

Production up 6%

Significant 66 MMboe reserves increase

Strong cash flow generation

- **Overview** **Amjad Bseisu, CEO**
 - **Financials** **Jonathan Swinney, CFO**
 - **Business performance & major projects** **Amjad Bseisu**
 - **Operations** **David Heslop, MD UKCS**
 - **Summary** **Amjad Bseisu**
- 
- The background of the slide is a dark blue, textured image of an offshore oil rig and a supply vessel on the ocean. The rig is a large, complex structure with multiple levels and a central derrick, supported by several legs. The supply vessel is a smaller, dark-colored ship with a white superstructure, moving across the water.

Repeatable strategy delivering success



- Good production of 24,222 Boepd in 2013, a 6% increase. Due to successful operational and reservoir performance, including delivery of nine wells
- Sustained strong cash flow and balance sheet
- Excellent reserves growth, 450% replacement since EnQuest inception, reserves asset life of over 20 years
- Alma production anticipated in H2 2014
- Delivered transfer of duty holdership
- Good levels of HSE&A performance have continued
 - LTIF of 1.4 Vs latest industry average 1.9
 - End 2013 safety critical backlog almost zero
- Despite a harsh winter, good production so far in 2014
 - Guidance for 2014 is 25,000 to 30,000 Boepd



Realising value through capability

Technical leadership in integrated development



Proven depth in subsurface, engineering, execution and operations

Significant reserves growth and cash flow generation

Developments set to deliver material production growth



Production & Reserves

- Production of 24,222 Boepd in 2013
 - 9 wells successfully delivered, c.\$300m capital investment in producing fields
 - Highest Thistle production since '90s, successful new drilling at the Dons
- 52% net 2P reserve increase to 195 MMboe, a replacement ratio of 850% in 2013

Project execution & Business development

- First oil from Alma/Galia anticipated in H2 2014
 - Four wells being completed in 2014
 - EnQuest Producer completion operations taking place at a yard on the Tyne
- Kraken on track, vessel arrives in yard for conversion in Q2 2014
- Significant expansion and optimisation of asset base structure in 2013:
 - Acquired Alba, Avalon, Kittiwake, farmed out Cairngorm
 - In 2014, secured Don NE licence, also two licences in Norwegian Sea

Financial strength

- EBITDA of \$621m
- New credit facility for up to \$1.7bn
- Net debt of \$381m at end of 2013, after 2013 cash capital investment of \$984m

Financials



Results summary

Year to 31 December



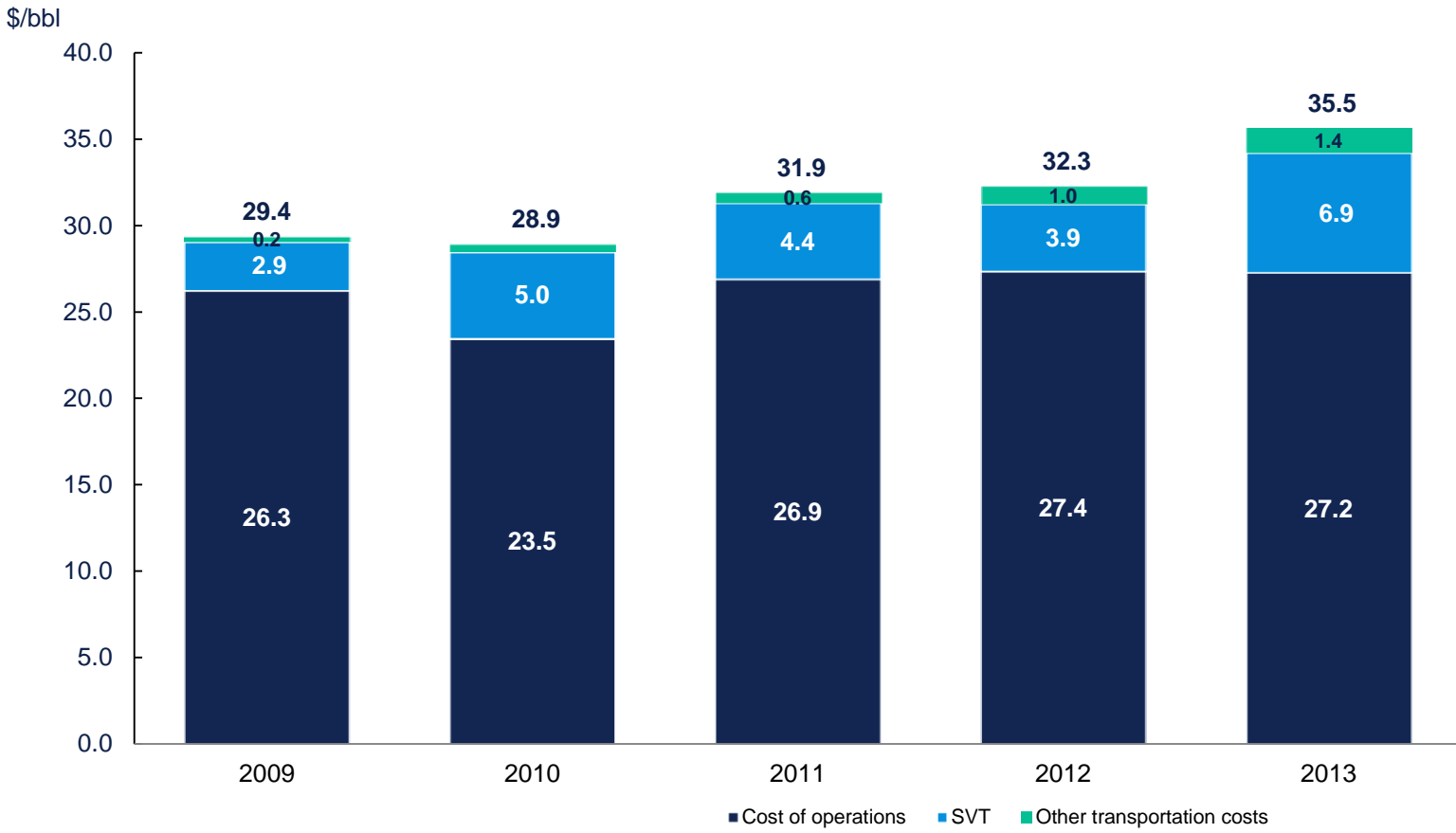
Unless otherwise stated all figures are before exceptional items and depletion of fair value uplift and are in US dollars

US dollars	2013	2012	Change %
Export production (Boepd)	24,222	22,802	6.2
Average realised price per barrel (\$)	109.7	111.6	(1.7)
Revenue (\$ million)	961.2	889.5	8.1
Cost of sales (\$ million)	532.3	448.2	18.8
Production and transportation costs (\$/per boe)	35.5	32.3	9.9
Depletion of oil & gas properties (\$/per boe)	24.6	24.7	(0.4)
Gross profit (\$ million)	428.9	441.3	(2.8)
Profit before tax & net finance costs (\$ million)	374.8	405.1	(7.5)
EBITDA* (\$ million)	621.3	634.6	(2.1)
Reported earnings per share (cents)	24.4	46.2	-
Net cash/(debt) * (\$ million)	(381.1)	89.9	-

* for definition basis, see results announcement

Strategic focus on cost efficiency

EnQuest historical operating cost profile



- Maintained a largely flat operating cost profile (ex-transportation costs) over 2009-2013 – increased by compound annual rate of 1%

Group taxation position



ETR	%	\$m's
Profit before tax		<u>331</u>
UK corporation tax rate	62	205
PRT	6.6	21
North Sea Tax Reliefs	(16.6)	(55)
Leasing arrangement	(11.5)	(38)
Decommissioning relief restriction	1.1	4
Other Items	2.2	7
Prior year true up	<u>(1.1)</u>	<u>(3)</u>
2013 actual tax charge	42.7	141

UK tax losses	\$m's
Recognised at 31 December 2012	604
2013 net taxable losses	284
RFES	89
Leasing arrangement	61
Previously unrecognised losses now recognised	<u>49</u>
Tax losses at 31 December 2013	<u>1,087</u>

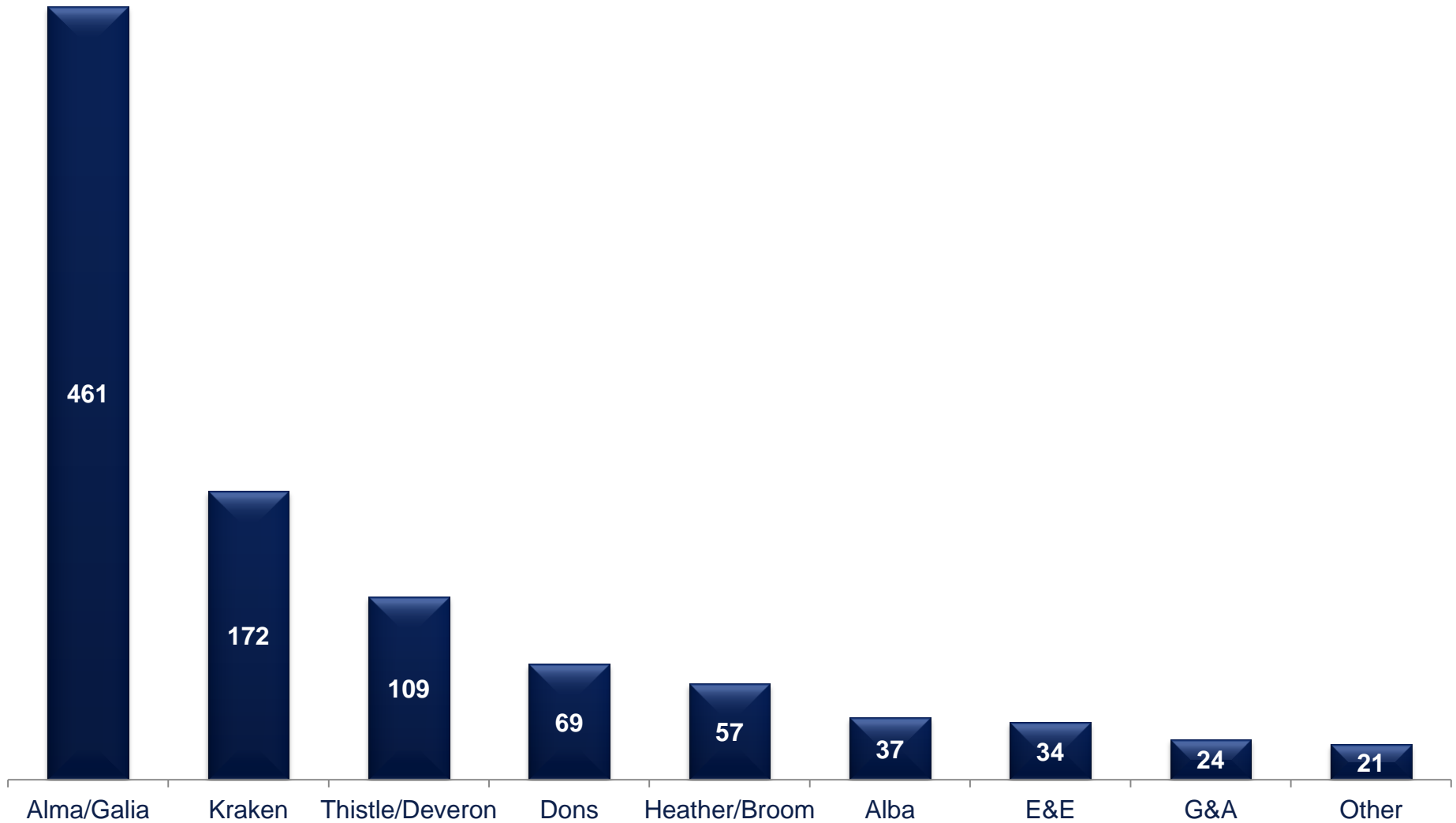
With continuing investment no material cash tax is expected to be paid before 2020.

\$984 million cash capital expenditure

Year to 31 December 2013



US\$m



Capex reconciliation



US\$m

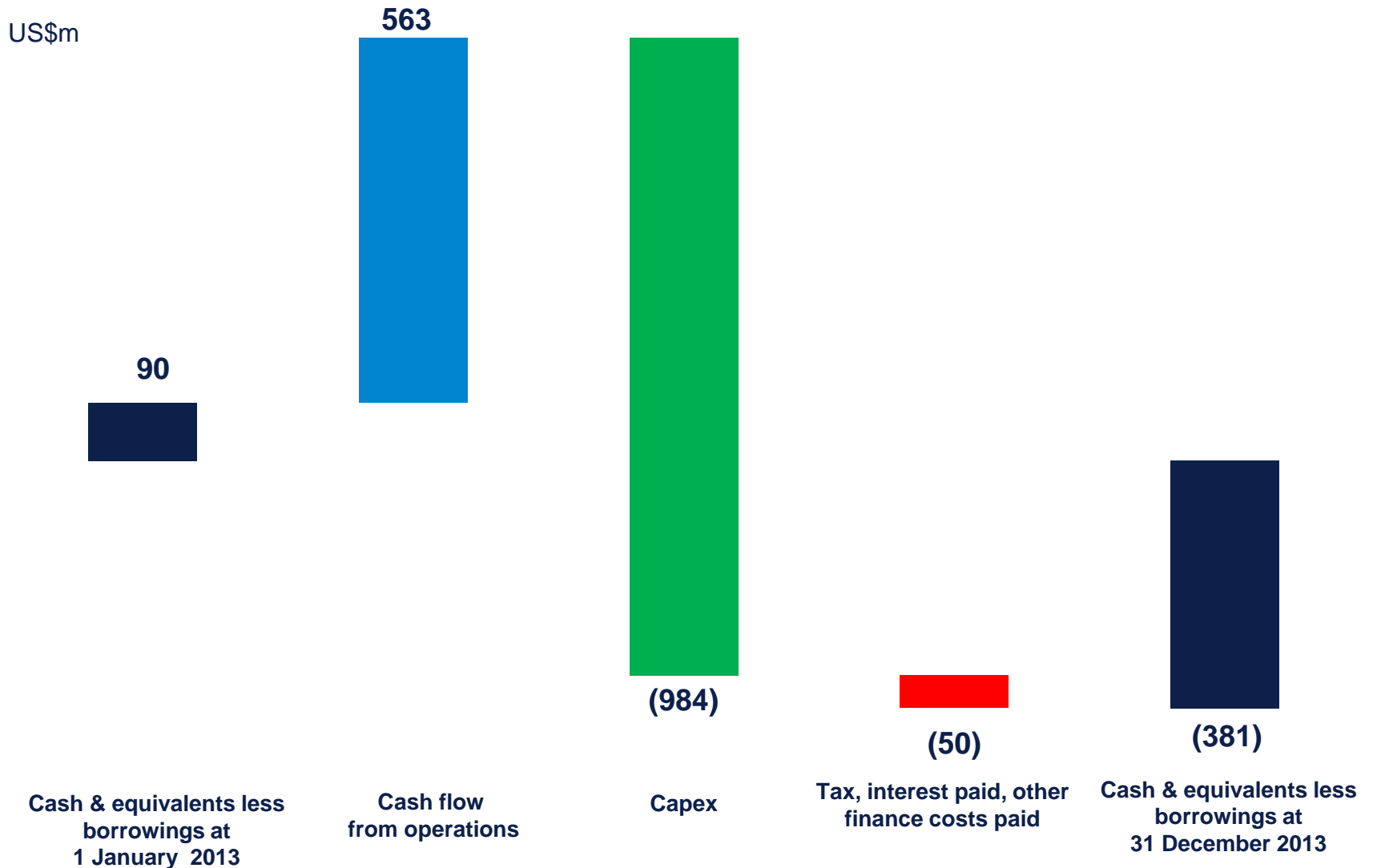


Cash flow

Year to 31 December 2013



Strong financial position, credit facility up to \$1.7bn and £155m retail bond



Full Year 2014

- Capex expectations of around \$1bn
- Production and transportation costs expected to be in the range \$415m to \$435m
 - Including c.\$60m for GKA and c.\$25m for Alma/Galia, our new production hubs
- Depletion anticipated to be approximately \$33 per bbl, dependent upon production mix
- G&A approximately \$15m to \$20m
- Cash finance costs expected to be in the region of \$40m
- Tax
 - Effective rate expected to be approximately 60%, based on current oil prices
 - With continuing investment in the North Sea no material cash tax is expected to be paid on UK operational activities before 2020

Corporate funding and finance

- EnQuest has entered into a new lending facility
 - Committed 6 year \$1.2bn facility, with accordion feature of a further \$500m available with banks' consent and subject to additional reserves

Business performance & major projects



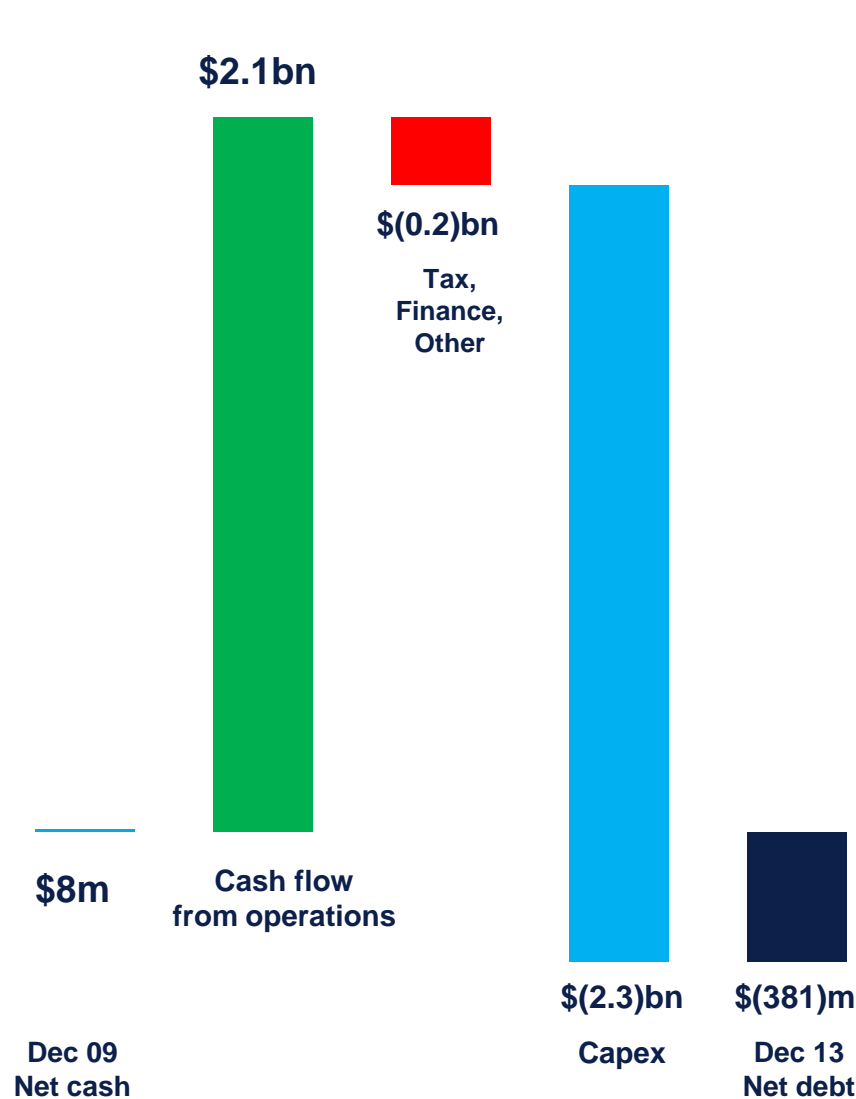
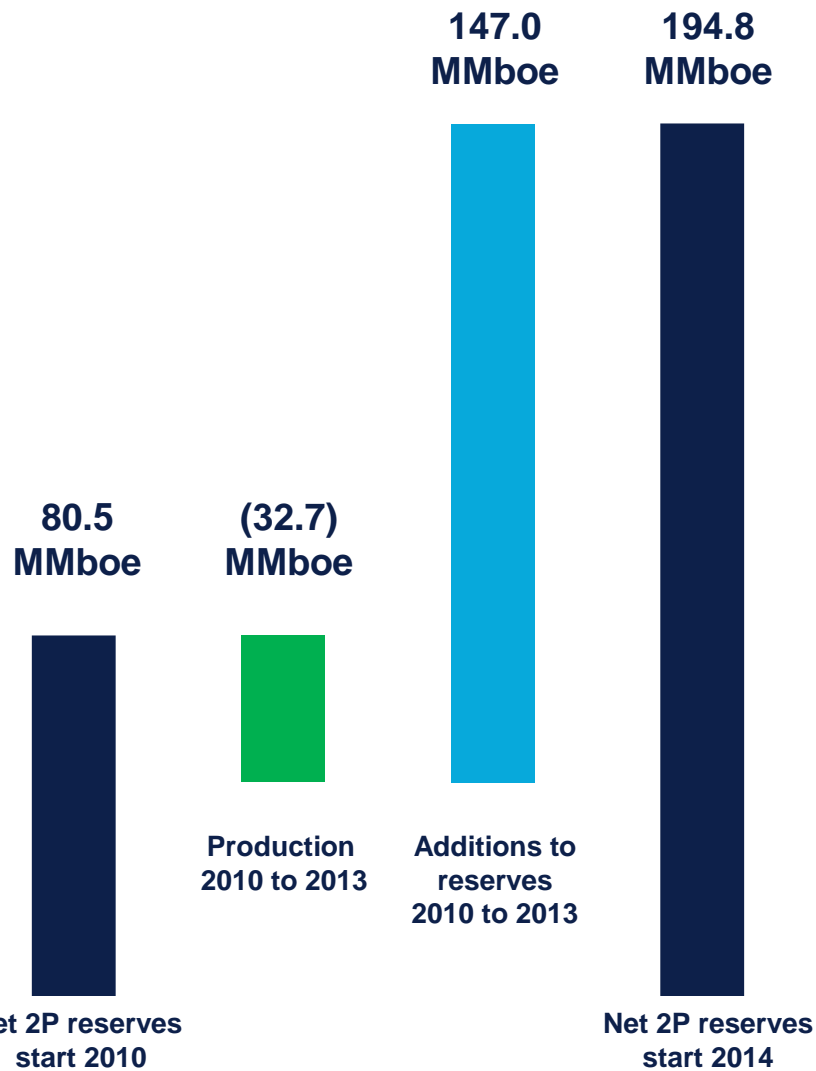
Four years of strong cash flow generation

450% reserve replacement ratio, reserve life over 20 years

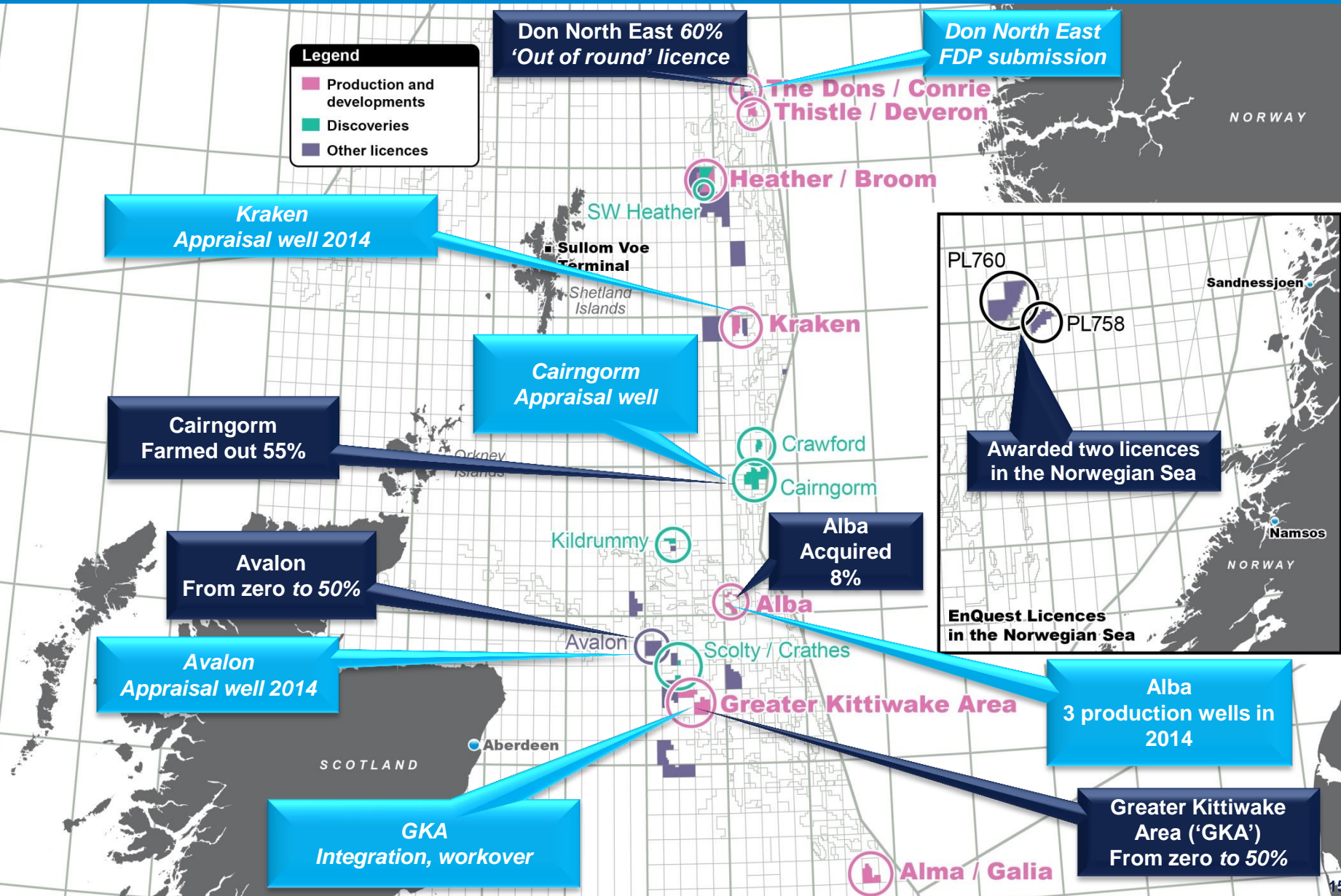


Net 2P reserves 2010 - 2013

Cash flow 2010 - 2013



Expanding our asset base in 2013 and 2014

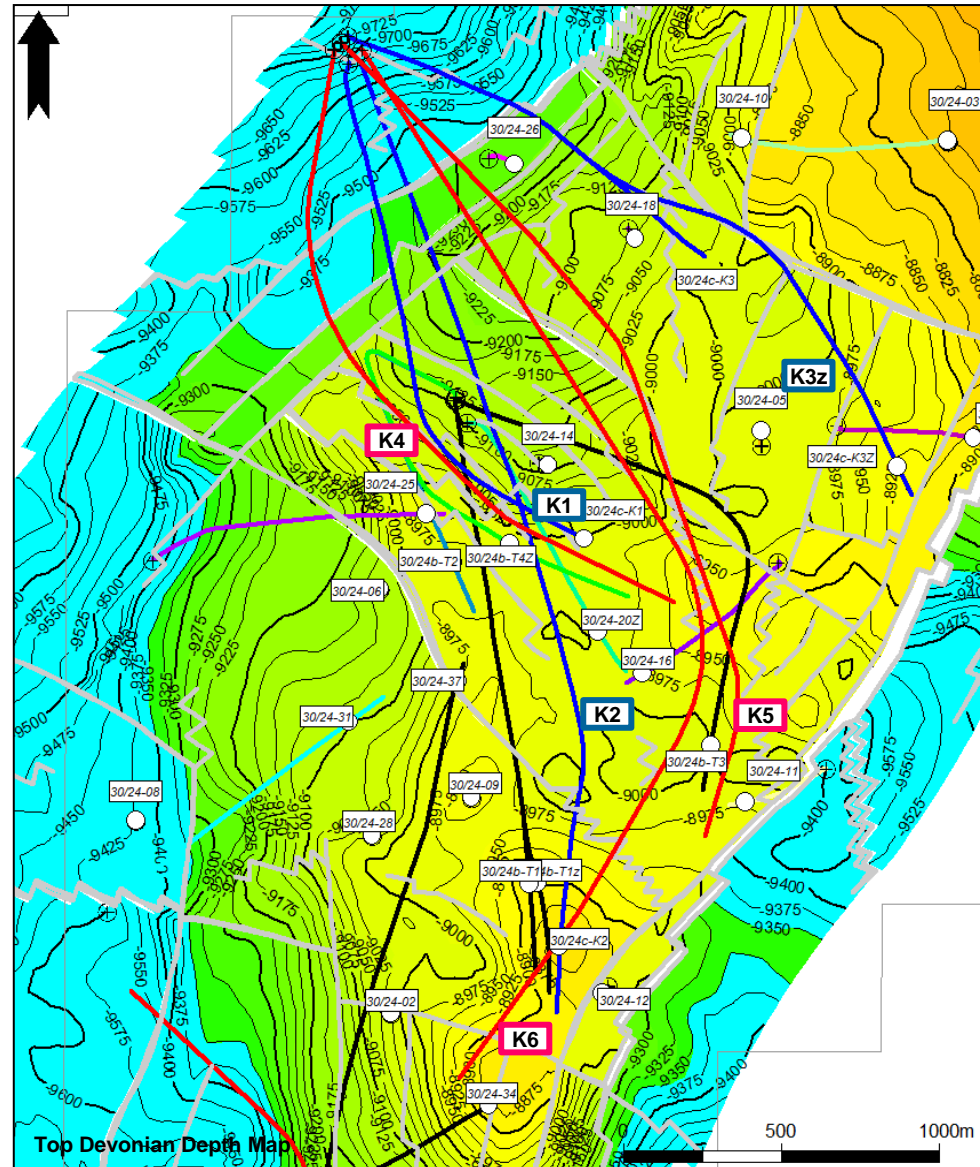


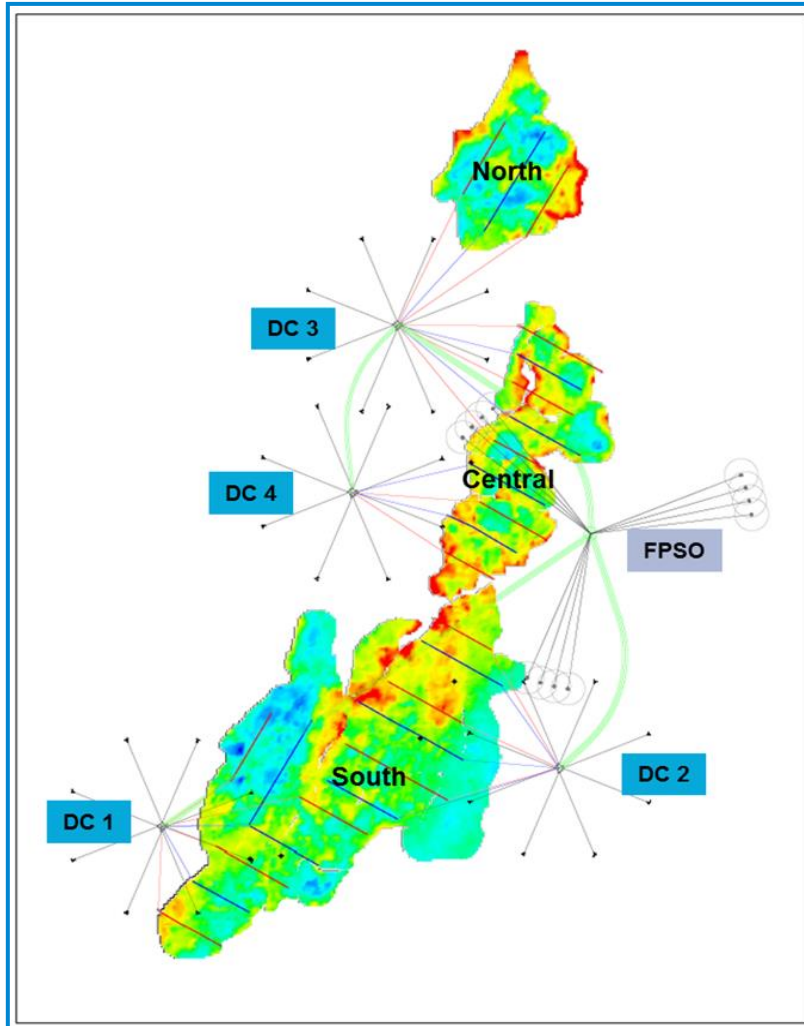
Alma/Galia

First oil set to add c13,000 Boepd to EnQuest's daily production



- Extended life of FPSO vessel up to 15 years; with the extended field life, gross reserves increased to 34 MMboe
- Subsea infrastructure in place with, trees and manifolds hooked up, pipelines and umbilicals in place and risers and mooring systems pre-installed, awaiting the arrival of the FPSO
- All 6 Alma production wells have been drilled with results meeting or exceeding expectations
- The EnQuest Producer is now in a yard on the Tyne, for finishing and commissioning work. Production expected in H2 2014





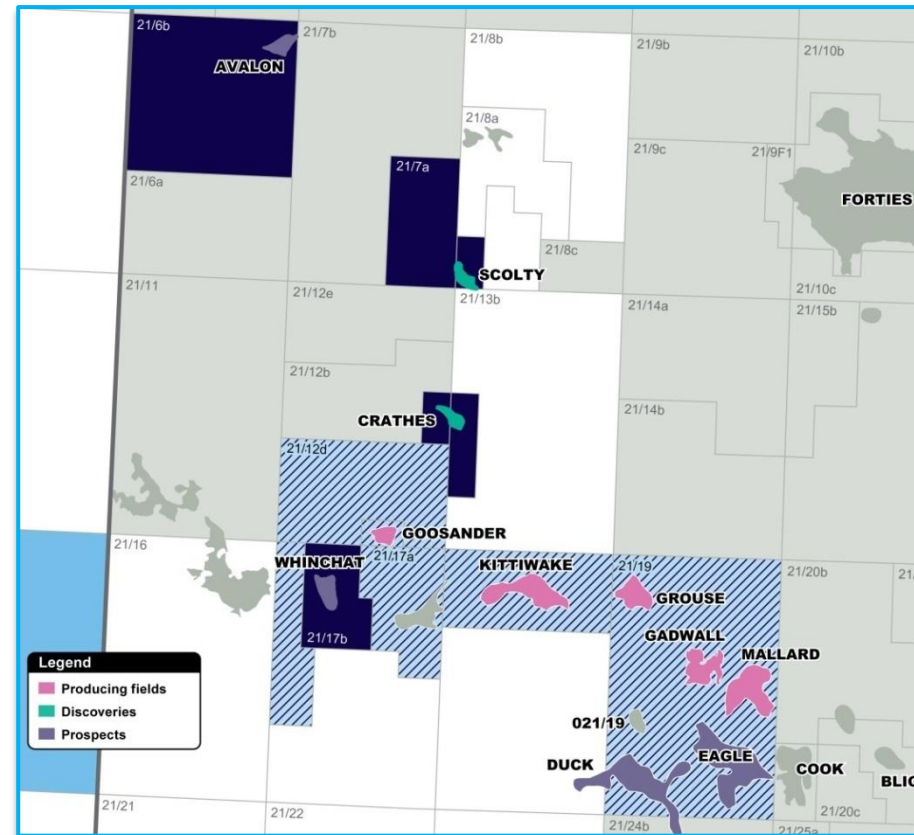
Drilling and well planning

- A conventional development programme
 - High level of definition
 - Carried out FEEDs for FPSO and subsea integrated equipment ahead of sanction
 - Detailed project gate processes, including well construction and subsurface
- High level of capex confidence
 - Contracts for over 60% of Kraken now signed, including
 - Subsea umbilical riser and flowlines ('SURF')
 - FPSO
- In Q2 2014, vessel arrives in the shipyard in Singapore for FPSO conversion scope to start
- Further appraisal drilling on western prospect in H2 2014, to assess upside potential

Greater Kittiwake Area, near Scolty/Crathes & Avalon

Additional reserves, production and a new hub

- Acquired 50% of:
 - Kittiwake, Grouse, Mallard, Gadwall and Goosander
- Completed Q1 2014
- EnQuest to operate
 - Production opportunities through infill drilling and further prospects in the area
- The GKA fields have been developed as subsea tie-backs to a steel platform located at Kittiwake; tie-back opportunity for Scolty/Crathes and Avalon
- Also acquiring 100% of a 33km 10" pipeline to Forties Unity platform from which oil is exported prior to joining the main Forties Pipeline System

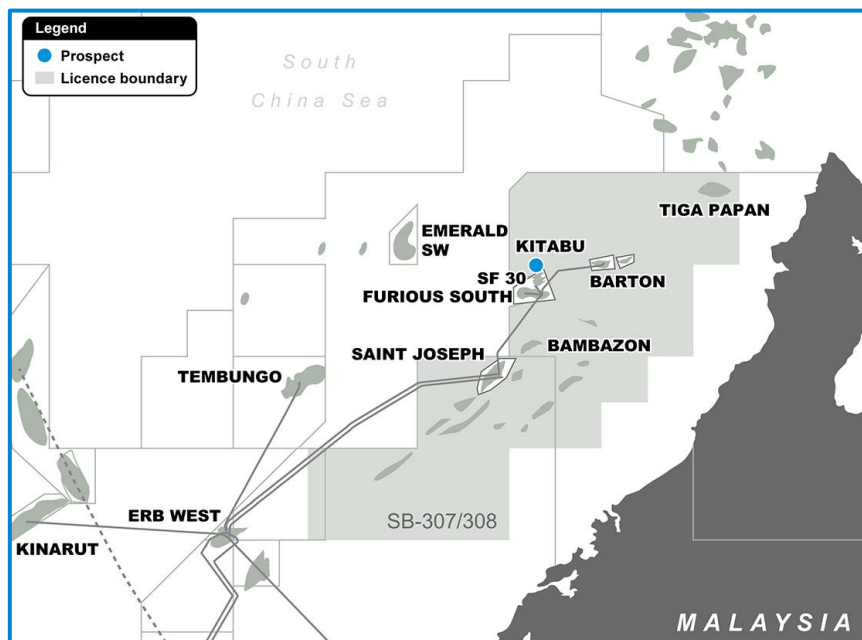


2014 & beyond

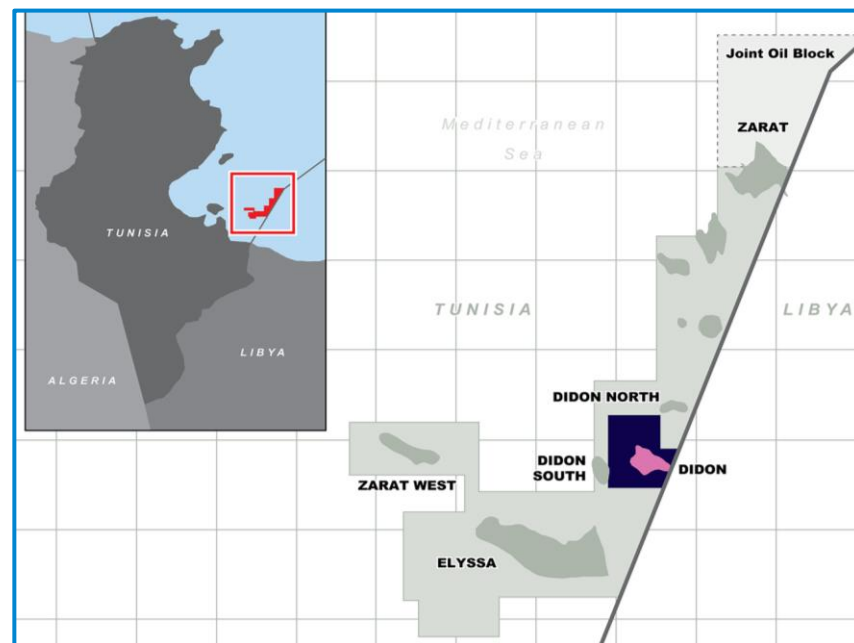
- Focus on integration post completion, also one workover
- Tie-back opportunity for Scolty/Crathes
- Avalon appraisal well in H2 2014
- Exploration opportunities include Eagle, Whinchat and Duck

International

South East Asia & North Africa



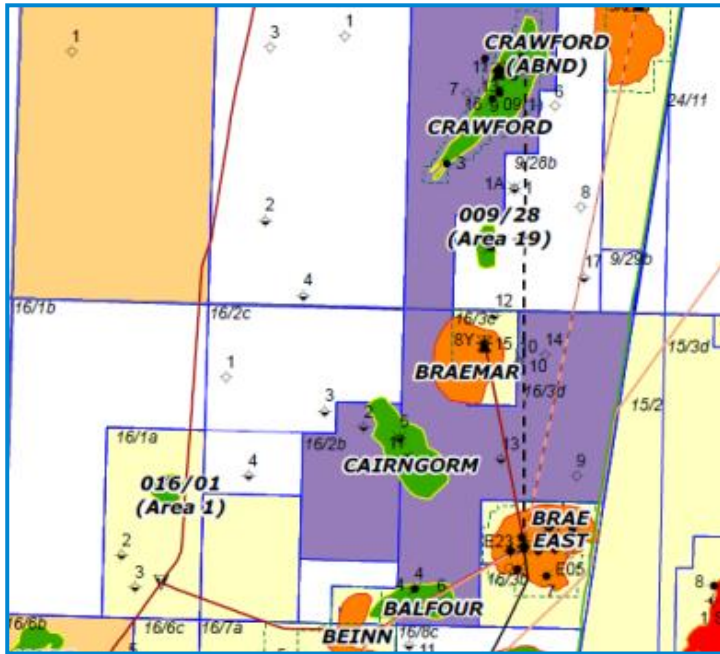
- EnQuest's first steps outside the UKCS
 - a low cost entry point
 - exploration opportunity with potential
- Partnering with Lundin (Op) and Petronas Carigali
- Blocks SB307 and SB308 (6,200km²) Sabah
- Maturing a well for drilling in H2 2014



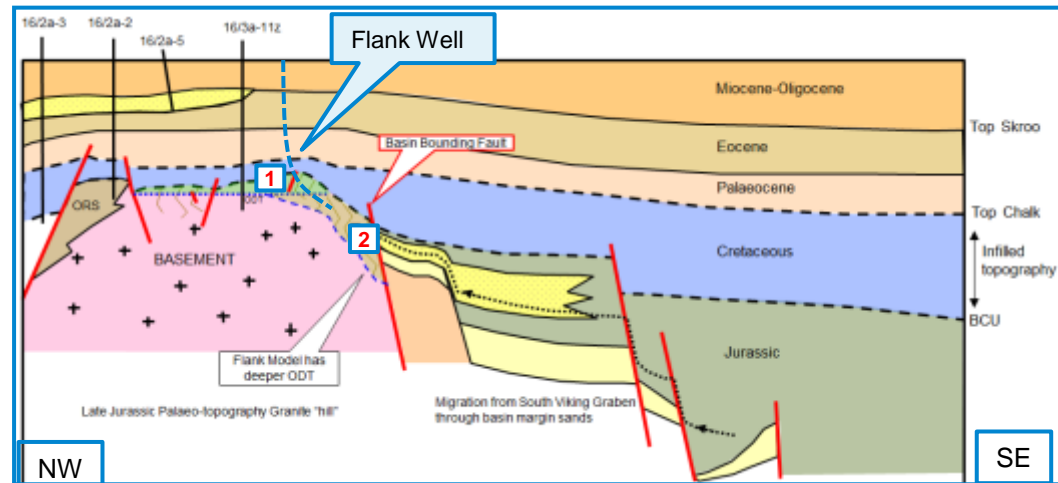
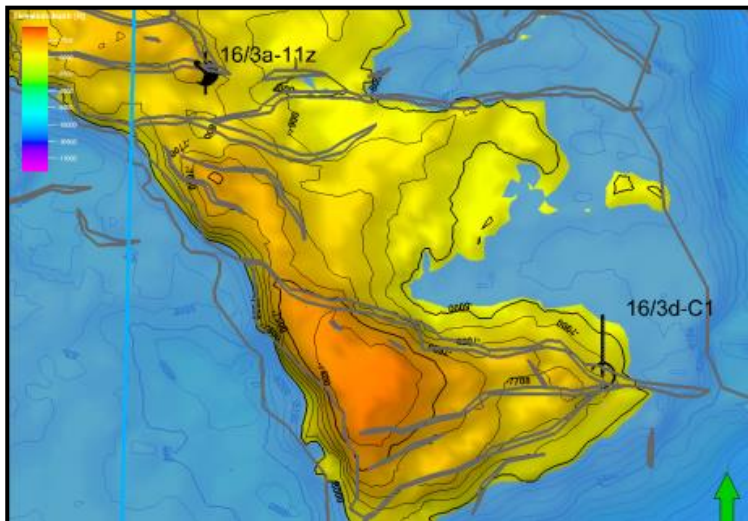
- International production acquisition, providing an operating platform in Tunisia
- 100 MMboe of gross contingent resources and additional exploration and appraisal opportunities
- 2MMboe of net producing 2P oil reserves in the Didon oil field
 - Possible additions from additional infill drilling
- Over 40 MMboe of net contingent resources in Zarat
- Completion expected in H2 2014

Cairngorm appraisal well

Recently reached its target



- Assessment of the results of the Cairngorm appraisal well is underway
- Preliminary analysis indicates a 173ft hydrocarbon column was encountered, with evidence of good reservoir properties in the fractured granite
- With the results of the previous well and seismic, the overall indications in the structure are now of a total hydrocarbon column of 797ft
- Further evaluation is ongoing.



Operations

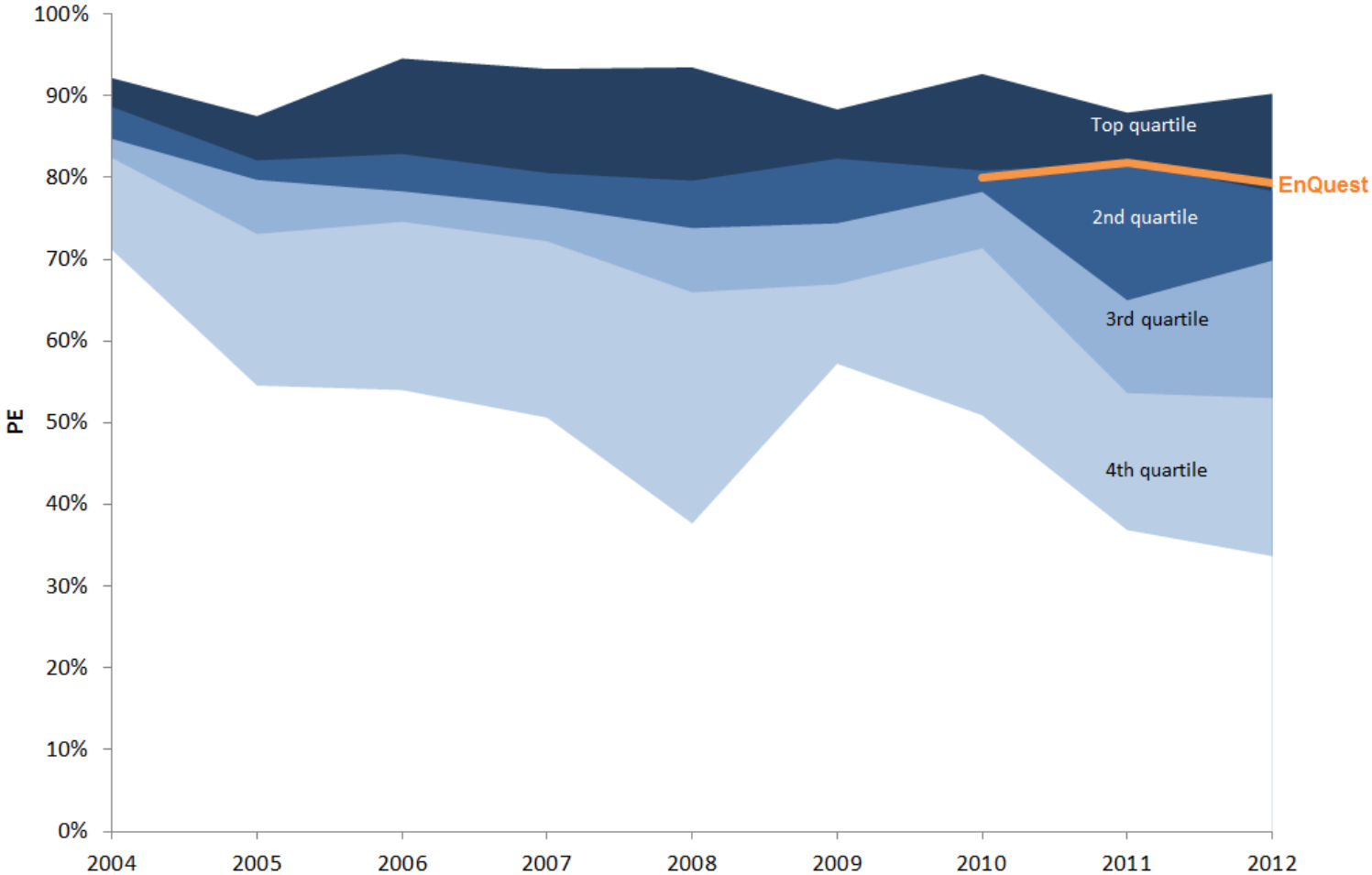


Production efficiency: EnQuest in top UKCS quartile



Source: O&G UK research

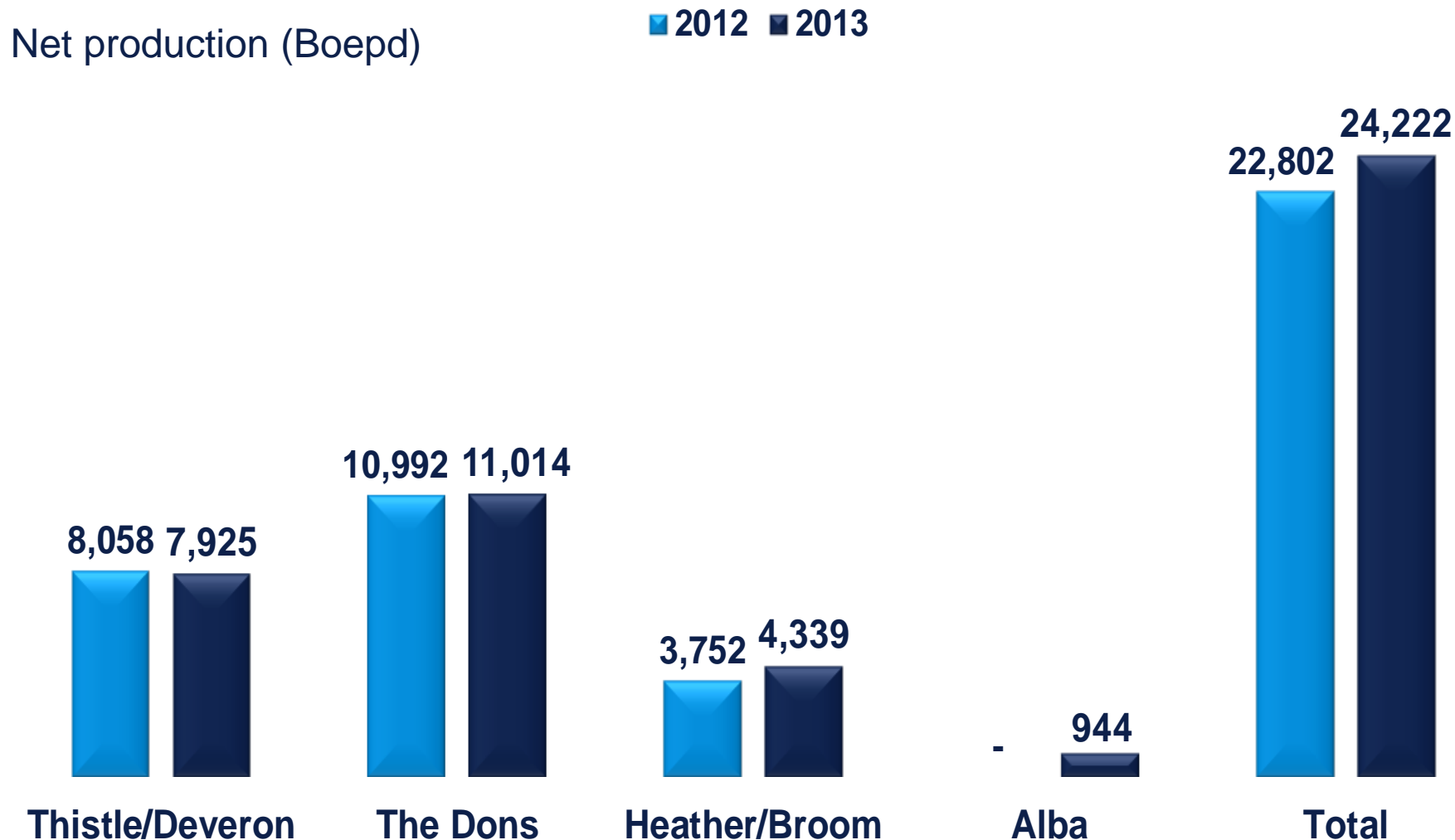
Relative company performances: oil portfolios



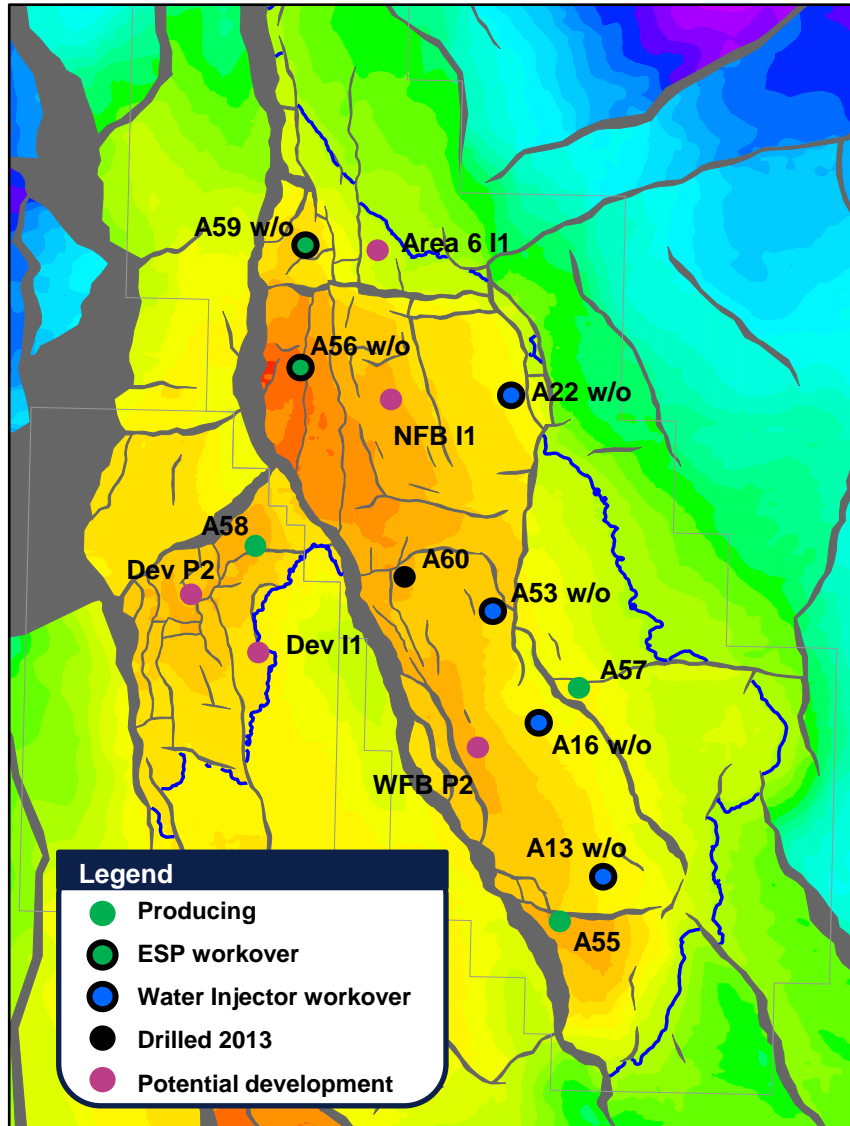
Production efficiency performance by operator for all oil assets

2013 production results by hub

6% increase on 2012, good performance from existing hubs



Delivery of 9 wells in 2013, production underpinned by high operational uptimes, high production efficiency and strong reservoir performance

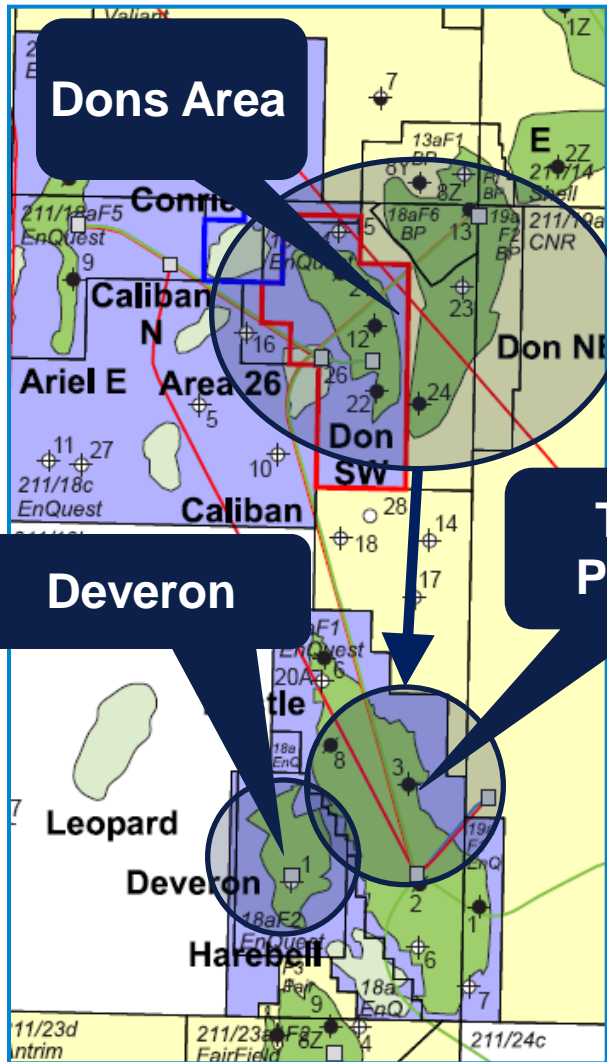


2013

- Drilled A60 (WFB-P1), 80ft high to prognosis, started production in August, strong performance
- Workover of A53/60 injector well completed and increased injection rate
- Workover of A59 to replace ESP
- Capital investment in life extension project
- Rebuilt B and new D turbine generators

2014 & beyond

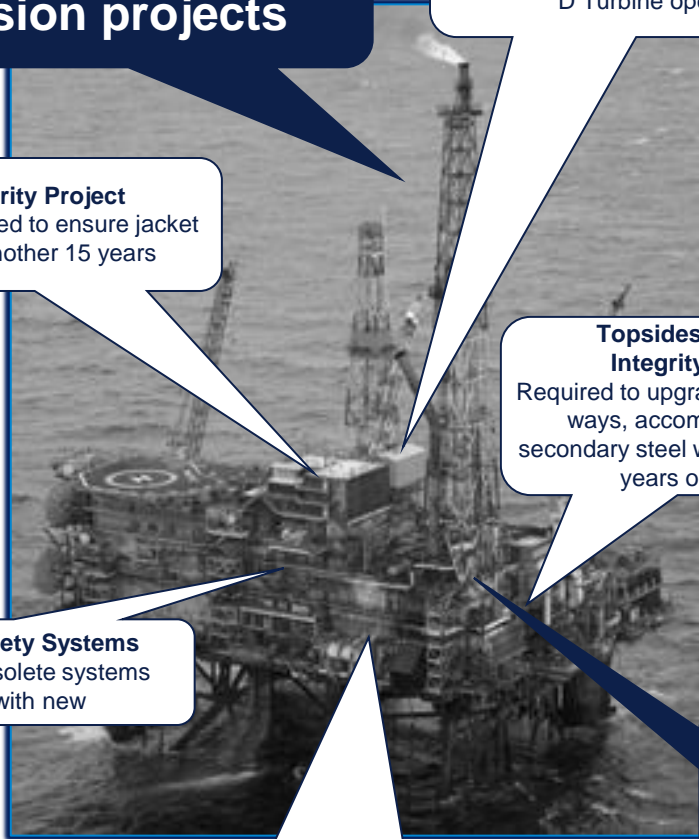
- Ongoing interventions campaign
- Continuing investment in Thistle life extension
 - Including new control systems, process simplification leading to cost savings, jacket integrity improvements and topsides structural integrity improvements
- New drilling programme in 2016/17



Thistle life extension projects

Jacket Integrity Project
Modifications required to ensure jacket protection for another 15 years

Power & Electricity Upgrade Project
Required to provide reliable power and remove electrical equipment obsolescence
D Turbine operational



Topsides Structural Integrity Projects
Required to upgrade cranes, access ways, accommodation and secondary steel work for another 15 years operations

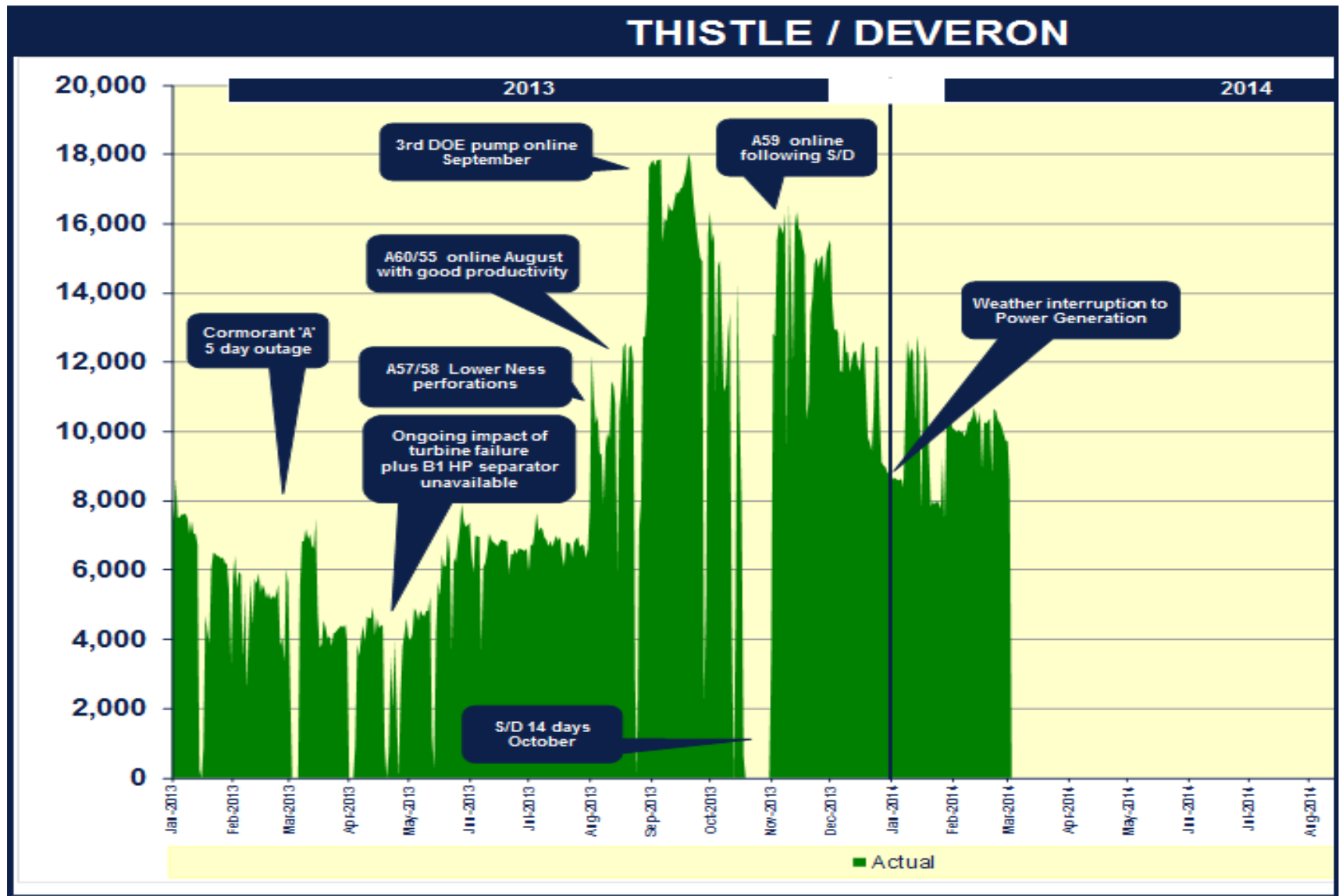
Thistle Platform

Controls and Safety Systems
Remove 1970s obsolete systems and replace with new

Restarted drilling in 2010

Process Simplification Project
Simplify process, reduce non essential equipment to only that required for life extension operations

Strong production from Thistle/Deveron



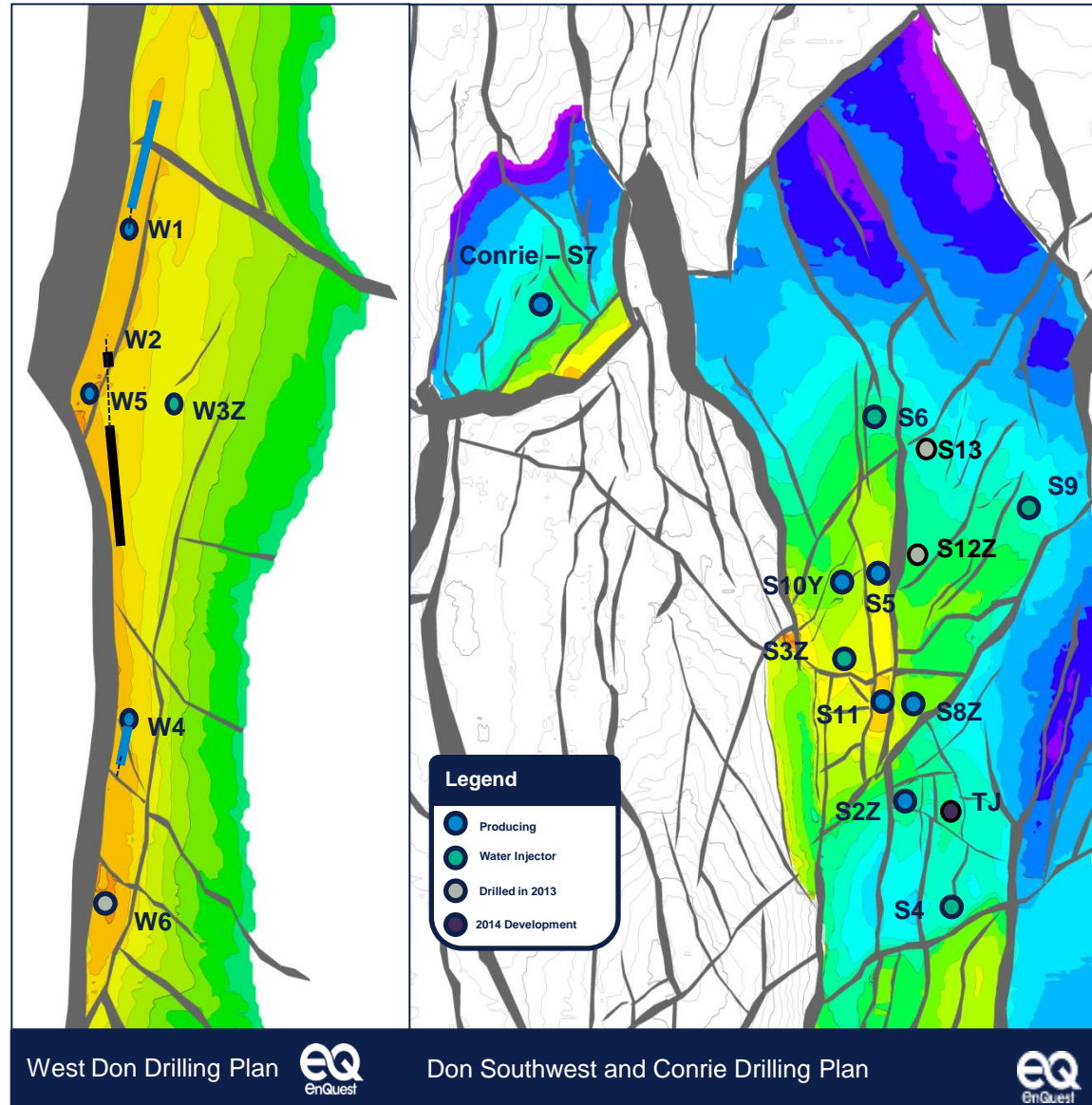
The Don fields

2013

- Don Southwest
 - S12Z producer drilled
 - S13 injector drilled
- West Don
 - W6 injector brought on line in 1Q delivering a significant oil production increase
- Record water injection rates of 58,000 bwpd

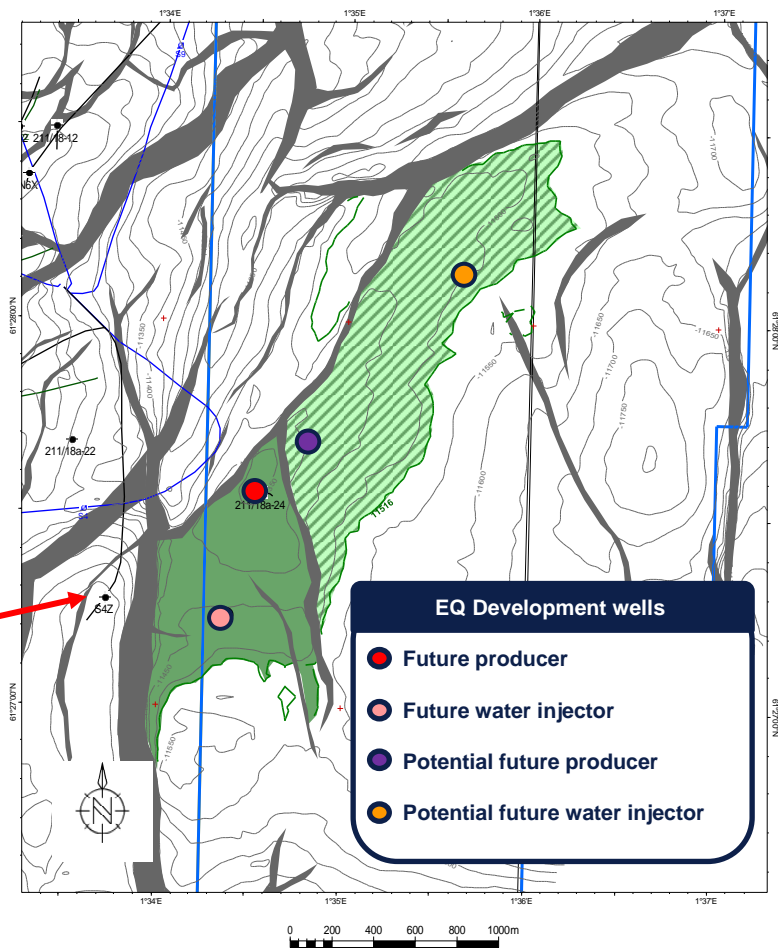
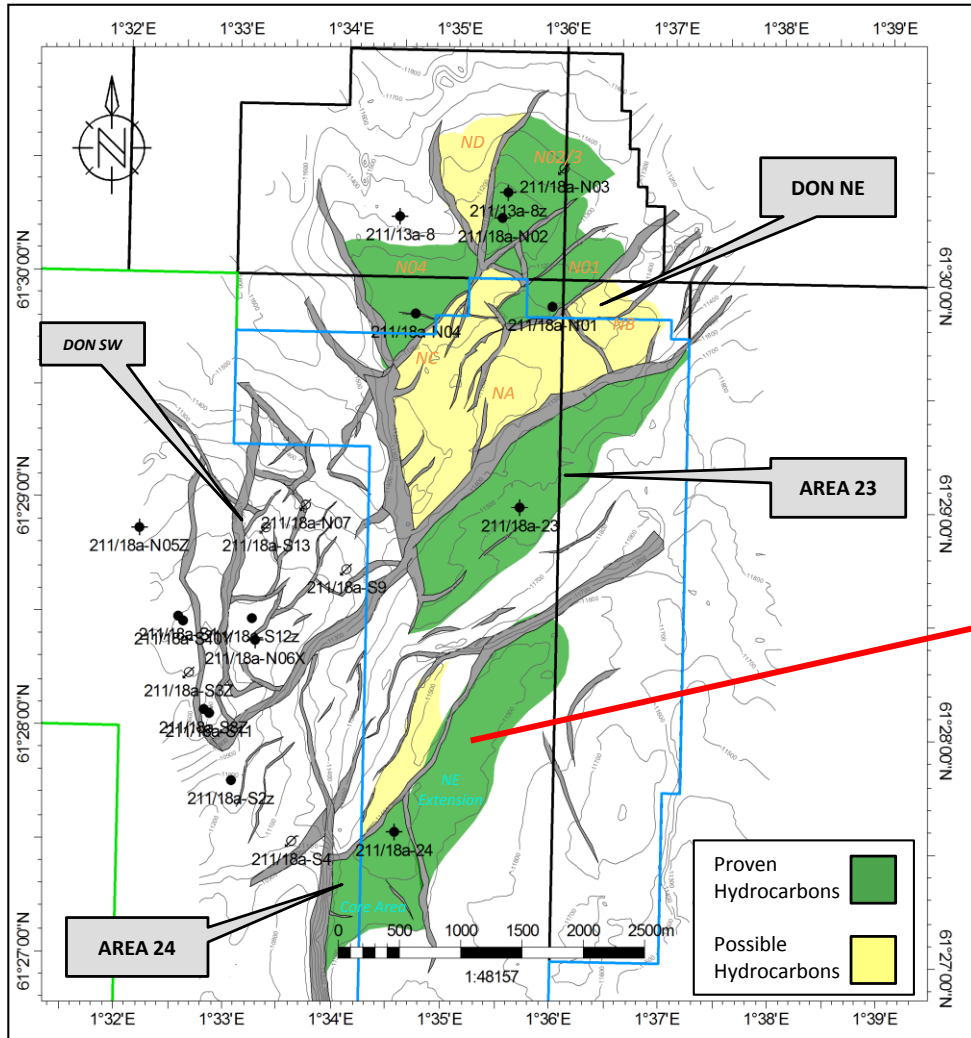
2014 & beyond

- New 'TJ' well planned for Don Southwest in H1 2014
- New 3D seismic
- FDP and development drilling in Don NE



Don North East Area ('Don NE') (60%)

Licence for blocks 211/18e & 211/19c, drilling opportunities



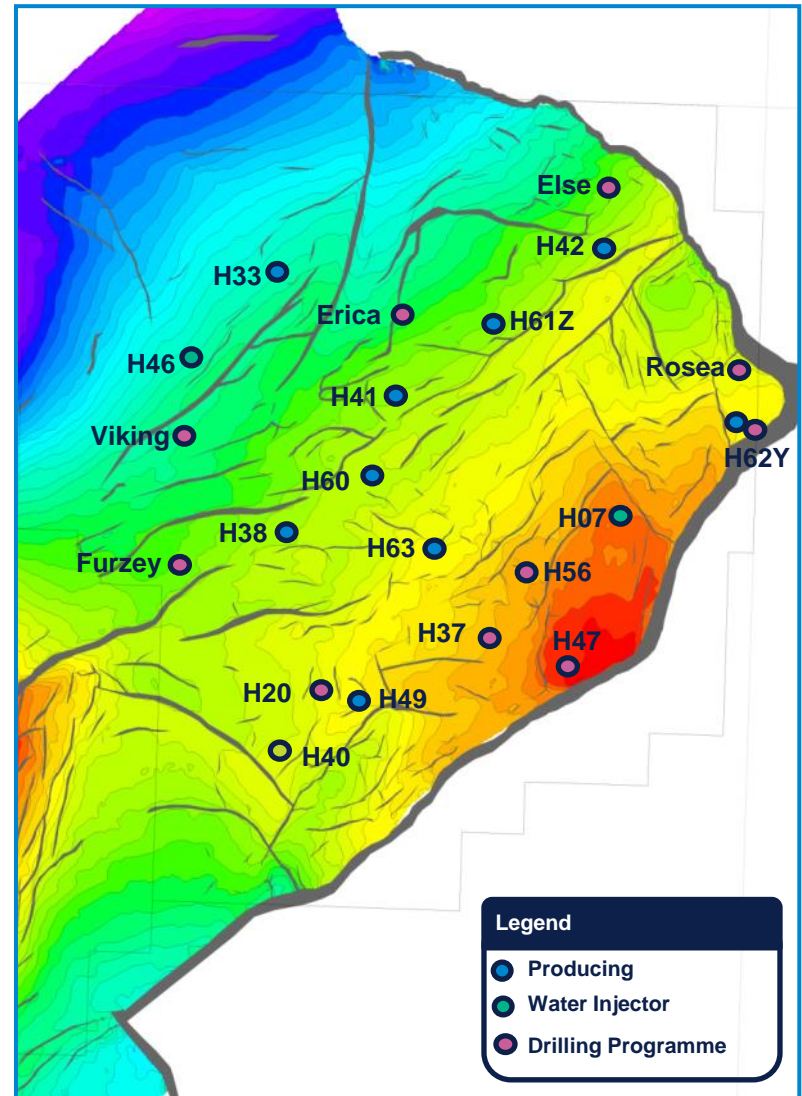
2013

- Overall production up 16% on 2012
- Strong year of production from Broom
- Strong operating efficiency from Heather
- Rig reactivation completed and operating
- Accommodation upgrade completed in February



2014 & beyond

- Drilling programme :
 - H56 workover
 - Sidetrack of the H44 well to the Rosea target
 - H47 workover to reinstate long term crestal producer
 - H48 sidetrack to replace H62Y (Rosea)
- Planned maintenance shutdown of up to 21 days in 3Q 2014
- Heather life extension project; three year infill drilling campaign, nine wells in initial programme, targeting 12 MMboe reserves which are included in net 2P reserves
- New 3D seismic, to optimise well placement and define additional targets



2014 EnQuest outline programme

Planning delivery of over 15 wells



*Development
Drilling*

Q1

Q2

Q3

Q4

Thistle

Ongoing interventions campaign

Heather

2 sidetracks & 2 workovers

Dons

1 producer (DSW)

GKA

1 workover

Alma/Galia

3 producers & 1 injector

Alba

2 producers

*Exploration/
Appraisal*

Cairngorm

Avalon

Kraken

Malaysia

Summary



Delivering strong compound annual growth rates

25% for reserves & 15% for production



Net 2P reserves (MMboe)



Average net production (Boepd)



Delivering sustainable growth

On course for six hubs and 50,000 Boepd in UKCS



Exploiting our existing reserves



Dons, Thistle/Deveron, Heather/Broom, Alba



Making selective acquisitions



Greater Kittiwake Area, Didon/Zarat

Commercialising & developing discoveries

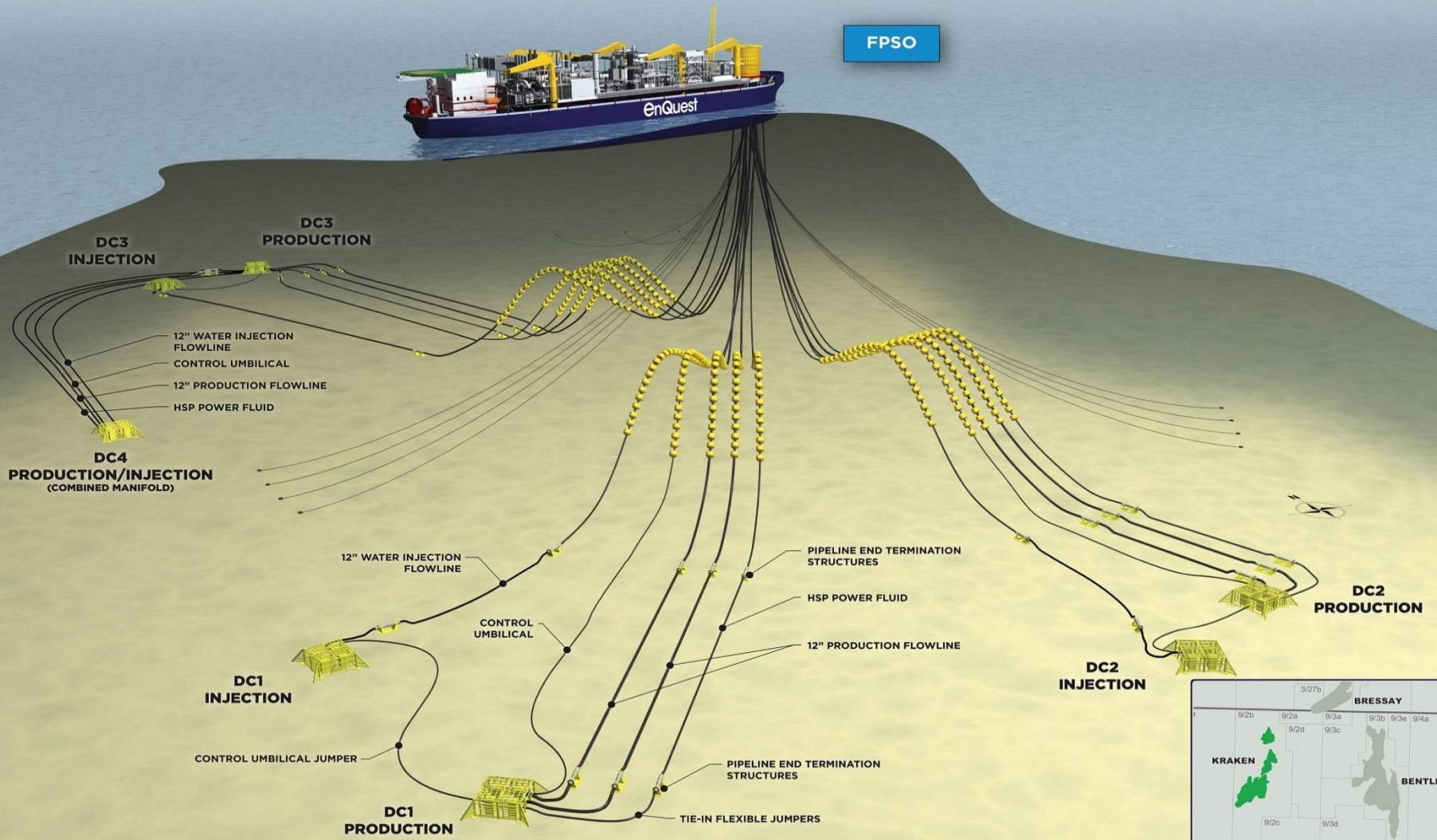


Alma/Galia



 **KRAKEN**

Converting contingent resources into reserves



EnQuest's North Sea assets at the end of 2013

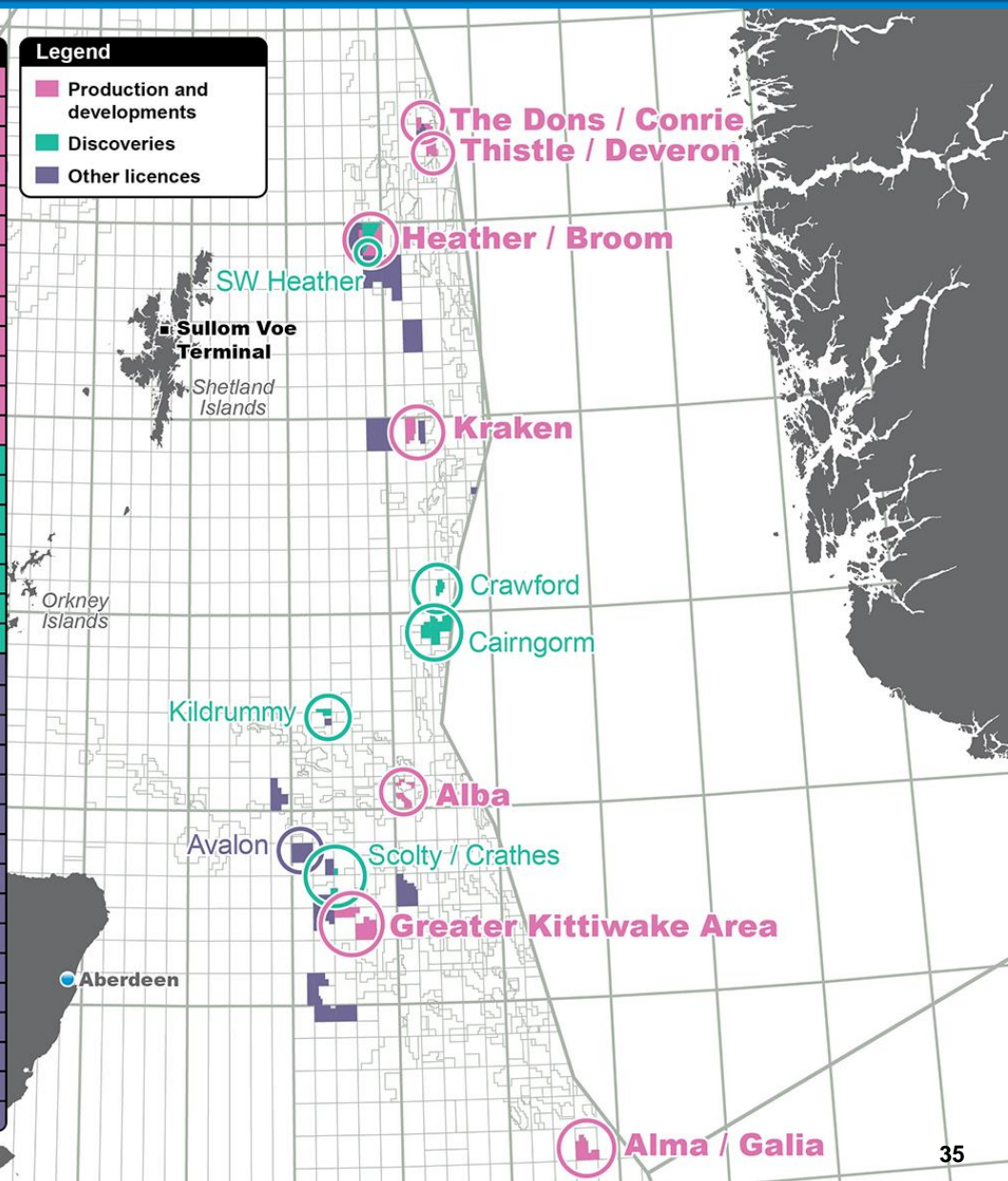
Plus the GKA acquisition and Don North East



Licence	Block/Sub-area	Name
P902	2/4a	Broom
P242	2/5	Broom & Heather
P213	16/26	Alba
P1765	30/24c & 25c	Alma
P1825	30/24b	Galia
P1200	211/13b	West Don
P236	211/18a	West Don, Don SW, Conrie, Thistle & Deveron
P475	211/19a	Thistle
P1077	9/2b	Kraken
P351	21/18a	Kittiwake
P073	21/12a	Goosander
P238	21/19	Gadwall, Mallard, Grouse
P242	2/5	SW Heather
P209	9/28a	Crawford
P220, P250 & P585	15/12b, 15/17a & 15/17n	Kildrummy
P1214 & P1892	16/2b & 16/3d	Cairngorm
P1107	21/8a	Scolty
P1617	21/12c & 13a	Crathes
P2137	211/18e & 211/19c	Don NE
P1415	21/17a & 21/17c	
P1786	21/12d	
P1463	14/30a	
P1753	3/17	
P1967	2/4b	
P1968	2/10a, 3/6 & 3/11c	
P1976	8/5 & 9/1b	
P1978	9/2d	
P1991	14/30c	
P1996	21/26a, 21/27c, 28/2b & 28/3b	
P2000	15/17c	
P2005	22/11b	
P2006	21/6b	
P2027	21/17b	
P090	9/15a	
P2084	21/7a	

Legend

- Production and developments
- Discoveries
- Other licences

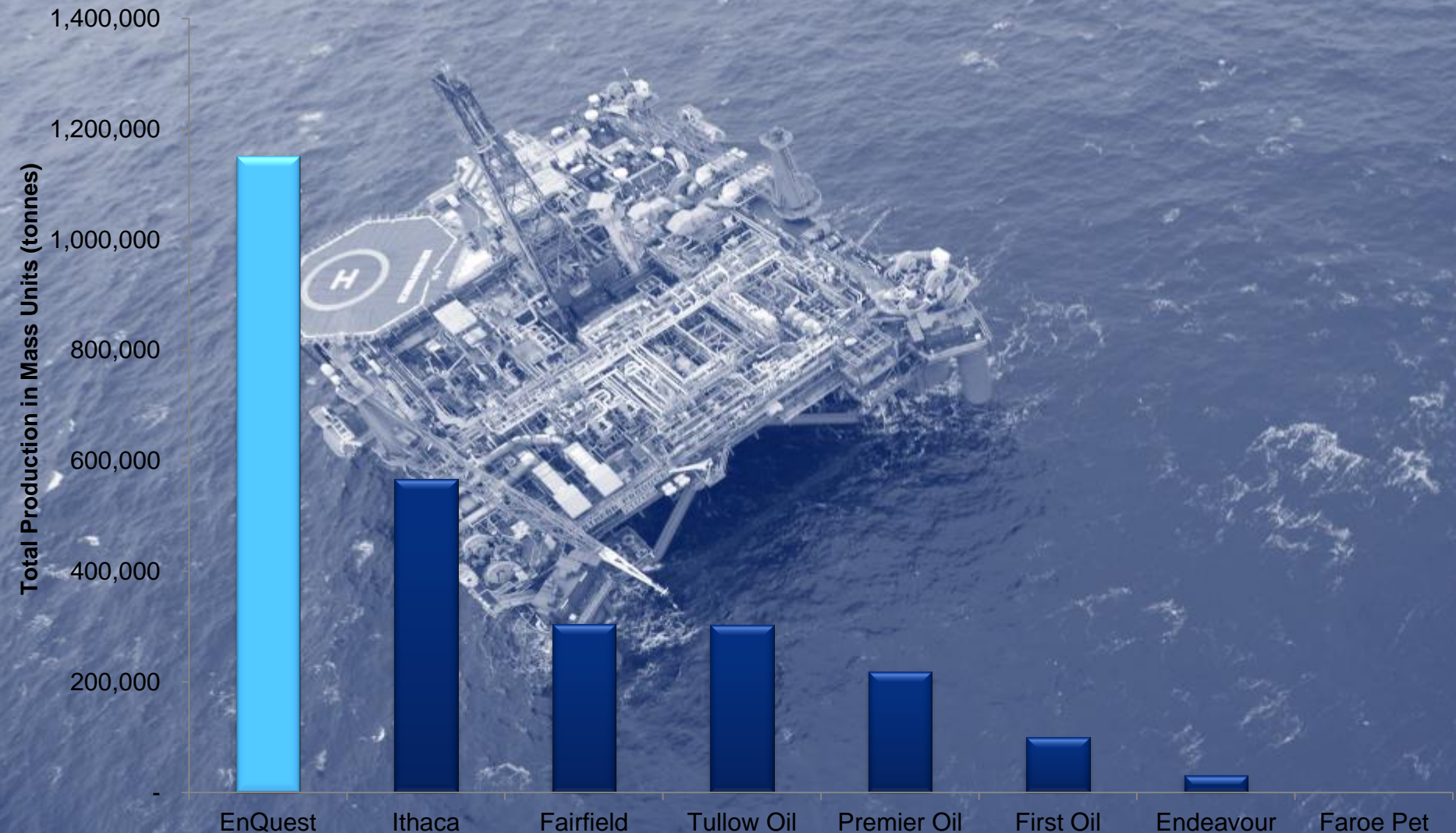


Largest UK Independent Producer in the UK North Sea

Government data (DECC) for UK North sea independent producers



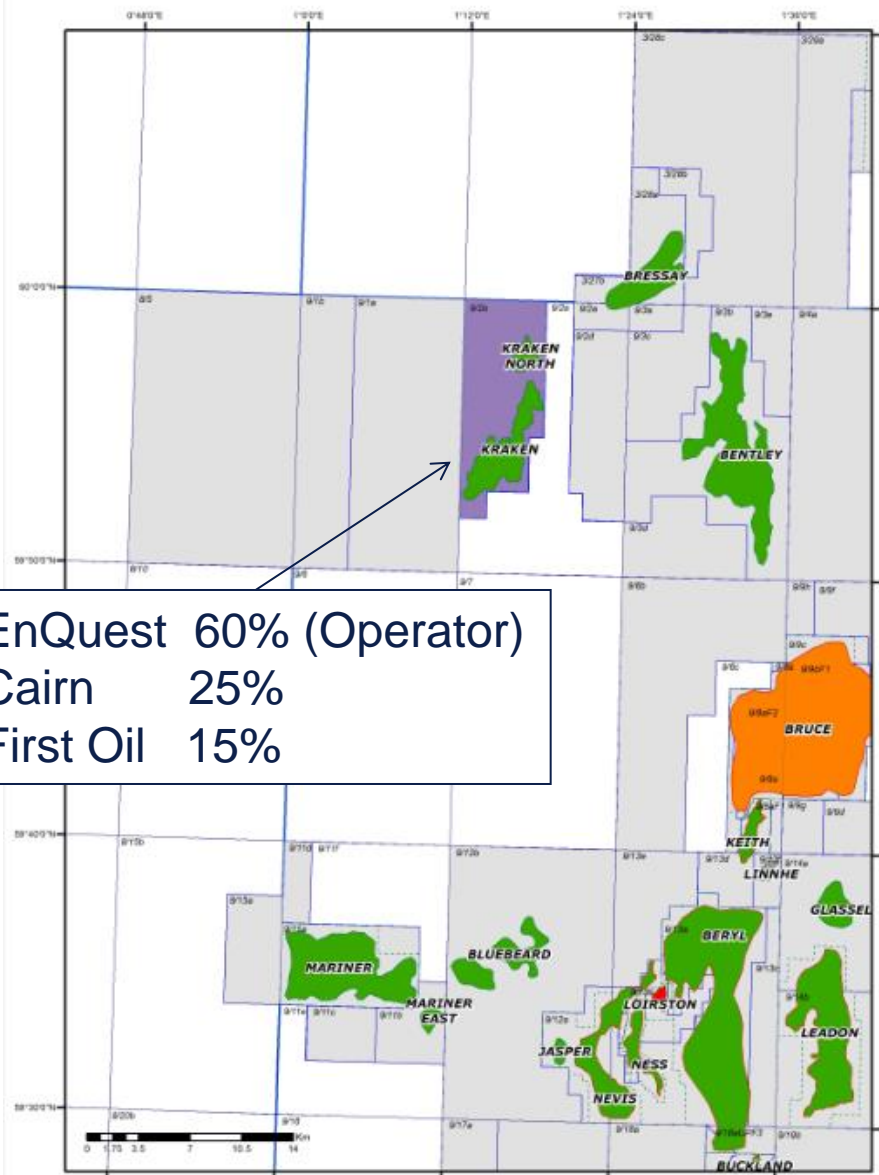
Total Production for the year ending November 2013

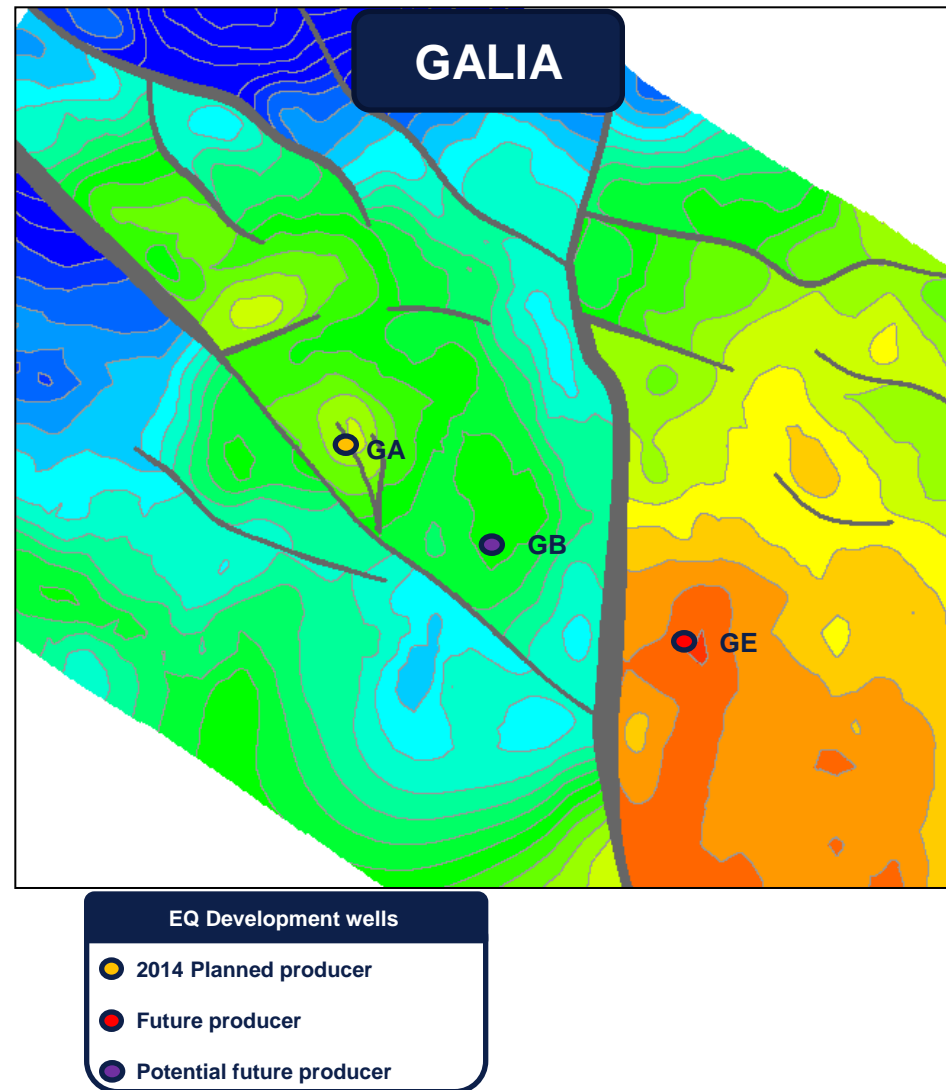
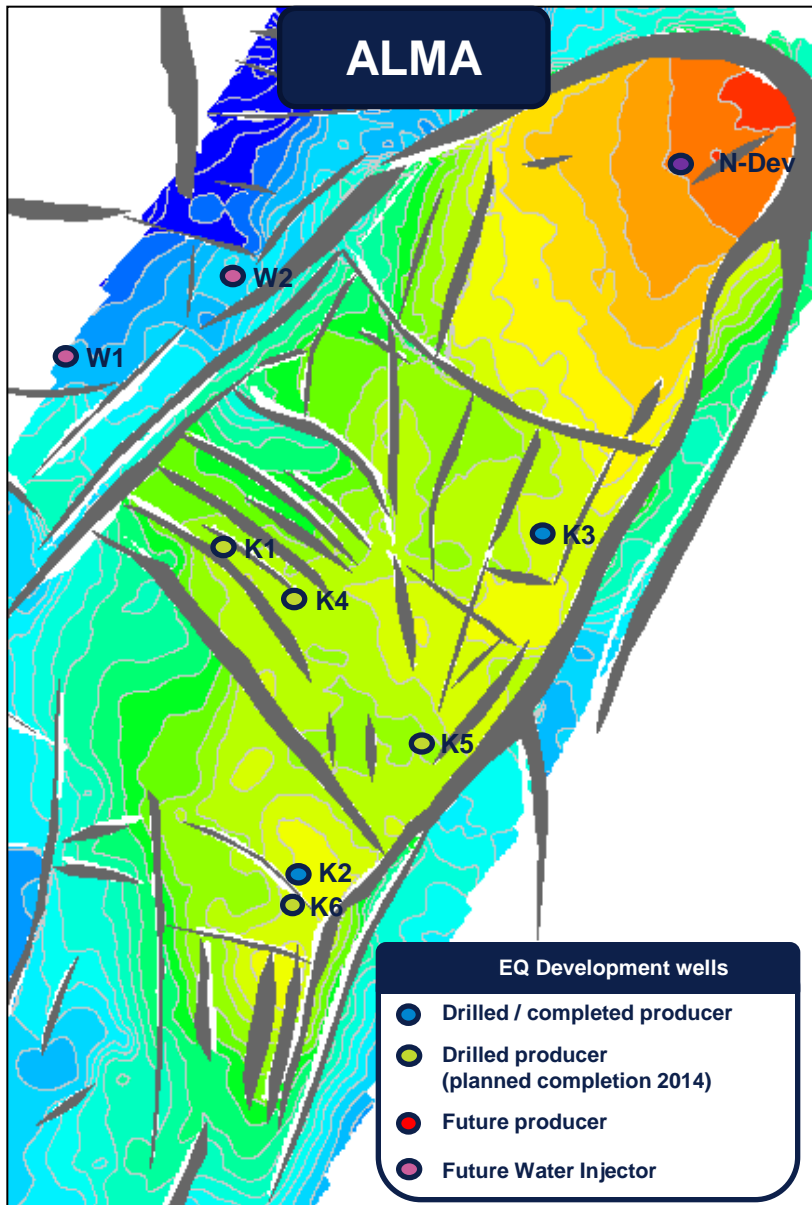


Kraken overview

Field summary

- 2 fields located in Block 9/2b
 - 350km NE of Aberdeen
 - Field area ~12 x 3.5 km
 - Water Depth of 110m
 - Heavy Oil (14 Deg API) but good flow properties
 - Low sulphur content and not waxy
- FDP approved by DECC with two heavy oil tax allowances confirmed
 - Developing 147 MMbbls reserves (FDP base case, including fuel)
 - 25 wells
 - Further upside potential to the West and possibly beyond





Income Statement

Year to 31 December



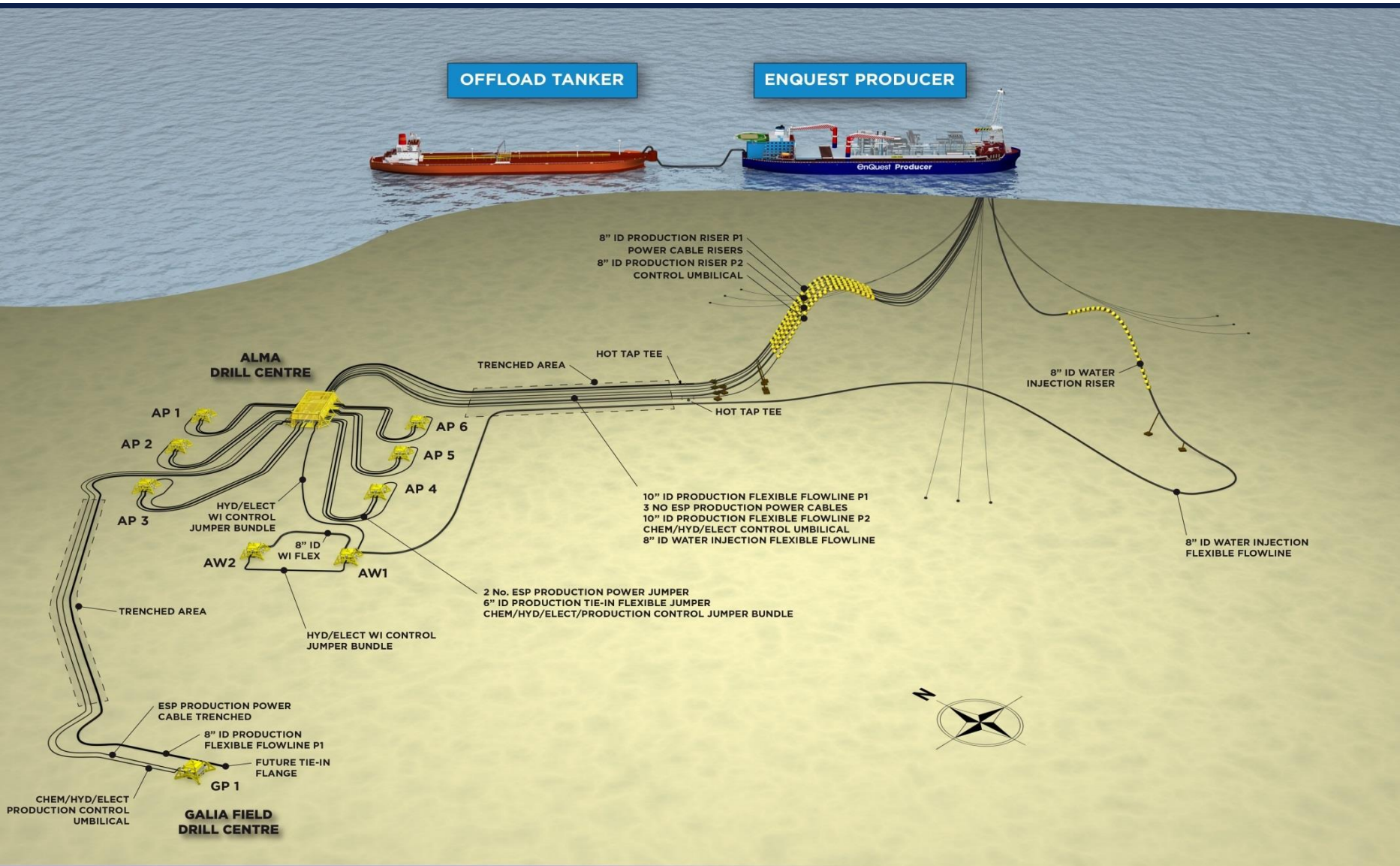
US dollars			2013	2012
	Business performance	Exceptionals, Depletion of fair value uplift		
	\$m's	\$m's	\$m's	\$m's
Revenue	961.2	-	961.2	889.5
Cost of sales	(532.3)	(8.5)	(540.8)	(458.4)
Gross profit	428.9	(8.5)	420.4	431.1
Exploration and evaluation expenses	(8.6)	-	(8.6)	(23.2)
Gain on disposal of asset held for sale				
Impairment on investments	-	(0.3)	(0.3)	(4.4)
Impairment of oil and gas assets	-	-	-	(143.9)
Gain on disposal of property, plant and equipment	-	-	-	175.9
General and administration expenses	(25.0)	-	(25.0)	(6.7)
Other income	-	-	-	2.0
Other expenses	(20.5)	-	(20.5)	(8.4)
Profit/(loss) from operations before tax and finance income/(costs)	374.8	(8.8)	336.0	422.4
Finance costs	(46.6)	-	(46.6)	(21.2)
Finance income	11.5	-	11.5	2.2
Profit/(loss) before tax	339.7	(8.8)	330.9	403.4
Income tax	(146.6)	5.3	(141.3)	(41.2)
Profit/(loss) for the period attributable to owners of the parent	193.1	(3.5)	189.6	362.2
Other comprehensive income for the period, after tax (Cash flow hedges)			-	2.6
Available for sale financial assets			0.4	-
Total comprehensive income for the period, attributable to owners of the parent			190.0	364.8
Earnings per share (cents)				
Basic	24.8		24.4	46.2

Balance Sheet

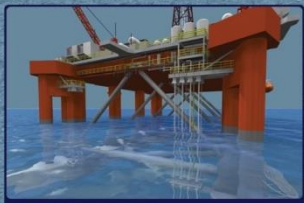
As at 31 December



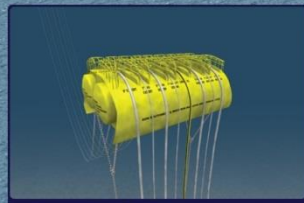
US dollars		2013 \$m's	2012 \$m's
ASSETS	Property, plant and equipment	2,871.2	1,816.6
Non-current assets	Goodwill	107.8	107.8
	Intangible oil and gas assets	130.9	97.5
	Investments	2.4	2.3
	Deferred tax asset	14.7	23.1
	Other financial assets	21.9	19.5
		3,148.9	2,066.8
Current assets	Inventories	46.8	15.3
	Trade and other receivables	267.2	239.7
	Income tax receivable	6.3	2.0
	Cash and short term deposits	72.8	124.5
	Other financial assets	8.5	96.5
		401.6	478.0
TOTAL ASSETS		3,550.5	2,544.8
EQUITY AND LIABILITIES	Share capital	113.4	113.4
Equity	Merger reserve	662.9	662.9
	Available for sale reserve	0.4	-
	Share based payment reserve	(10.3)	(11.1)
	Retained earnings	718.3	528.7
TOTAL EQUITY		1,484.7	1,293.9
Non-current liabilities	Borrowings	199.4	34.6
	Bond	254.5	-
	Obligations under finance leases	0.1	0.1
	Provisions	308.4	233.0
	Other financial liabilities	0.9	-
	Deferred tax liabilities	761.0	632.2
		1,524.3	899.9
Current liabilities		541.5	351.0
TOTAL LIABILITIES		2,065.8	1,250.9
TOTAL EQUITY AND LIABILITIES		3,550.5	2,544.8



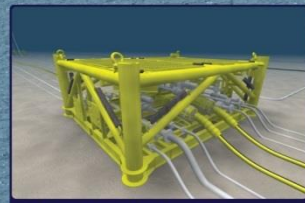
Thistle, Conrie and The Dons Infrastructure



RISER HANG OFF

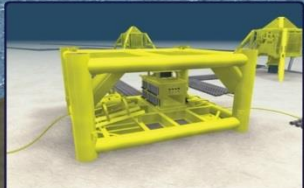


MIDWATER ARCH

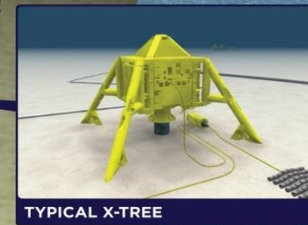
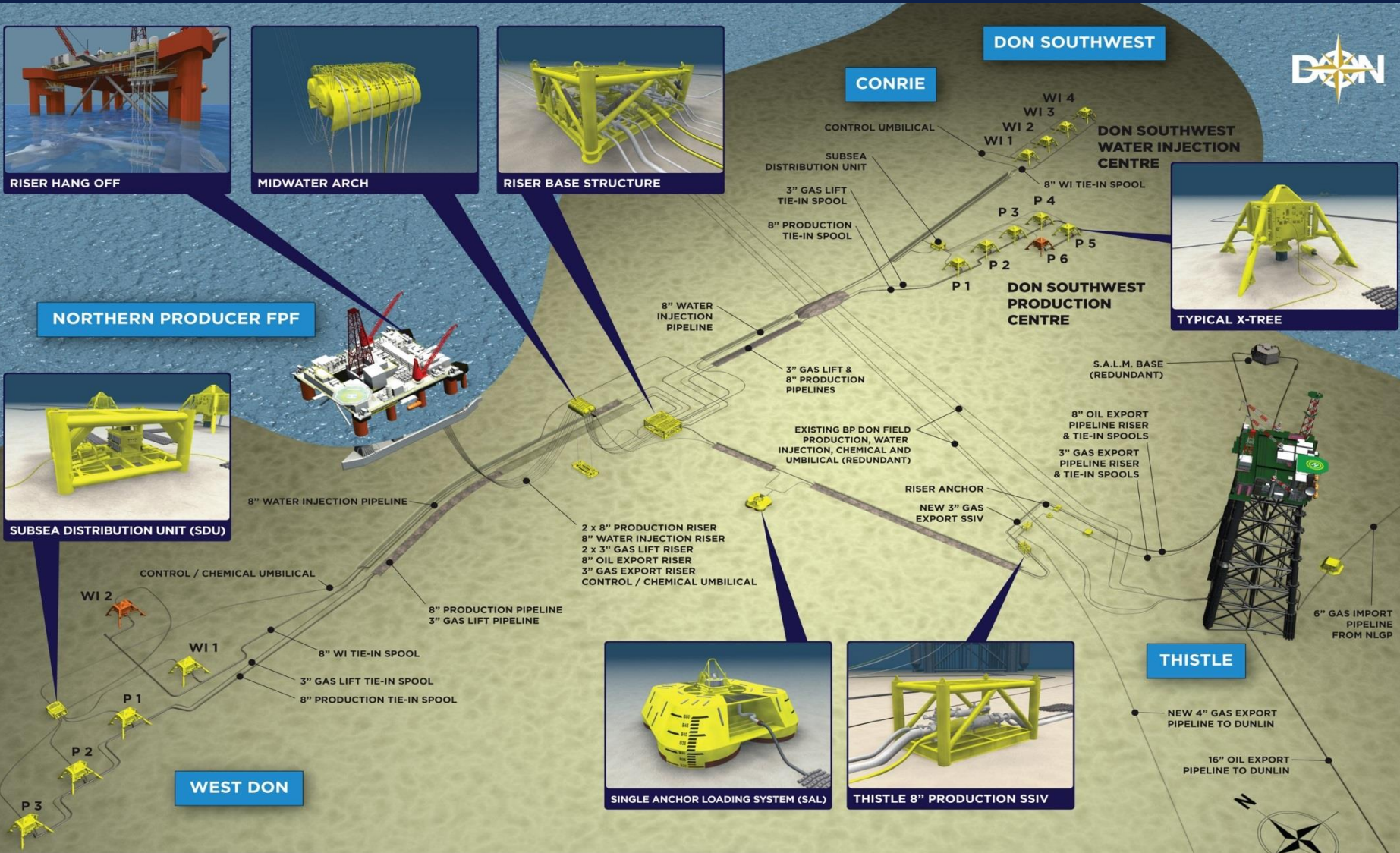


RISER BASE STRUCTURE

NORTHERN PRODUCER FPF



SUBSEA DISTRIBUTION UNIT (SDU)



TYPICAL X-TREE



SINGLE ANCHOR LOADING SYSTEM (SAL)

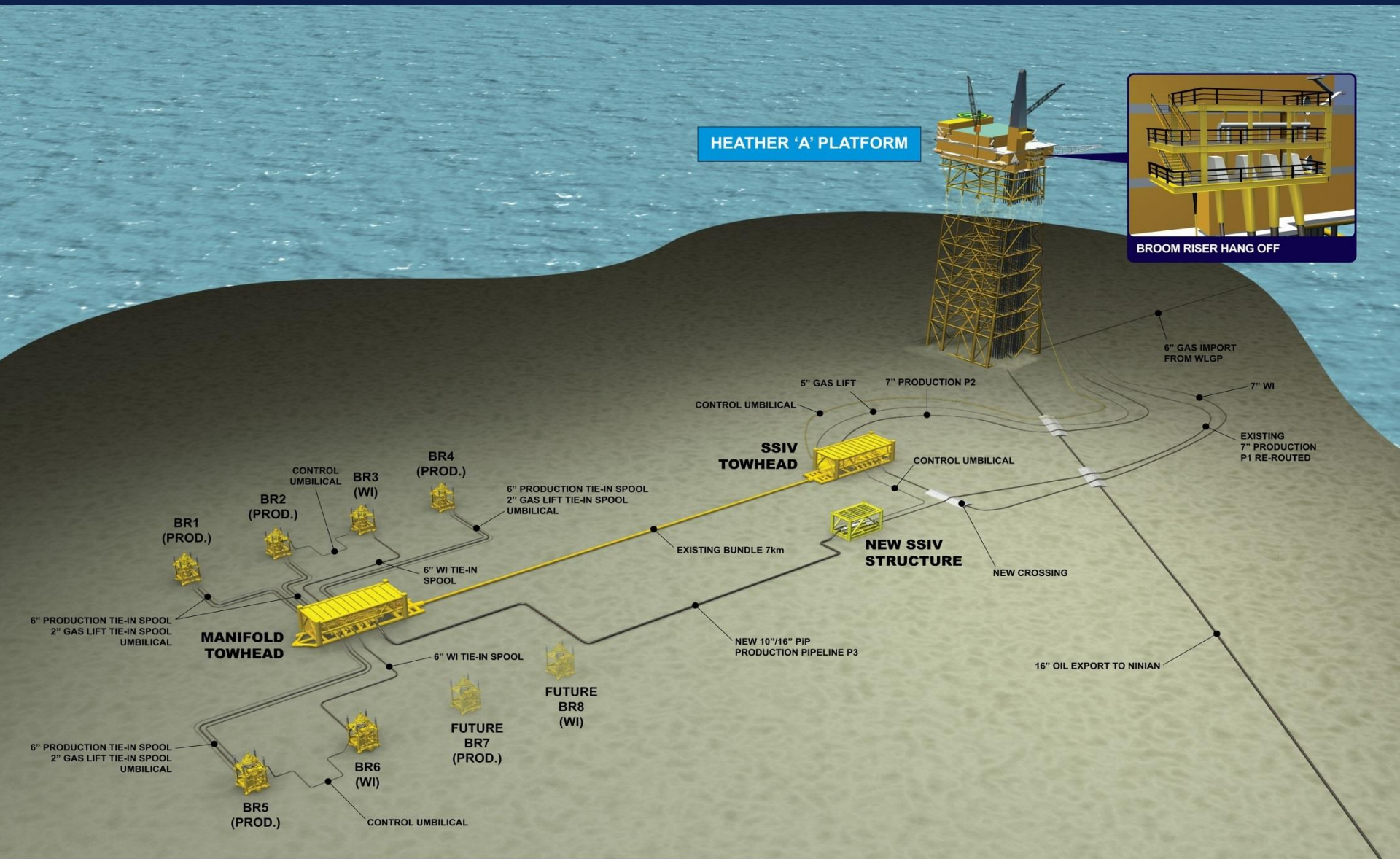


THISTLE 8" PRODUCTION SSV

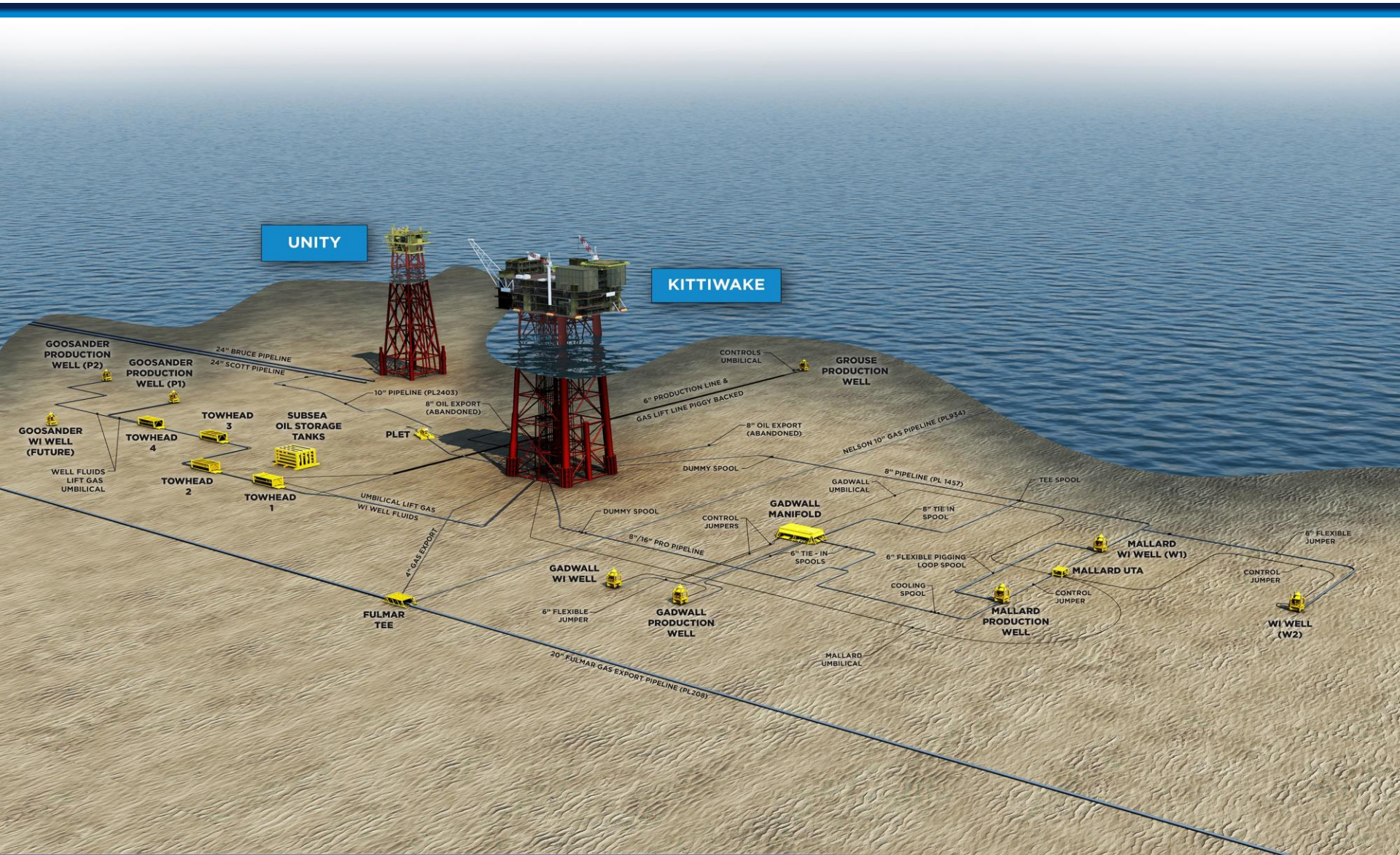
THISTLE



Heather / Broom Infrastructure



Greater Kittiwake Area (GKA) Infrastructure



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