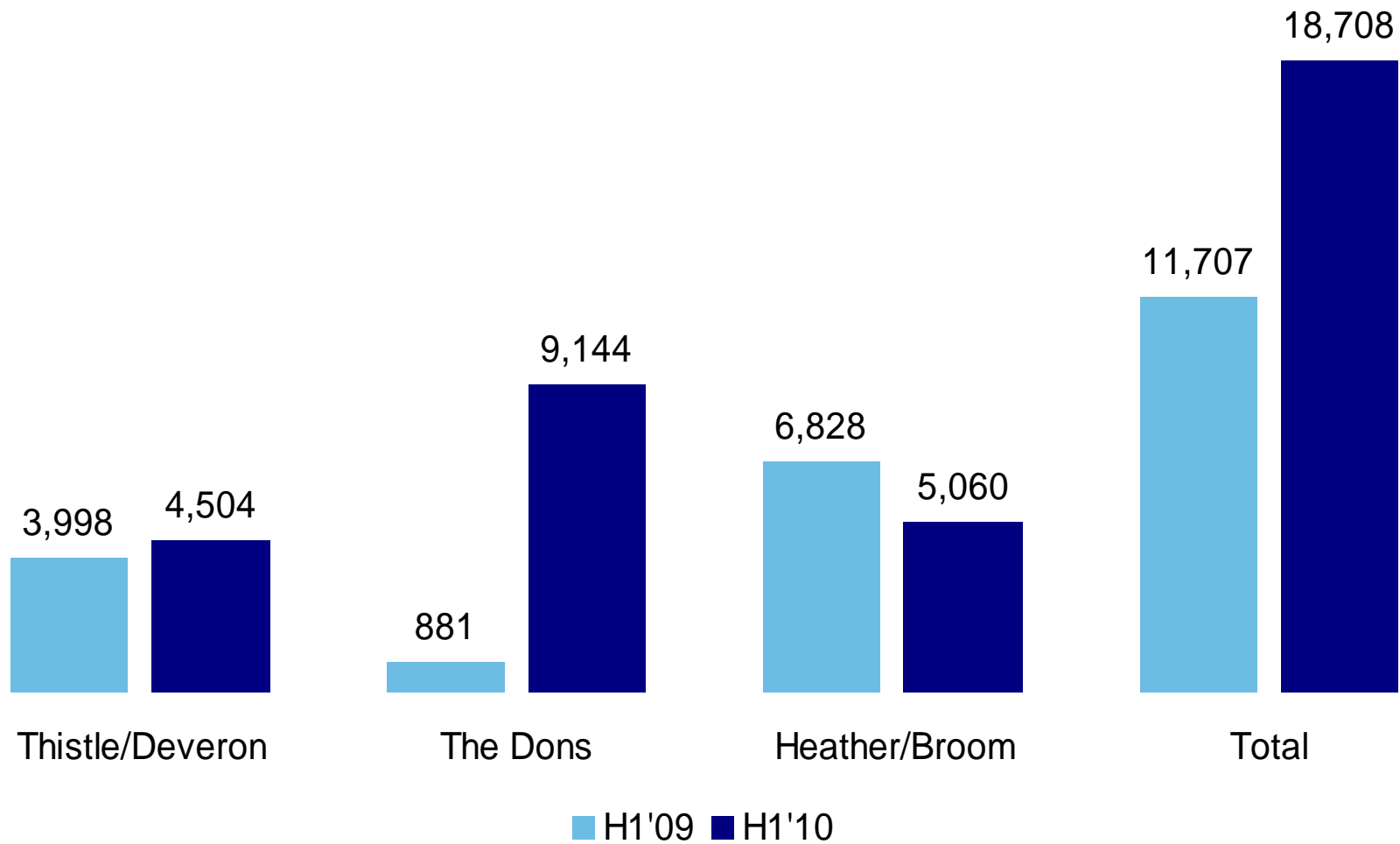
**Business
development**

Operational Results

Strong production performance in H1



Net production (boepd)

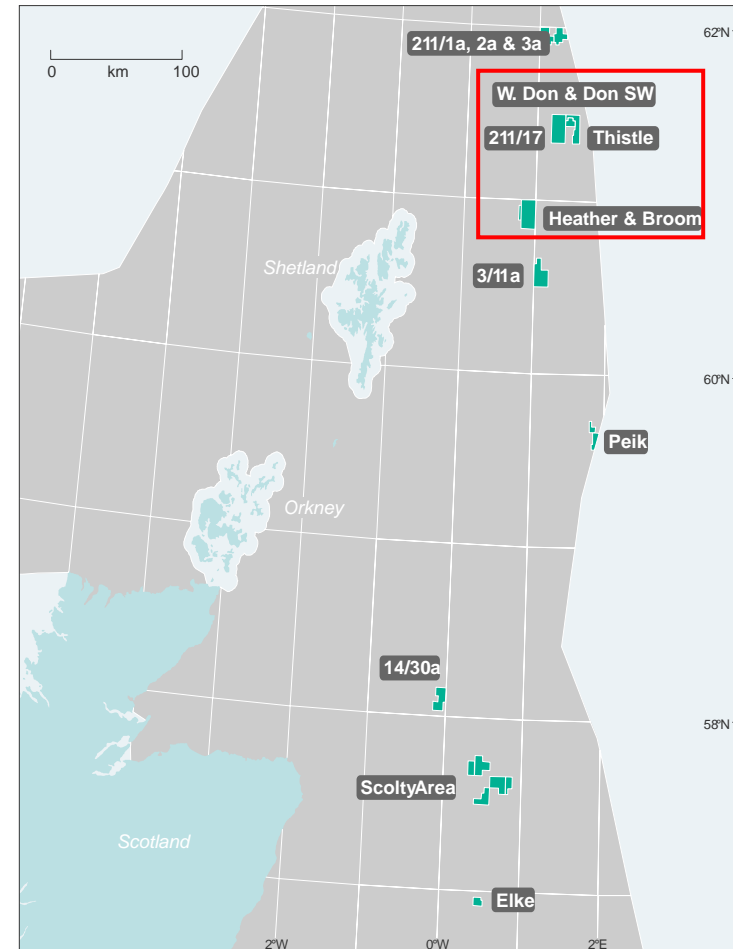


2010 Asset Production & Increased Guidance



Annualised net production by asset (boepd)

Assets	2008	2009	2010E
Heather/Broom	7,550	6,400	
Thistle/Deveron	2,600	3,850	47% yoy growth
The Dons	-	3,370	
Total (pro-forma)	10,150	13,620	20,000



Strong Operational Performance



- Thistle/Deveron
 - Production ahead of expectations, highest since Feb' 2005
 - Drilling expected to commence in Q3, for first time in over 20 years
- The Dons
 - Up and over now installed
 - Outstanding drilling performance
 - Two additional Don Southwest producer wells online
 - Don Southwest S6 injector well completed in record time
- Heather/Broom
 - Heather & Broom on track, BR7 well disappointing

Reported Financials for Half Year to 30 June 2010

US dollars



- Strong cash flow and balance sheet
 - Cash generated from operations was \$133m
 - Free cash flow of \$68m
 - \$76m cash & cash equivalents at 30 June 2010
- Reported pre-exceptionals profit before tax \$83m

Strong positive momentum post IPO launch

Transition



- Post IPO business transformation proceeding well
 - Rigorous performance management
 - Integration on track
 - Adjacent PEDL/Lundin offices in Aberdeen shortly to merge
 - Integration of office functions well advanced: IT/Systems etc
- EnQuest workforce including offshore and contractors totals almost 1,000

Business Development



- Encouraged by high level of dialogue with sellers
 - Attracted by EnQuest's technical capability and financial strength
- Being pro-active but rigorous and selective
- Active in 26th licensing round
- Announced
 - KUFPEC Farm-In to Elke
 - Stratic acquisition

Agreed Acquisition of Stratic



- Increases EnQuest's North Sea 2P reserves by 7.27 million boe
- Price equates to US\$11.2 per barrel of 2P reserves
 - Adjusted for tax losses
- Consolidates position in West Don to 45%
 - Providing c.900 net boepd extra production on completion
- Provides 19% interest in proposed Crawford development
- Banking facility increased to \$350m
- Completion expected in November 2010



EnQuest

Financial Highlights

Chief Financial Officer
Jonathan Swinney



Acquisition Accounting Summary



- EnQuest acquisition of Lundin North Sea ('LNS') is a corporate re-structure for accounting purposes
- LNS is the continuing entity and the accounting acquirer of Petrofac Energy Developments (PEDL)
- Income statement and cash flow for half year to 30 June 2010
 - Comprise 6 months of LNS + 3 months of PEDL
 - Comparative is LNS's 6 months to 30 June 2009
- Balance sheet comparative is LNS's consolidated balance sheet at 31 December 2009
- Assets and liabilities of PEDL restated to fair values

Acquisition Accounting

Goodwill



US dollars	Fair value recognised on acquisition
	\$m
	Unaudited
Assets (including fair value uplift)	633.2
Liabilities	(218.7)
Total identifiable net assets at fair value	414.5
Purchase consideration transferred (345,629,616 shares at 97.5p and £1:\$1.5228)	513.2
Goodwill arising on acquisition	98.6

Reported Income Statement

Half year ended 30 June 2010



US dollars	Business performance	Exceptional costs and depletion of fair value uplift	Half year ended 30 June	
			2010	2009
	\$m Unaudited	\$m Unaudited	Reported in period	
			\$m Unaudited	\$m Unaudited
Revenue	224.5	-	224.5	96.7
Cost of sales	(137.4)	(6.8)	(144.2)	(81.5)
Gross profit	87.1	(6.8)	80.3	15.2
Exploration and evaluation expenses	(0.1)	(25.0)	(25.1)	(0.0)
General and administration expenses	(1.7)	(9.6)	(11.3)	0.3
Other income	0.9	-	0.9	-
Other expenses	-	-	-	(12.6)
Profit from operations before tax and finance income/(costs)	86.2	(41.4)	44.8	2.9
Finance costs	(4.0)	-	(4.0)	(3.4)
Finance income	0.9	-	0.9	0.5
Profit/(loss) before tax	83.0	(41.4)	41.7	(0.0)
Income tax	(47.3)	23.6	(23.7)	1.3
Profit for the period attributable to owners of the parent	35.8	(17.8)	18.0	1.3
Other comprehensive income for the period, after tax (cash flow hedges)			-	15.3
Total comprehensive income for the period, net of tax			18.0	16.6
Earnings per share (\$)				
Basic			0.031	0.003
Diluted			0.030	0.003

Summary Income Statement

Half year ended 30 June



US dollars	Pro-forma* (pre-exceptionals and fair value adjustments)		Reported (pre-exceptionals and fair value adjustments)	
	Half Year ended 30 June		Half Year ended 30 June	
	2010 \$m Unaudited	2009 \$m Unaudited	2010 \$m Unaudited	2009 \$m Unaudited
Revenue	255.5	106.9	224.5	96.7
Cost of sales				
Production and transportation costs	(84.7)	(58.0)	(74.6)	(54.3)
Depletion of oil and gas properties	(78.0)	(30.1)	(62.8)	(27.2)
Gross profit	92.8	18.8	87.1	15.2
Exploration & evaluation expenses	(0.1)	(0.0)	(0.1)	(0.0)
General & administration expenses	(5.2)	(5.7)	(1.7)	0.3
Other income	0.3	0.2	0.9	0.0
Other expenses	-	-	-	(12.6)
Profit from operations before tax and finance costs	87.8	13.3	86.2	2.9

* See note at start of appendices – reflects full six months trading on like-for-like basis

Pro-Forma Financial Performance Indicators

Pre-exceptionals and fair value adjustments



US dollars	H1'10 \$m Unaudited	H1'09 \$m Unaudited	Change %
Production (boepd)	18,708	11,707	59.8
Average realised price per barrel (\$)	78.18	54.96	42.2
Revenue (\$m)	255.4	106.9	138.9
Cost of sales (\$m)	162.7	88.1	84.7
Production and transportation costs (\$/per boe)	28.21	33.70	(16.3)
Depletion of oil & gas properties (\$/per boe)	23.02	14.2	62.1
Gross profit (\$m)	92.8	18.8	-
Operating profit (\$m)	87.8	13.3	-

Reported Balance Sheet

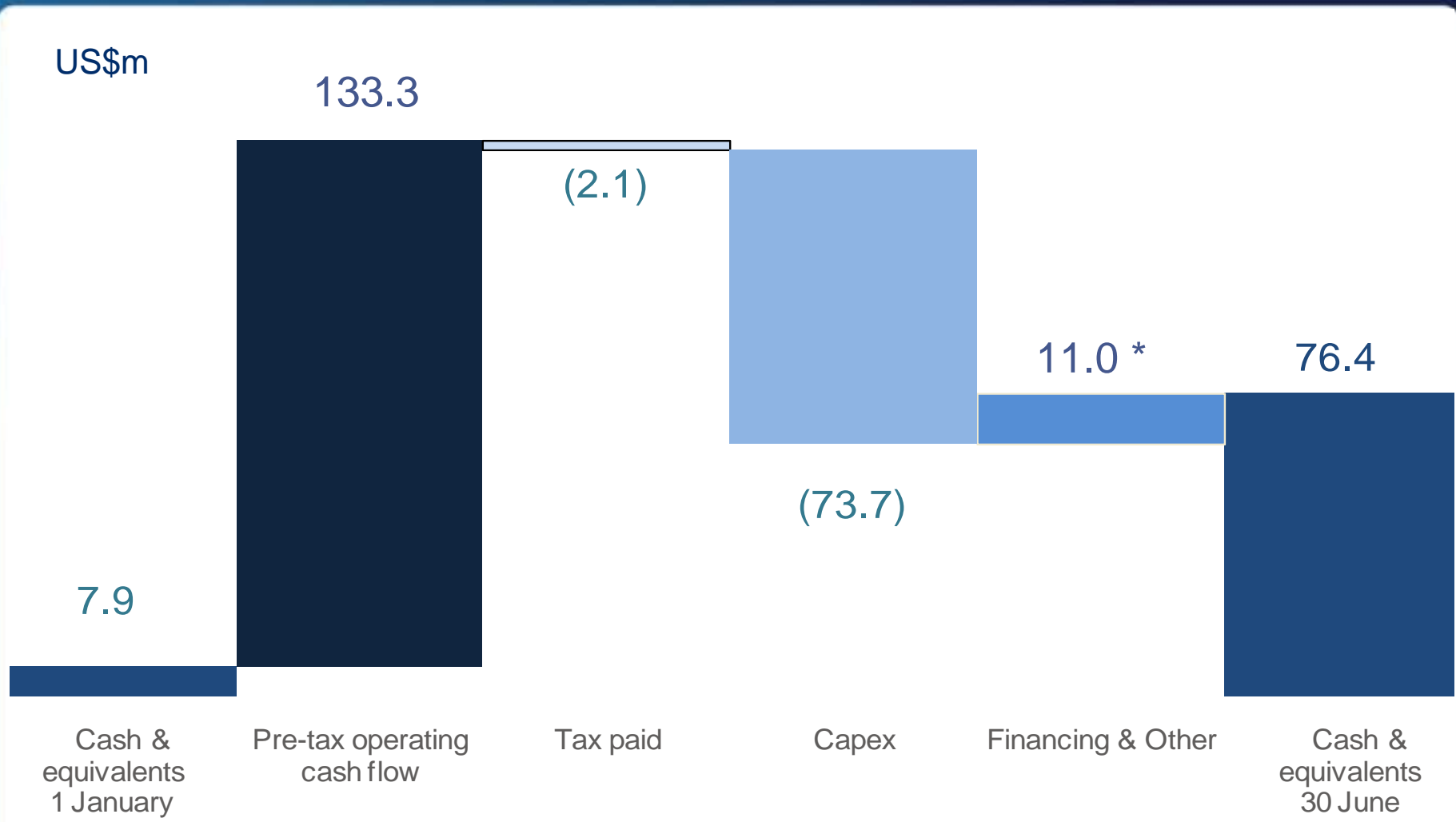
Half year consolidated balance sheet



US dollars	30 June 2010 \$m Unaudited	31 December 2009 \$m Unaudited
ASSETS		
Non-current assets		
Property, plant and equipment	1,025.5	518.6
Goodwill	98.6	-
Intangible assets	48.3	71.6
Loan receivable from related party	-	21.4
Deferred tax asset	-	0.2
	1,172.4	611.8
Current assets		
Inventories	2.3	1.3
Trade and other receivables	126.8	35.8
Due from related parties	-	0.5
Cash and short-term deposits	76.4	7.9
	205.5	45.5
TOTAL ASSETS	1,377.9	657.3
EQUITY AND LIABILITIES		
Equity		
Share capital	59.0	32.1
Merger reserve	662.9	50.8
Other reserves	0.3	0.1
Retained earnings	95.2	77.2
TOTAL EQUITY	817.4	160.2
Non-current liabilities		
Loans and borrowings	-	156.0
Provisions	115.4	53.2
Deferred income tax liabilities	293.2	252.5
	408.6	461.7
Current liabilities	151.9	35.4
TOTAL LIABILITIES	560.5	497.1
TOTAL EQUITY AND LIABILITIES	1,377.9	657.3

Reported Cash Flow

For the half year ended 30 June 2010

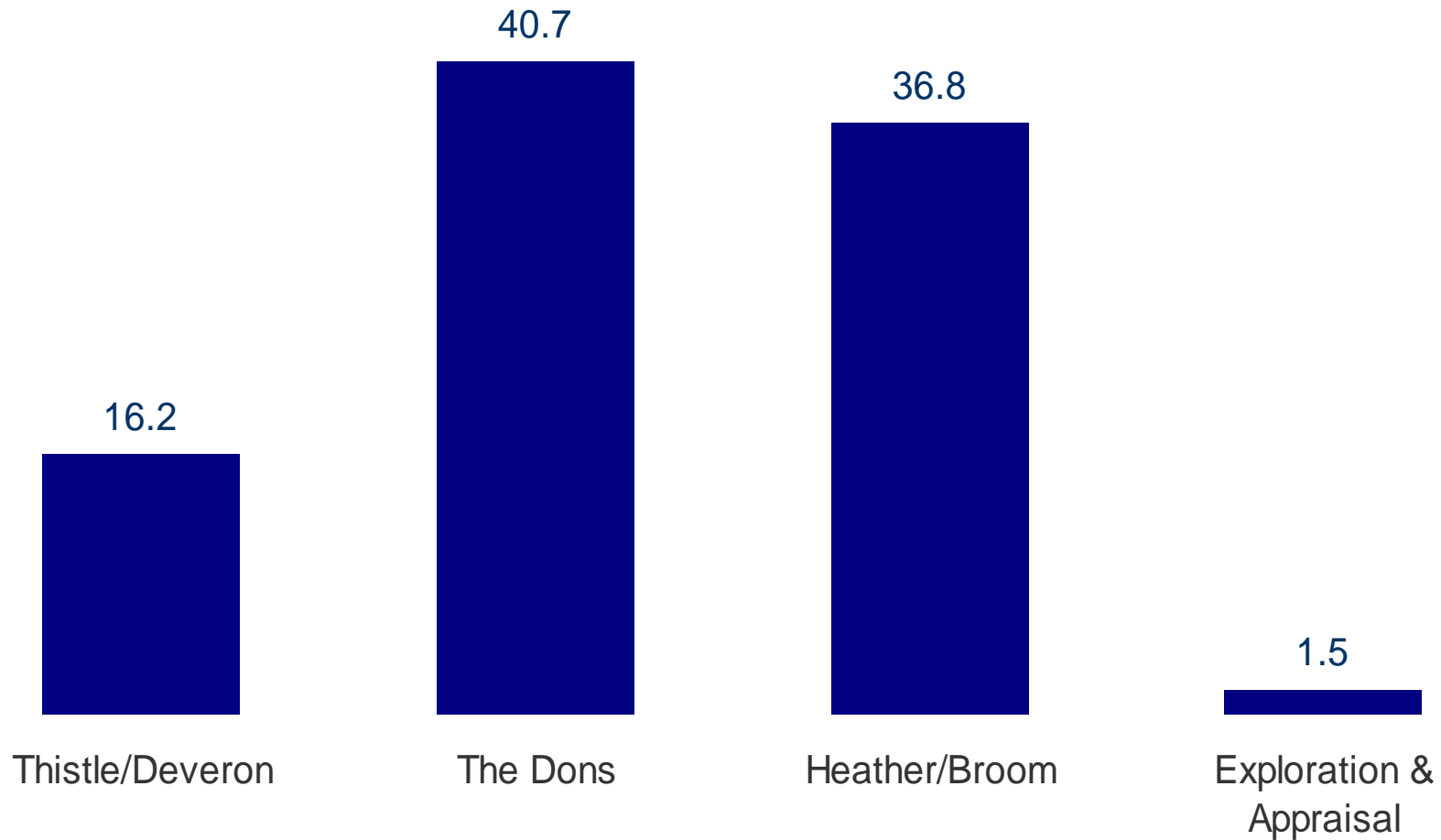


* Includes \$16.1m re acquisition of subsidiary and (\$4.5m) of finance costs

Pro-forma Capex of \$95.3m in the Half Year



US\$m



Exceptionals

US dollars



- Non-cash items
 - \$25.0m Scolty exploration write off
 - \$6.8m Depletion of PEDL fair value uplift
- Cash item
 - \$9.6m Cost incurred at the time of flotation

Finance Summary & Full Year Outlook



- Production delivery was overriding factor driving good financial performance – ahead of our expectations
- Full year capex in line with our expectations and likely to be around \$240m
- DD&A
 - Increased due to higher production from Don Southwest and to adjustment for fair value additional step up
- Tax
- Finance costs
 - Dependent upon drawdowns
 - Second half finance costs likely to increase by approximately 50%



EnQuest Operations



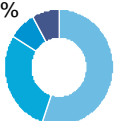

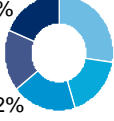
Chief Operating Officer
Nigel Hares



EnQuest Producing Assets

Operatorship driving delivery of results



Field (first oil)	Operator ¹	Working interest	Net reserves ² (MMbbl) 2P	Contingent Resources (MMbbl) 2C ³
Thistle/Deveron (1978)	EnQuest	BP 1%  99%	31.6	14.9
Heather (1978)	EnQuest	 100%	20.5	16.6
Broom (2004)	EnQuest	Dyas UK 8% Challenger Minerals 8% Wintershall 29%  55%	10.8	11.3 ⁵
Don SW (2009 ⁴)	EnQuest	Valiant 40%  60%	13.9	4.9
West Don (2009 ⁴)	EnQuest	Valiant 17.3% First Oil 19.3% Stratic 17.2%  27.7% Nippon 18.5%	3.8	-
Group			80.5	47.8

Note: Reserves and Resources Estimates in MMbbl as at 1 January 2010. It is inappropriate to aggregate different categories

1 On completion of the transfer of Lundin and Petrofac assets to EnQuest, EnQuest will be appointed as operator of these fields

2 Source: Competent Person's Report (Gaffney, Cline & Associates); Economic net reserves at US\$75/bbl 2010

3 Source: Competent Person's Report (Gaffney, Cline & Associates)

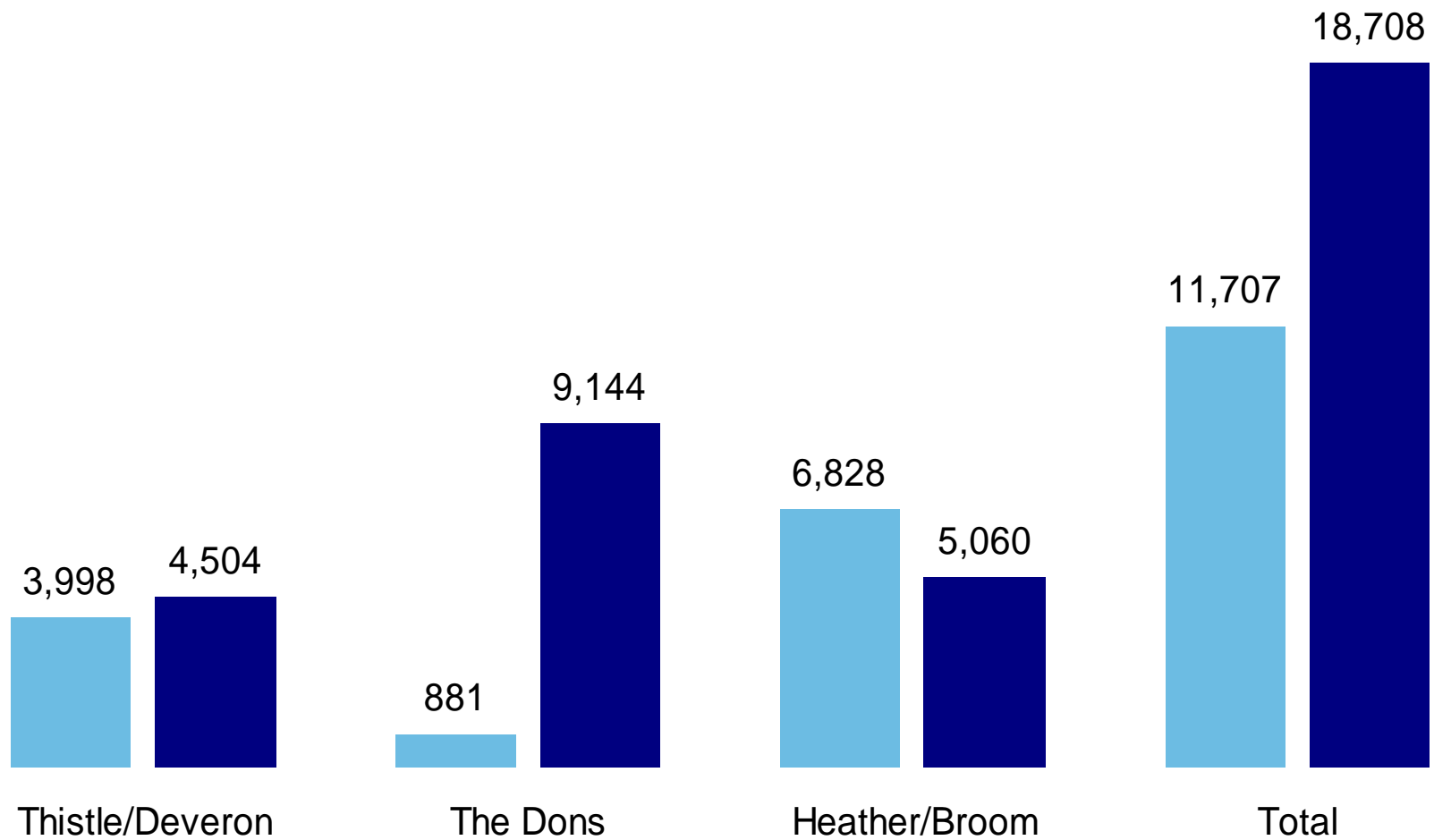
4 Post Petrofac redevelopment

5 Includes 3.8MMbbl for South West Heather

Net Production (boepd)



■ H1'09 ■ H1'10



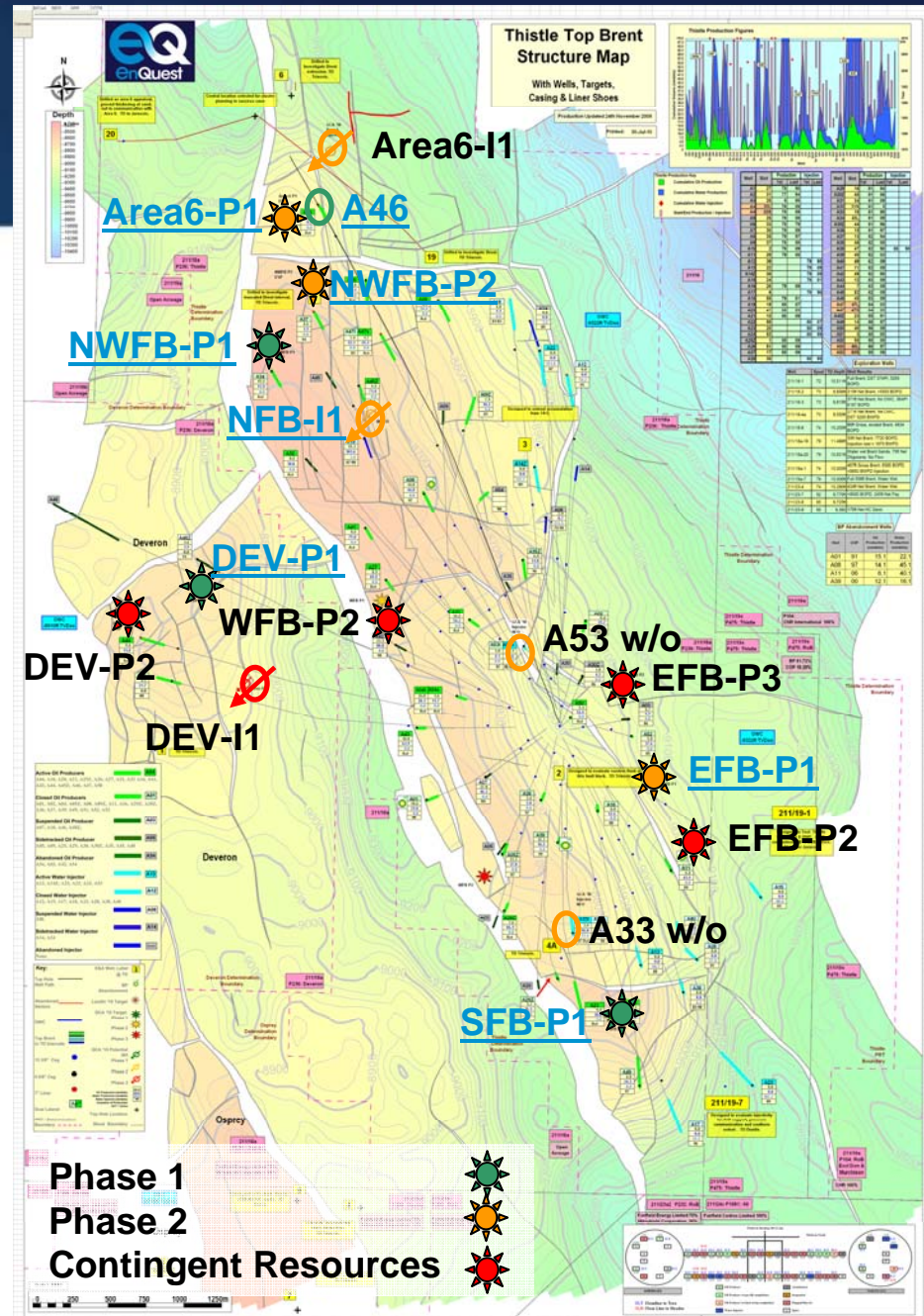
Operations Highlights

Thistle/Deveron



- Production ahead of plan
 - Improved power generation and hence higher water injection volumes
 - Workover of well A46 adds 600 boepd
 - June monthly average production of 5,454 boepd, highest since February 2005. Peak rates of 6,500 boepd
- Drilling operations
 - New rig, commissioned and good performance
 - Well abandonments funded by previous owners nearing completion
 - First drilling on Thistle in over 20 years starts end August
 - Wells SFB-P1 and NWFB-P1 to be sidetracked as planned
- Gas export from Dons to Thistle commissioned and used for fuel gas

Thistle/Deveron Drilling Locations



Operations Highlights

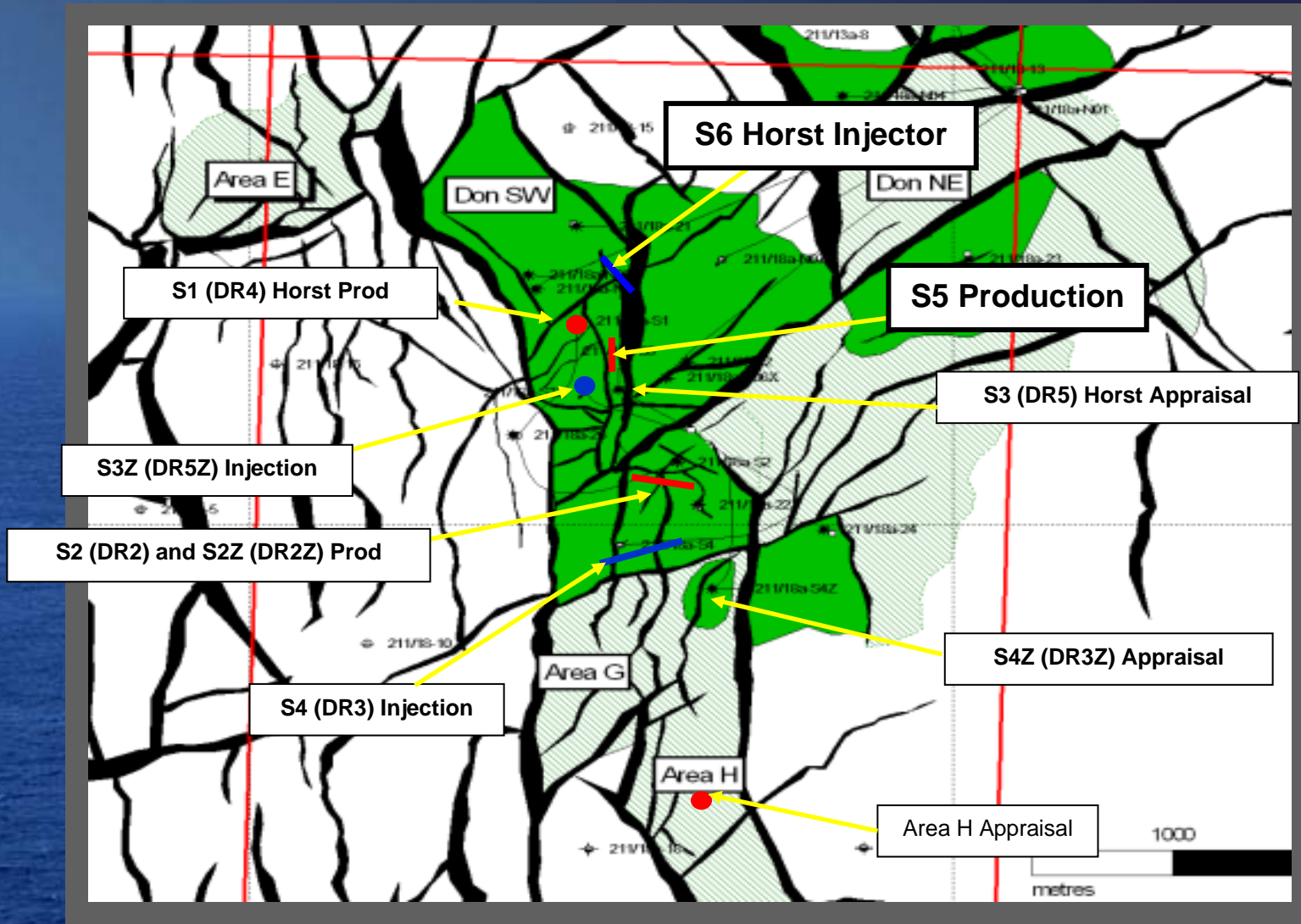
The Don Fields



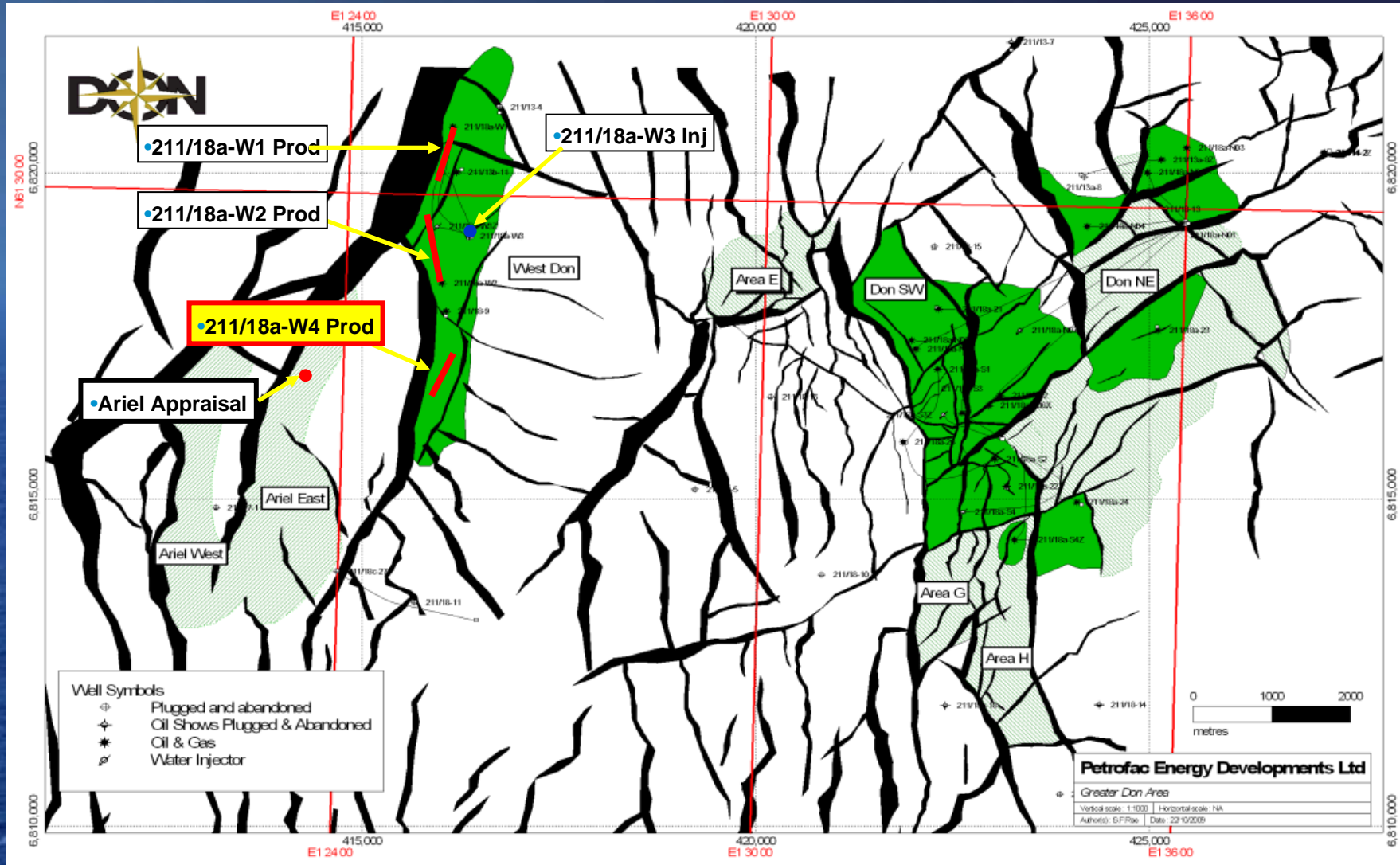
- Production well ahead of plan
 - Transferred from tanker loading to export via Thistle
 - Commenced water injection successfully
 - S2Z well initial production over net 9,000 boepd and ahead of plan
 - S5 initial production over net 13,000 boepd started production end July
 - S6 water injector completed early August
- Drilling
 - Outstanding drilling performance. West Don W4 spudded 2 months ahead of corporate plan
- Gas export Dons to Thistle commissioned



Don Southwest Area Well Locations



West Don Area Well Locations



Operations Highlights

Heather / Broom

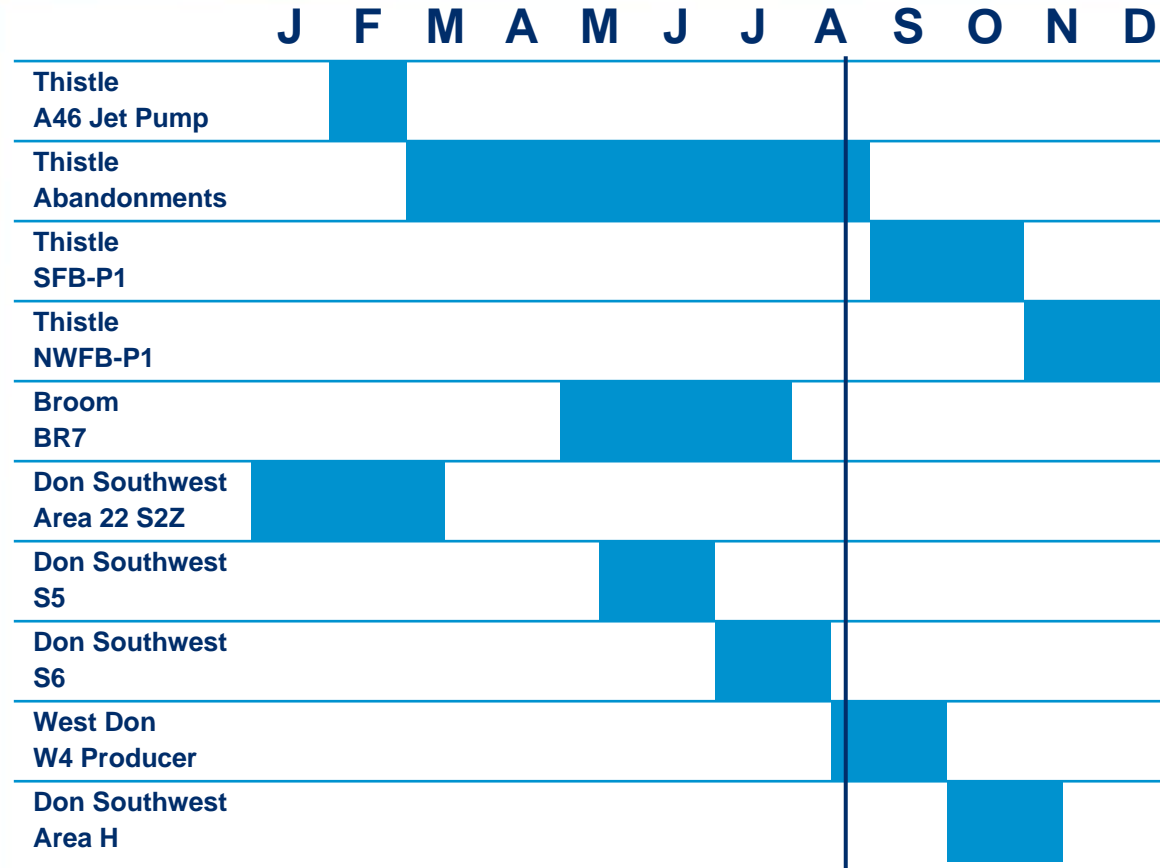


- Production close to plan year to date
- BR7 NWT well and sidetrack disappointing, tophole suspended for future use
- Broom pipeline improvement project
 - Pipeline laid and trenched
 - Pipeline tie in due Q3



2010 Drilling Programme

Performance contributes to increased guidance



- Don Southwest S5
 - Budget days 53
 - Actual days 41
- Don Southwest S6
 - Budget days 55
 - Actual days 33
- West Don W4 spuds 2 months early
- Added Area H well to 2010 programme

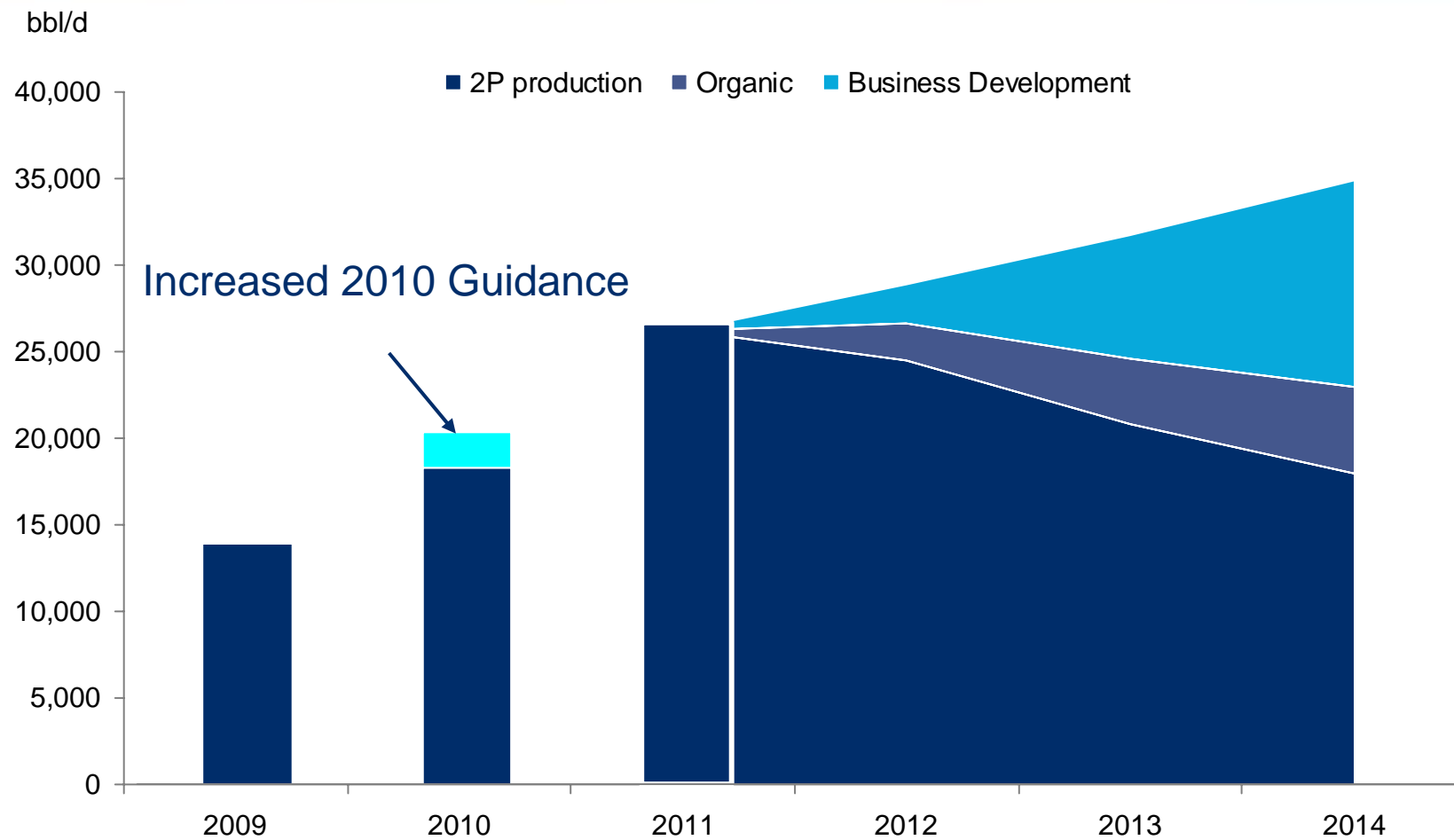


EnQuest Conclusions

Chief Executive
Amjad Bseisu



Targeting Production Growth



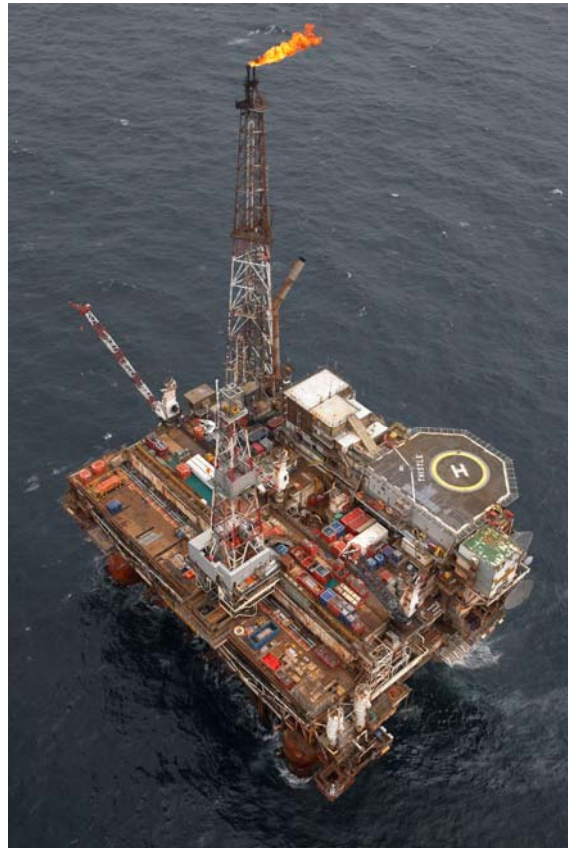
Source: 2P Production taken from Competent Person's Report (Gaffney, Cline & Associates);
Organic and Business Development Production taken from Company estimates

Summary



- Delivery against targets
 - Increase in full year production guidance to net 20,000 boepd
- Active drilling programme in H2'10
 - Thistle rig ready for first drilling in over 20 years
- Strong financials
- Confidence that this is the right time and the right place for EnQuest's business model

The Assets



Technical *Skills*
Operational *Scale*
Financial *Strength*





EnQuest Appendix



Definition of “Pro-forma” in these Materials



Detailed ‘pro-forma’ note; in April 2010 the newly incorporated independent entity EnQuest PLC acquired the demerged UK North Sea assets of Petrofac Limited and Lundin Petroleum AB respectively. This transaction has been accounted for as a pooling of interest of EnQuest and the former Lundin business (Lundin North Sea BV, ‘LNS’). The result is the net assets of LNS remain at the previous carrying amounts. The acquisition of the former Petrofac business (Petrofac Energy Developments Limited, ‘PEDL’) is treated as an acquisition by LNS of PEDL. The half year Group statement of consolidated income published today therefore includes the trading results for LNS from the start of the 2010 calendar year with the inclusion of the PEDL trading results from 5 April 2010. In order to aid comparability of performance, the Directors have elected to also prepare a separate abridged pro-forma half year consolidated income statement for the six months ended 30 June 2010 and 30 June 2009. This abridged pro-forma income statement presents the trading results for both LNS and PEDL from the start of the 2010 calendar year, as though PEDL was part of the Group for the full period ended 30 June 2010 and similarly for the prior period. The Directors have also elected to present certain other data including, inter-alia, production figures, on the same pro-forma basis. Throughout this document, comments or data presented on a pro-forma basis are identified as “pro-forma”.

Forward-looking statements



This presentation 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.