

EnQuest 2014 Half Year Results



Strong production growth, up 18%

High production efficiency

20MMboe reserves increase

Selective international expansion

*Kraken FPSO
host vessel*



- **Overview** **Amjad Bseisu, CEO**
- **Financials** **Jonathan Swinney, CFO**
- **Operations** **Neil McCulloch, North Sea President**
- **Major projects & summary** **Amjad Bseisu**

EnQuest Strategy

Sustainable growth model continuing to deliver

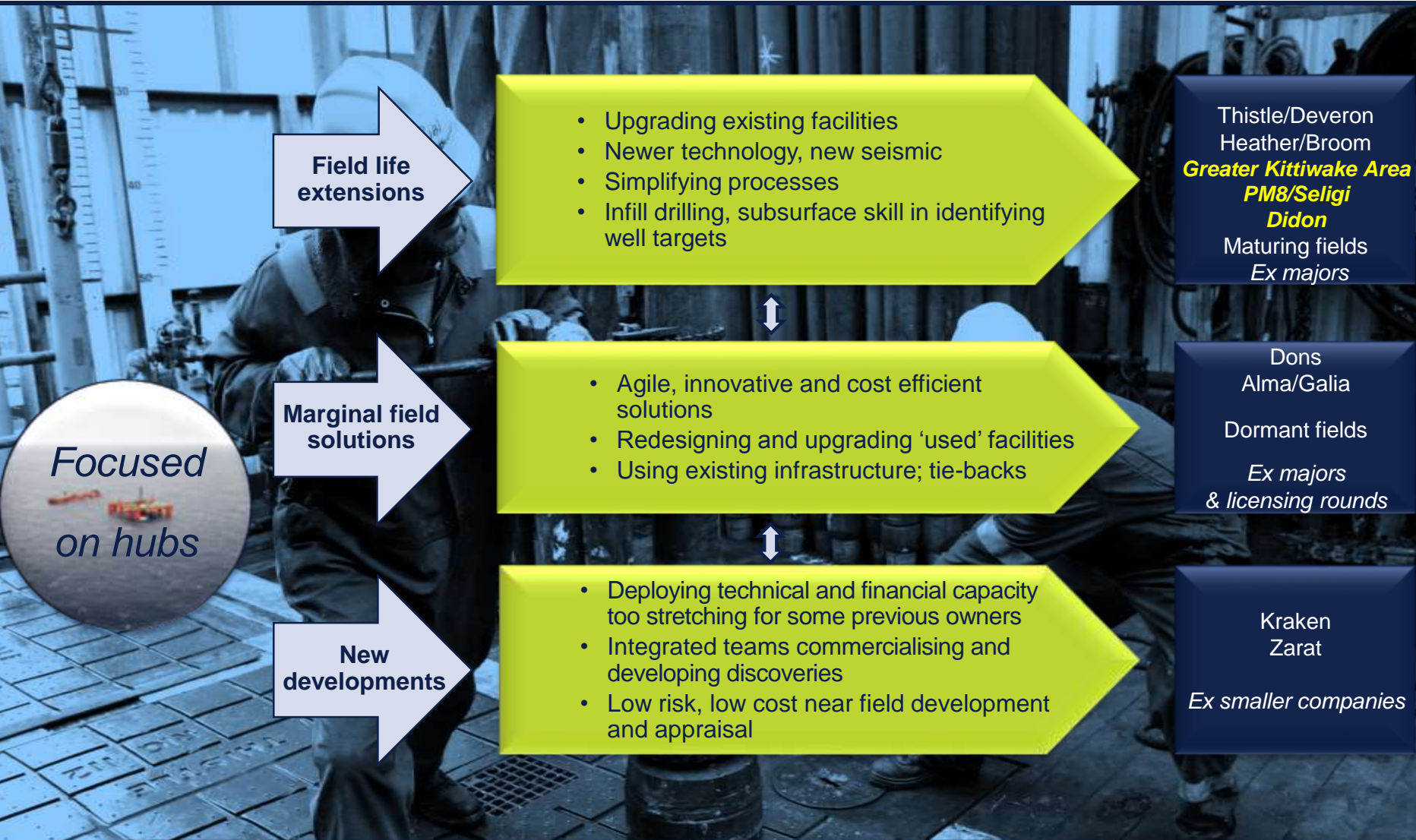


- Production from 1 January to 30 June 2014 averaged 25,292 Boepd, up 18% on the same period last year
 - 2014 production guidance maintained at an average of between 25,000 Boepd to 30,000 Boepd
- Business development in 2014 has added c.20 MMboe
 - Malaysian acquisition completed (PM8/Seligi)
- Sustained strong cash flow and EBITDA \$284m
- Alma/Galia sailaway in spring 2015, first oil mid-year
 - FPSO is now substantially complete
- Kraken on time and on budget
- Two exploration/appraisal successes: Cairngorm & Avalon
- Don NE ('Ythan') FDP submitted
 - planning production in late 2015 / early 2016



Realising value through capability

Technical leadership in integrated development



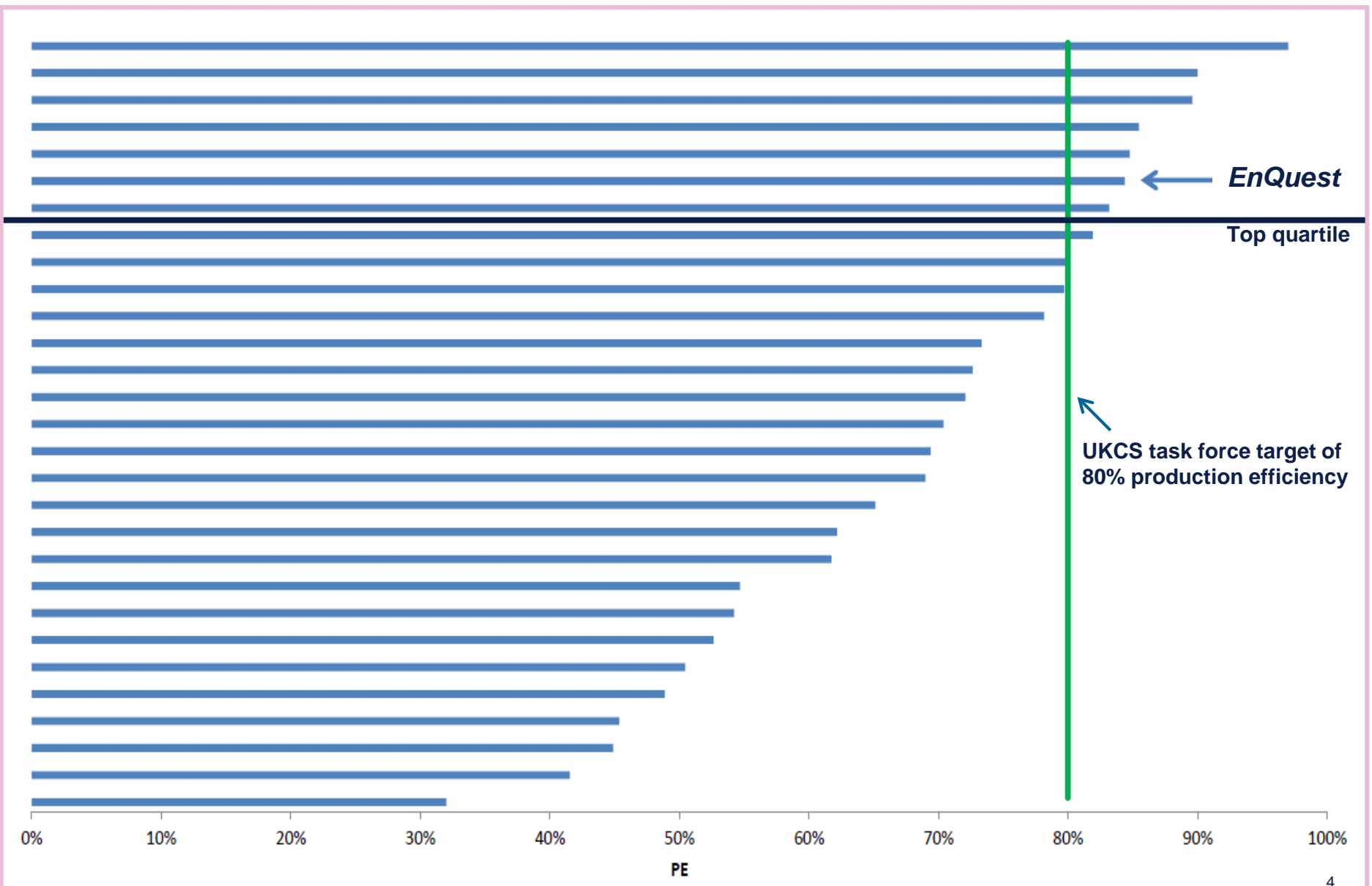
Focused on hubs

Proven depth in subsurface, engineering, execution and operations

Top quartile results for production efficiency



UK North Sea production efficiency task force (O&G UK), 2013 operator rankings



EnQuest's growing North Sea asset base, at 30 June 2014

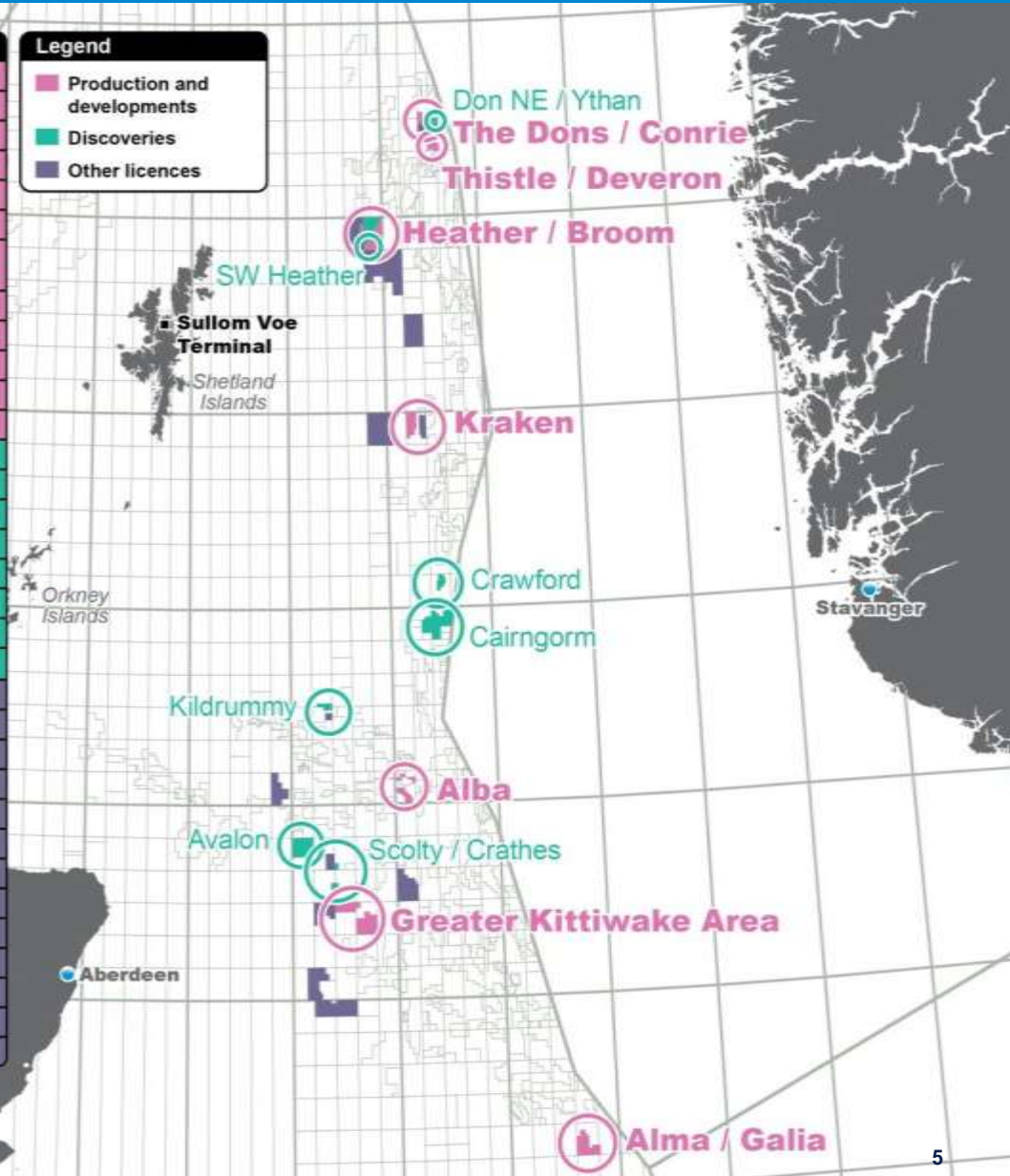


Now four UK hubs with GKA, with Alma/Galia five UK hubs

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

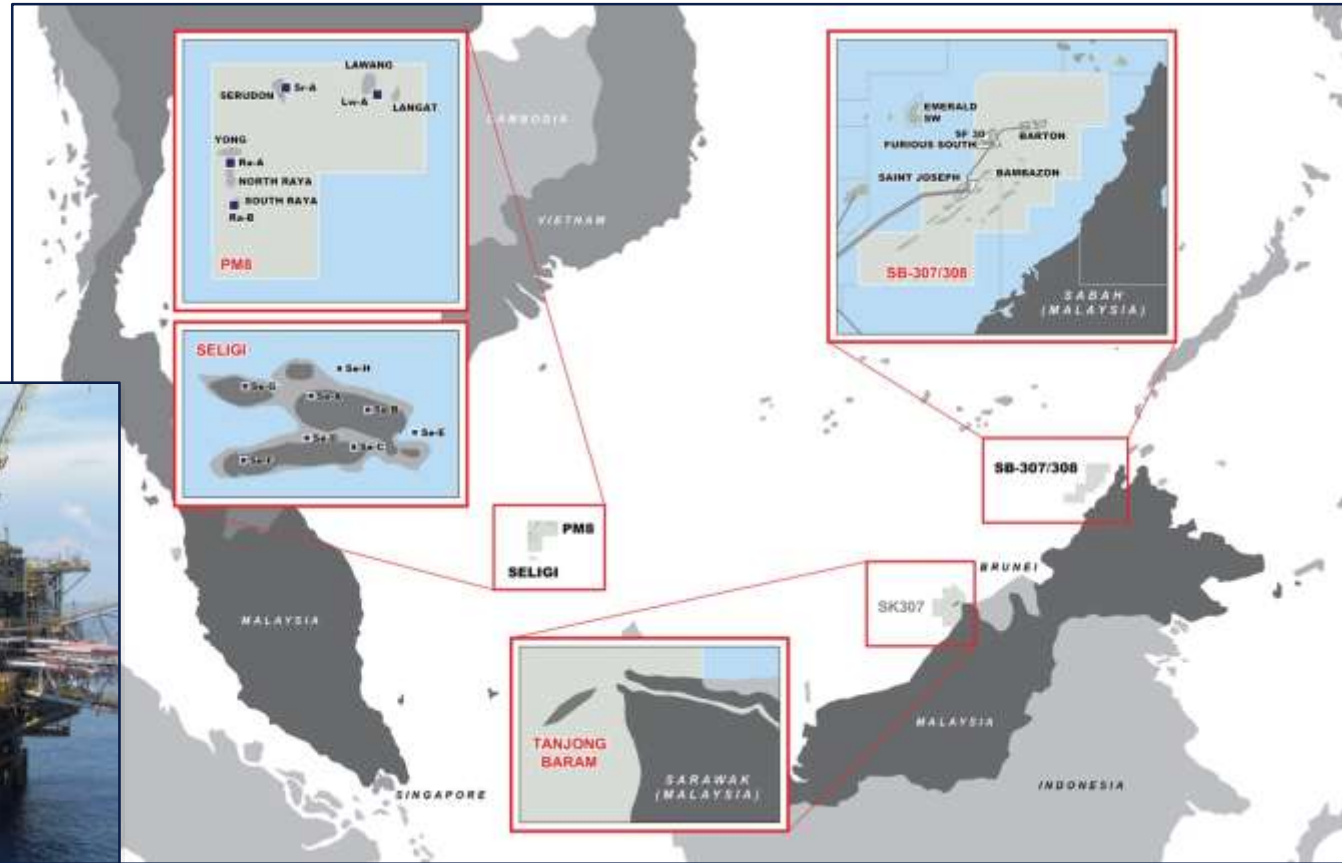
Legend

- Production and developments
- Discoveries
- Other licences



Malaysia: PM8/Seligi acquisition now completed

5,000 Boepd net production, 11.0 MMboe net 2P reserves



Seligi

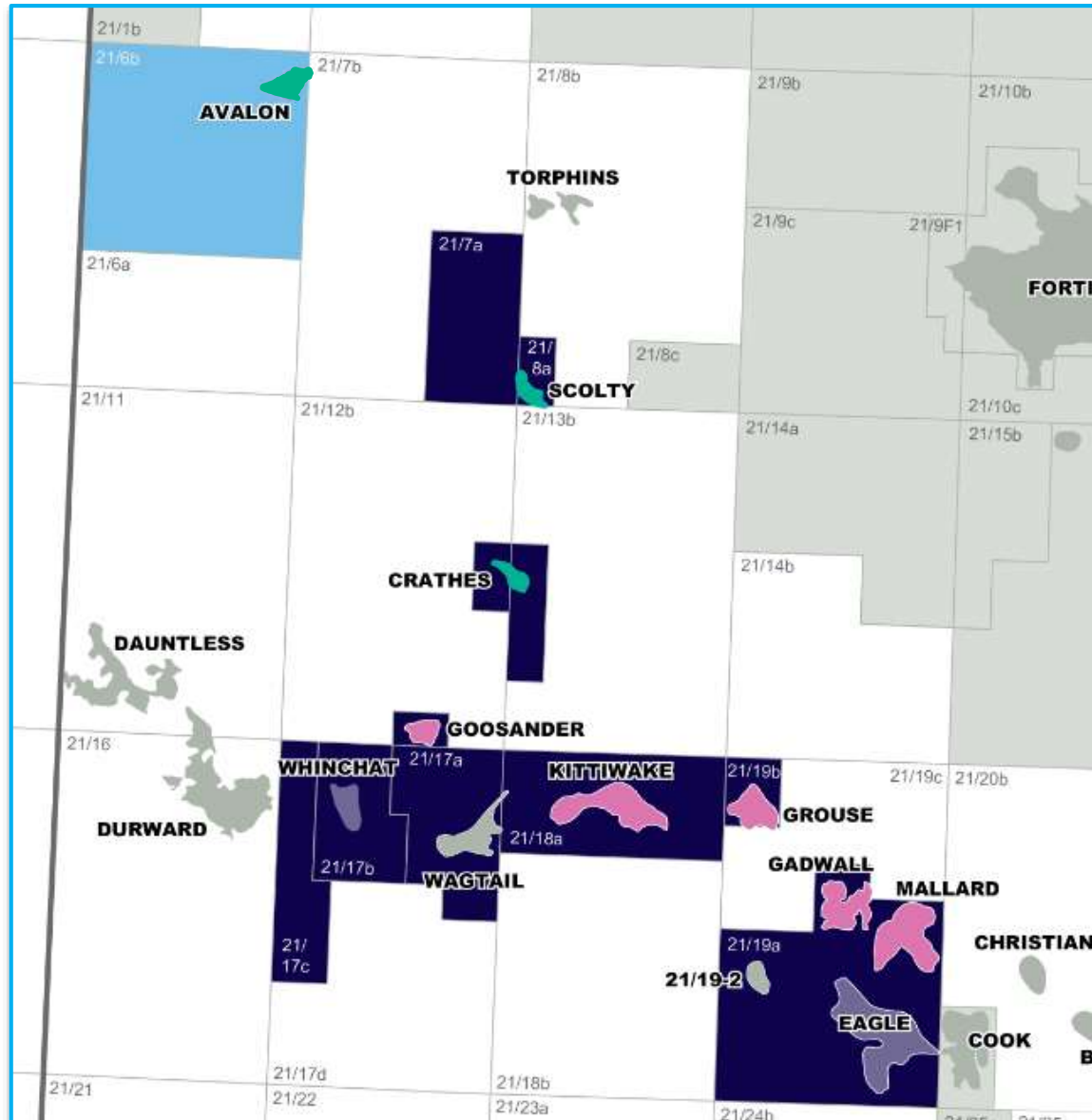


EnQuest's third Malaysian project: In June 2014, EnQuest completed the third acquisition of ExxonMobil's interest in the Seligi oil field and the PM8 PSC :

- Cash consideration of US\$28 million
- With its strong relationship with PETRONAS, EnQuest and Petronas Carigali Sdn Bhd (50% each) negotiated an extension of PM8/Seligi to 2033
- Preparing work programme and budget for 2015 and the medium term
- Evaluating further upside potential from infill drilling and workovers

Greater Kittiwake Area opportunity

50 km tie-back radius & competitor infrastructure



Financials



Results summary

Half year to 30 June



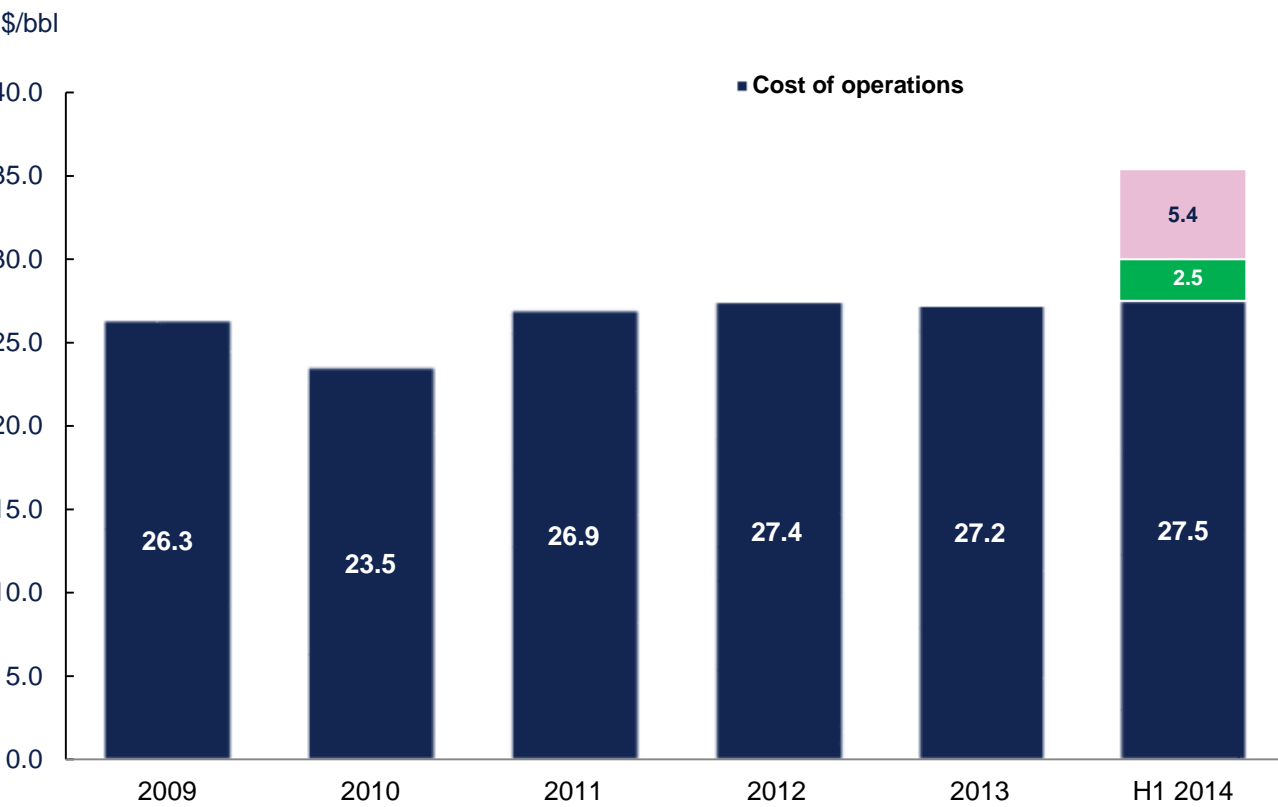
Unless otherwise stated all figures are before exceptional items and depletion of fair value uplift and are in US dollars

US dollars	H1 2014	H1 2013	Change %
Export production (Boepd)	25,292	21,455	17.9
Average realised price per barrel (\$)	110.0	108.7	1.2
Revenue (\$ million)	503.8	455.9	10.5
Cost of sales (\$ million)	339.5	280.9	20.9
Gross profit (\$ million)	164.3	175.0	(6.1)
Profit before tax & net finance costs (\$ million)	149.4	167.2	(10.6)
Profit after tax & net finance costs (\$ million)	75.1	97.7	(23.1)
EBITDA ⁽¹⁾ (\$ million)	284.0	274.0	3.6
Reported earnings per share (cents)	7.9	12.2	(35.2)
Net cash/(debt) ⁽²⁾ (\$ million)	(716.7)	(101.9)	-

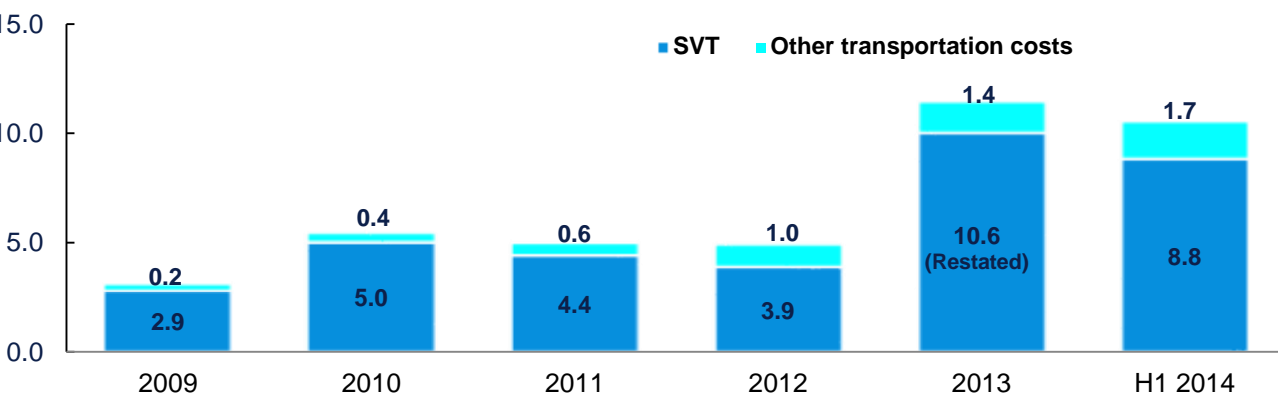
(1) EBITDA is calculated by taking profit/loss from operations before tax and finance income/(costs) and adding back depletion (adjusted for depletion of fair value uplift), depreciation, impairment, write-off of intangible oil and gas assets and foreign exchange movements. This foreign exchange adjustment for 2013 is a change to the definition used previously and the prior year EBITDA figure has been restated accordingly. (2) Net (debt)/cash represents cash and cash equivalents less borrowings as at the reported cash flow statement date of 30 June.

Focus on cost efficiency

EnQuest historical operating costs Vs doubling in UKCS costs over last 5 yrs



- Unit production costs
- Impact of GKA acquisition, \$5.4/bbl
 - \$/£ exchange rate also added c.\$2.5/bbl



- SVT
- Increased costs of BP operations
 - Reduced throughput from other users
 - Increased allocation to EnQuest

Group taxation position

No material UK cash tax on operational activities expected before 2020



ETR	%	\$m's	UK tax allowances	\$m's
PBT		79	Recognised at 31 Dec 2013	1,088
UK CT Rate	62	49	1H 2014 net additions plus RFES	340
PRT	24	19	Prior year adjustment	25
RFES	(76)	(60)	Tax losses at 30 June 2014	1,453
Finance costs not deductible for SCT	32	25	Tax losses expected at 31 December 2014	1,900
Prior year adjustment	(10)	(8)		
Tax rate differences	(10)	(8)		
H1 2014 Tax Charge	22	17		

ETR is the full year expected rate on UK activities only. It will vary dependent upon realised oil price and production in H2 2014, together with the mix of profits from our International assets in Tunisia and Malaysia.

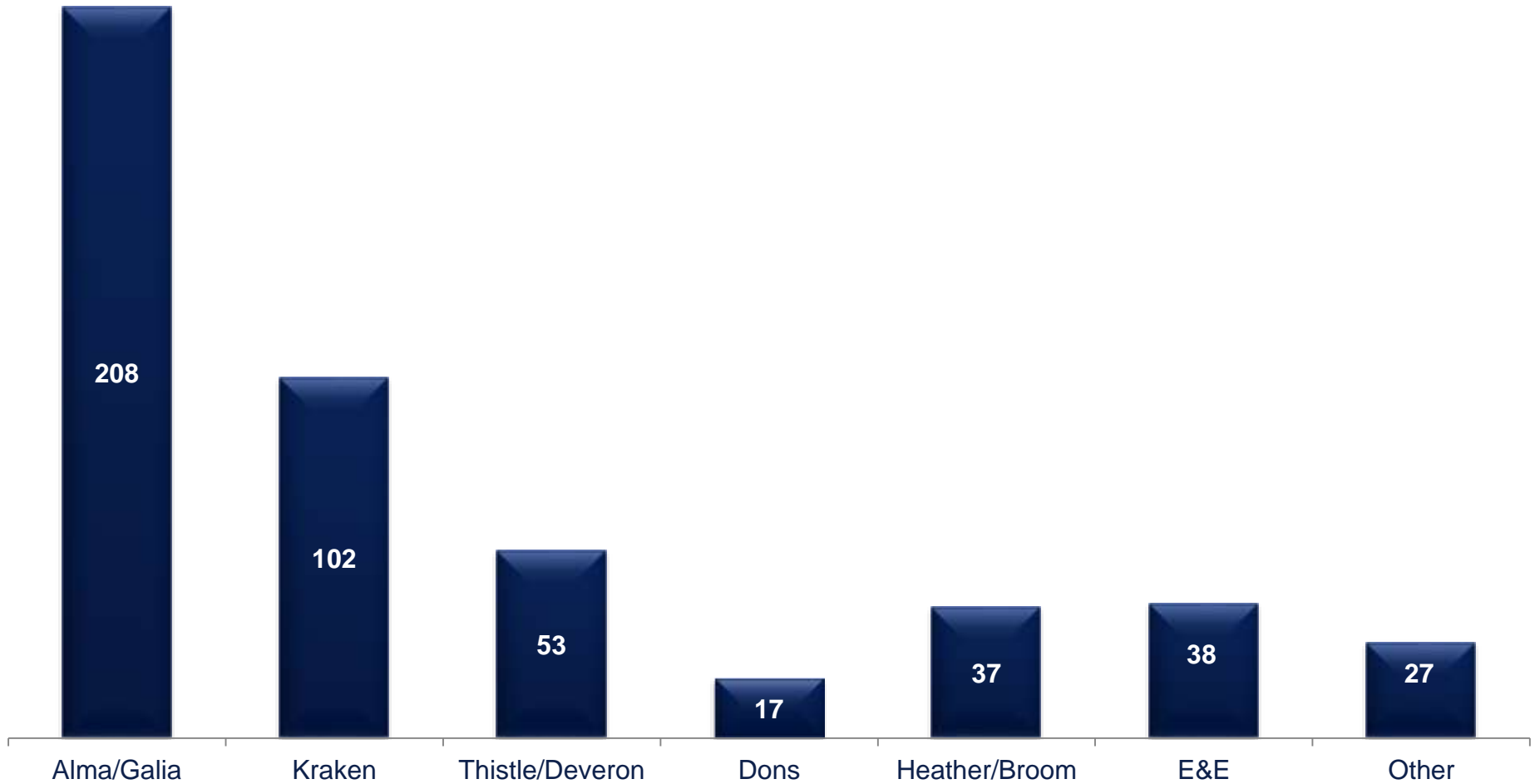
The Group will be cash tax paying in Malaysia in H2 2014 following the acquisition of PM8/Seligi.

\$482 million cash capital expenditure

Six months to 30 June 2014



US\$m

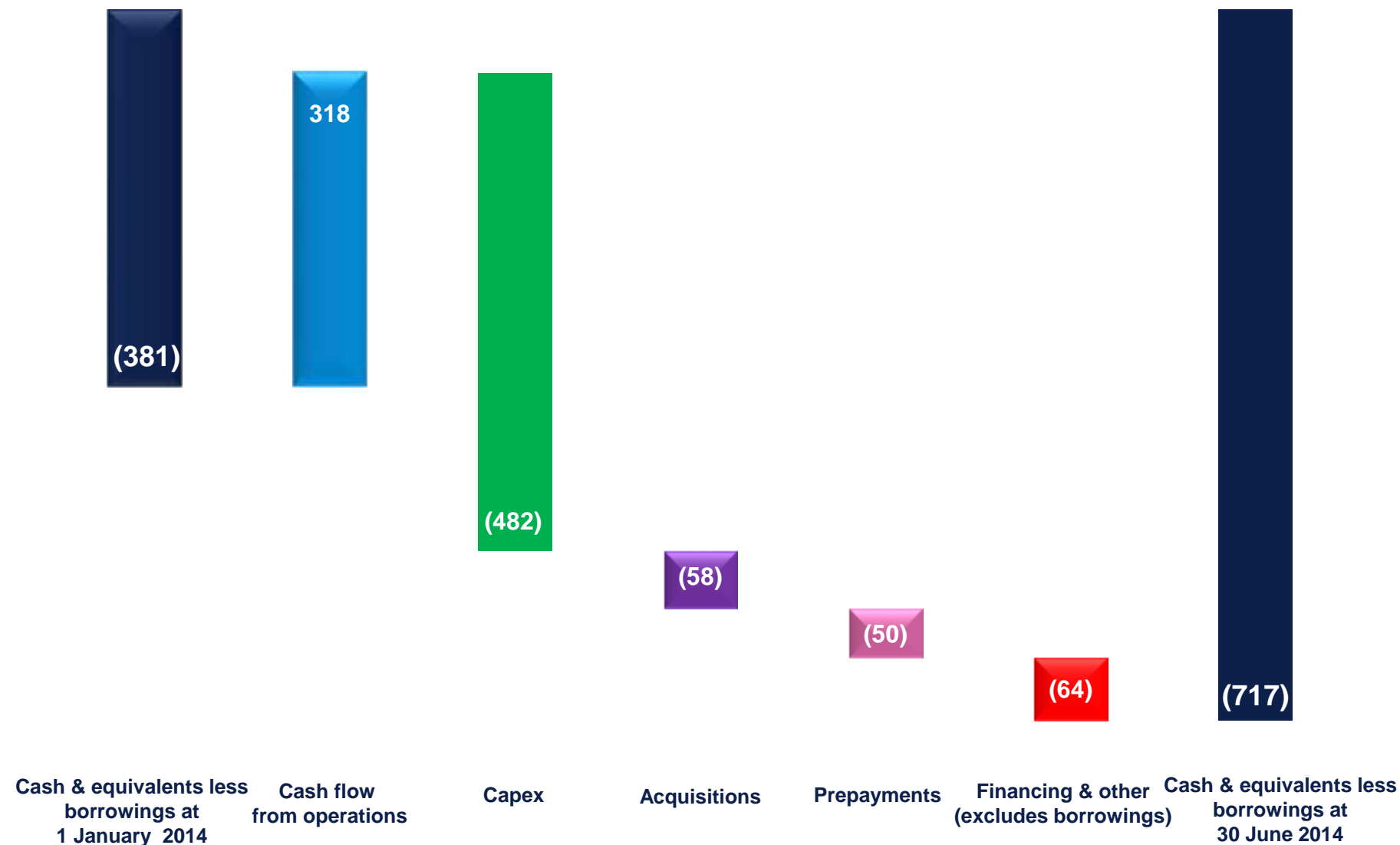


Cash flow

Six months to 30 June 2014



US\$m Strong financial position, \$1.7bn credit facility, £155m retail bond, \$650m high yield bond



- **Full Year 2014**
- Capex expectations of around \$1.2bn
- Production and transportation costs expected to be in the range \$535m to \$555m
 - Including c.\$50m for PM8/Seligi and reflecting the increased SVT costs
- Depletion anticipated to be similar to the first half on a per barrel basis
- G&A approximately \$15m to \$20m
- Cash finance costs expected to be in the region of \$70m
- Tax
 - Effective rate expected to be approximately 25% to 33%, based on current oil prices
 - With continuing investment in the North Sea no material UK cash tax is expected to be paid before 2020
- **Corporate funding**
- As at end of H1 2014, net debt of \$717m

Operations



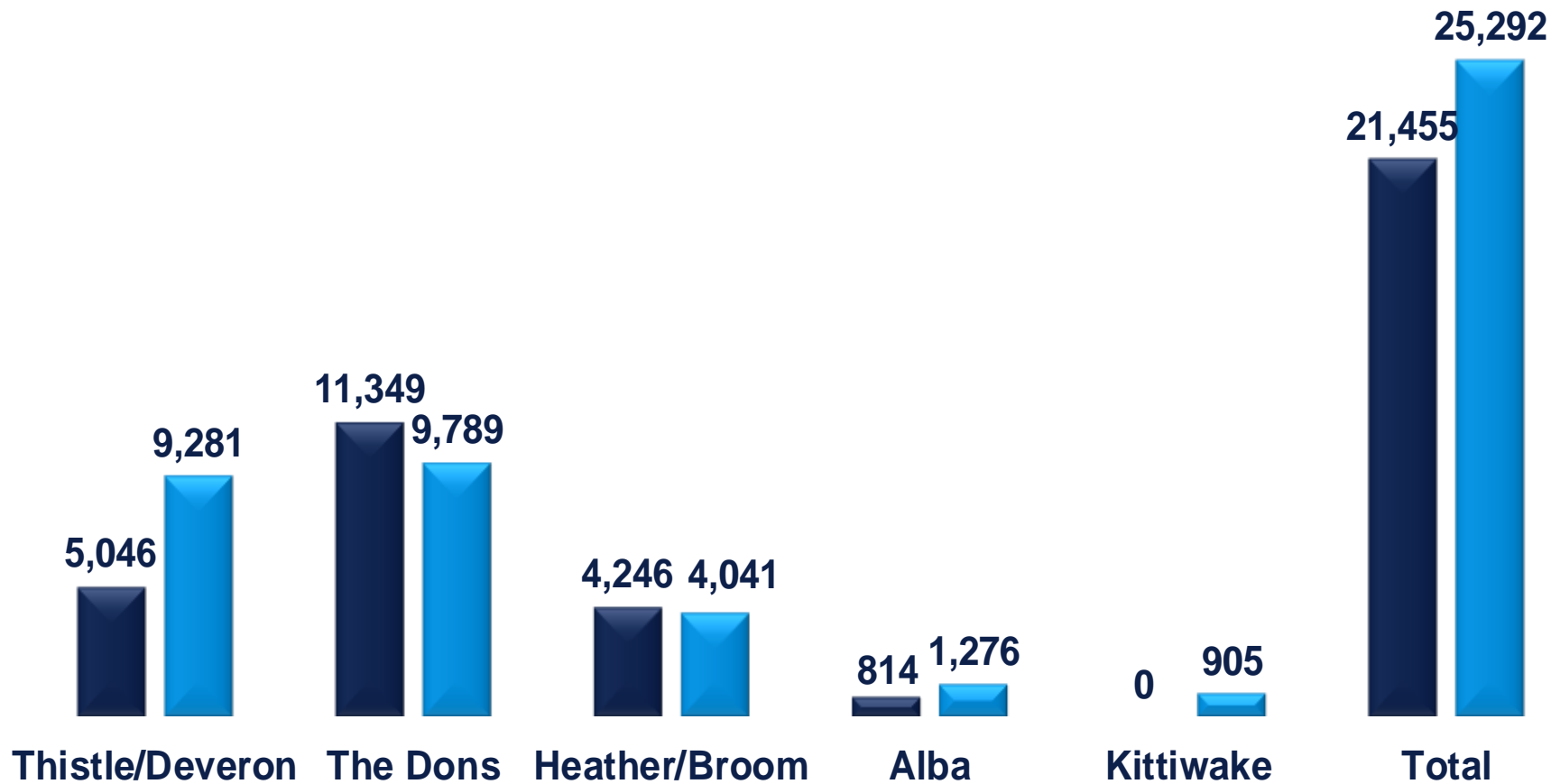
2014 Production results by hub

Year to date



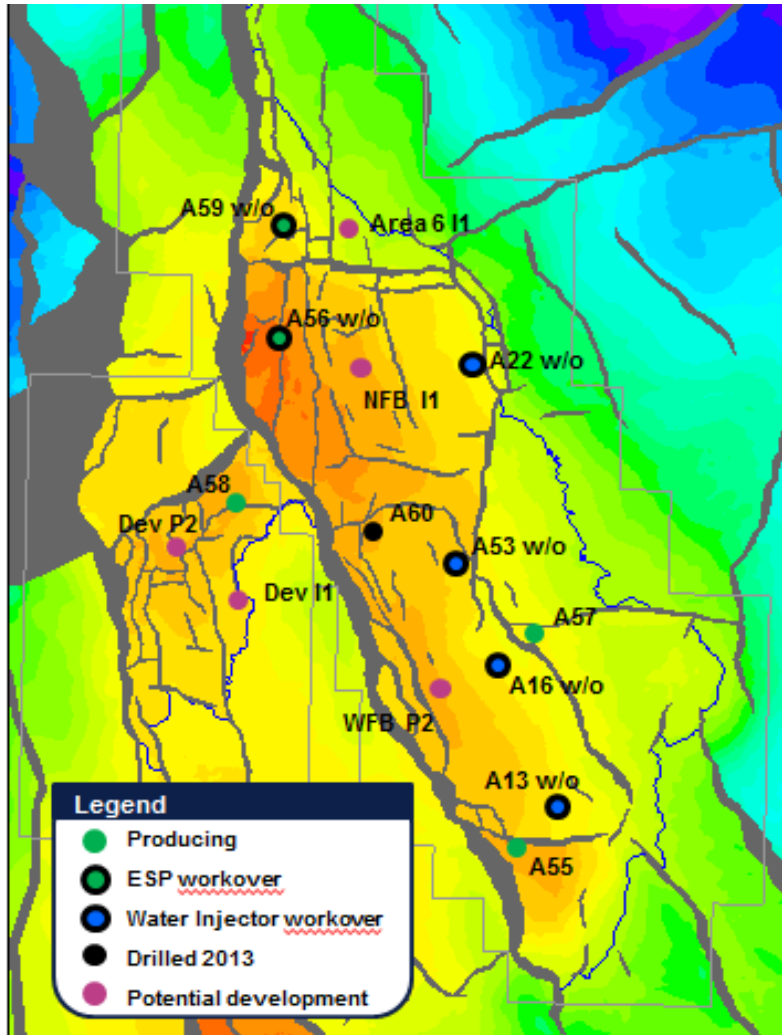
Net production (Boepd)

■ 2013 ■ 2014



Thistle / Deveron

Delivering production levels not seen since the '90s



- **2014**
- Production in H1 2014 almost double H1 2013. Strong production efficiency
- Ongoing interventions campaign
 - Additional perforations of A55/02
 - Integrity work to recover A43/12 production
 - Integrity work on non-producing wells
 - Further interventions H2 2014
- **2015 & beyond**
- 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

The Don fields

Continuing very strong production efficiency



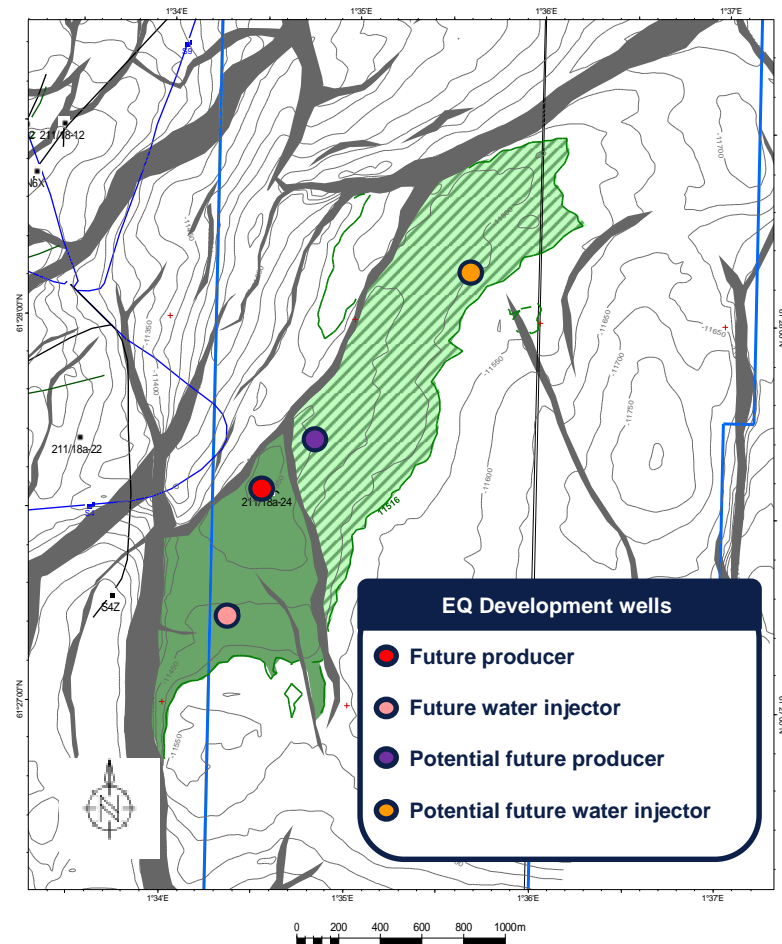
2014: existing fields

- Production in H1 2014 down on H1 2013, reflecting natural decline rates. Strong production efficiency and high levels of water injection
- New Don SW producer S14 (TJ) drilled and completed awaiting subsea tie-in in September 2014
- The Conrie producer, S7, has been reinstated to continuous production

Ythan

- Net resources c.4 MMboe
- Two firm wells: producer/injector pair

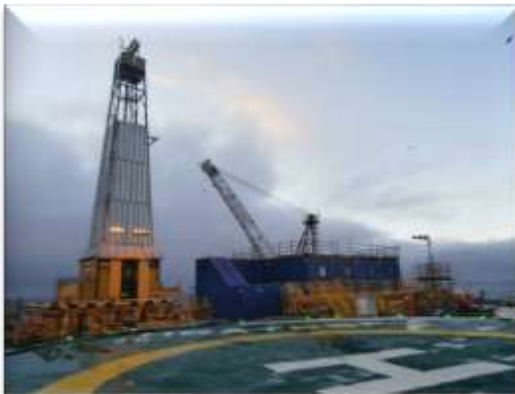
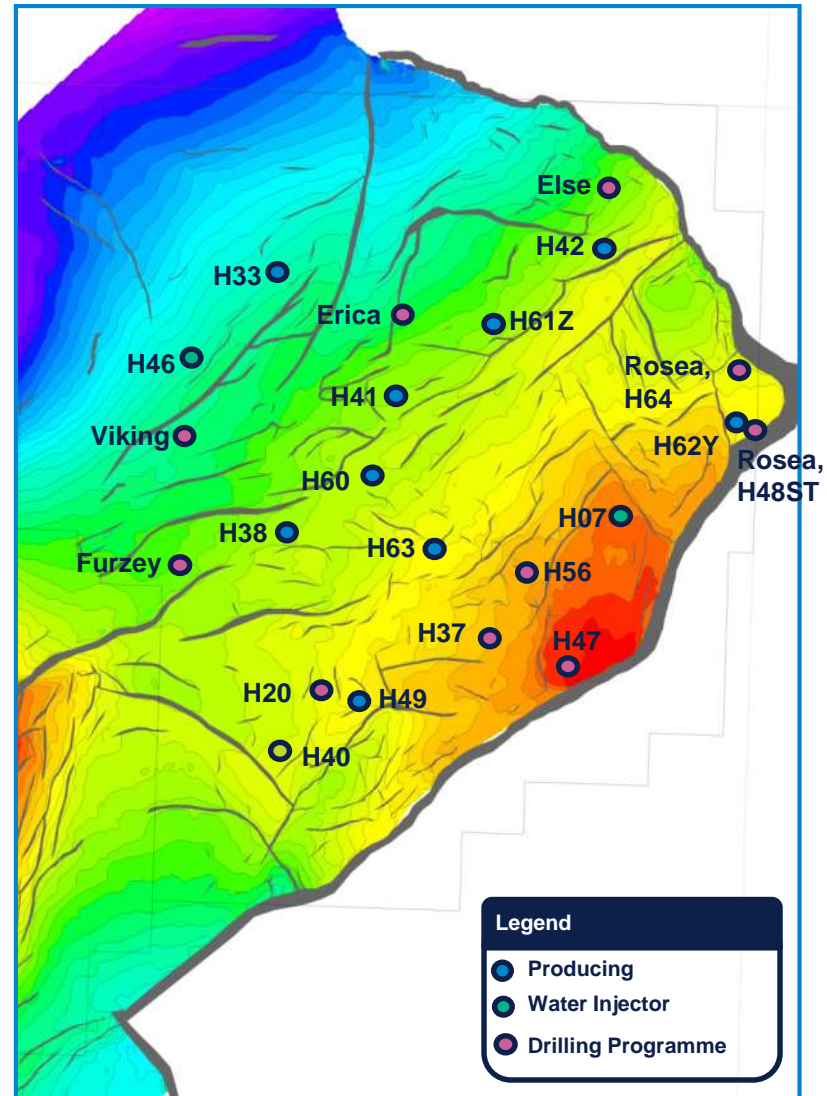
Don North East Area ('Don NE') (60%) 'Ythan' FDP submitted, planning onstream late 2015/early 2016



Heather / Broom

Highest production efficiency for over 5 years

- **2014 & beyond**
- Production broadly in line with H1 2013
- Following commencement of rig operations in Q1 2014, the workover of the H56 well was successfully completed in Q2 and a new injection well drilled (Rosea, H64). The 2014 programme also includes the H47 recompletion and a new producer, H48ST
- The Broom field continues to perform well
- Heather life extension project; three year infill drilling campaign with nine targets, targeting 12 MMboe reserves which are included in net 2P reserves
- New 3D seismic has been delivered, which is being used to optimise well placement and define additional targets in both the Heather and Broom fields



Greater Kittiwake Area

Now integrated into EnQuest operations



- Completed GKA acquisition on 1 March 2014
- Benefits from improvements should start to come through later in H2 2014
- Mallard workover under way to reinstate production
- Evaluating potential of reinstating production from Gadwall in 2015
- Eagle exploration well planned for H2 2014
- Preparation for Scolty/Crathes FDP progressing well
- Avalon post drill evaluation ongoing
- Further exploration opportunities are also being assessed

Mallard tree before and after cleaning



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 ('TJ') →

GKA

← 1 workover ('Mallard') →

Alma/Galia

← 4 producers →

Alba

← 2 producers →

Exploration/ Appraisal

← Cairngorm Avalon Kraken / GKA / Malaysia
('Tyrone') ('Eagle') ('Kitabu') →

Major projects & summary



- The FPSO is now substantially complete and commissioning has begun
- Three wells have been completed and a fourth is in the process of being completed for production
- Subsea work has been completed with the exception of mooring and riser pull-ins to the FPSO

General Construction Areas

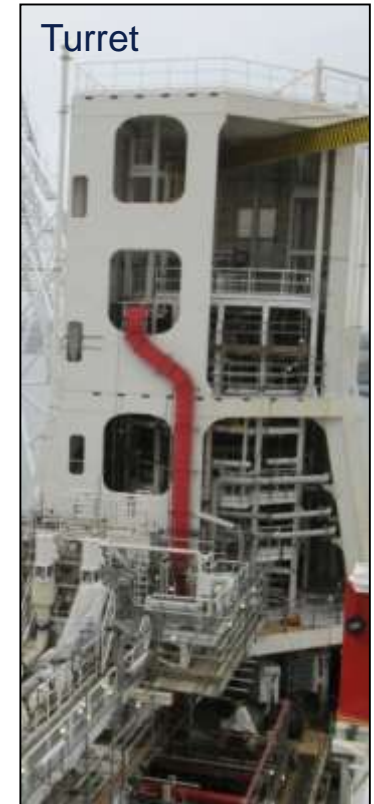
CSU Area



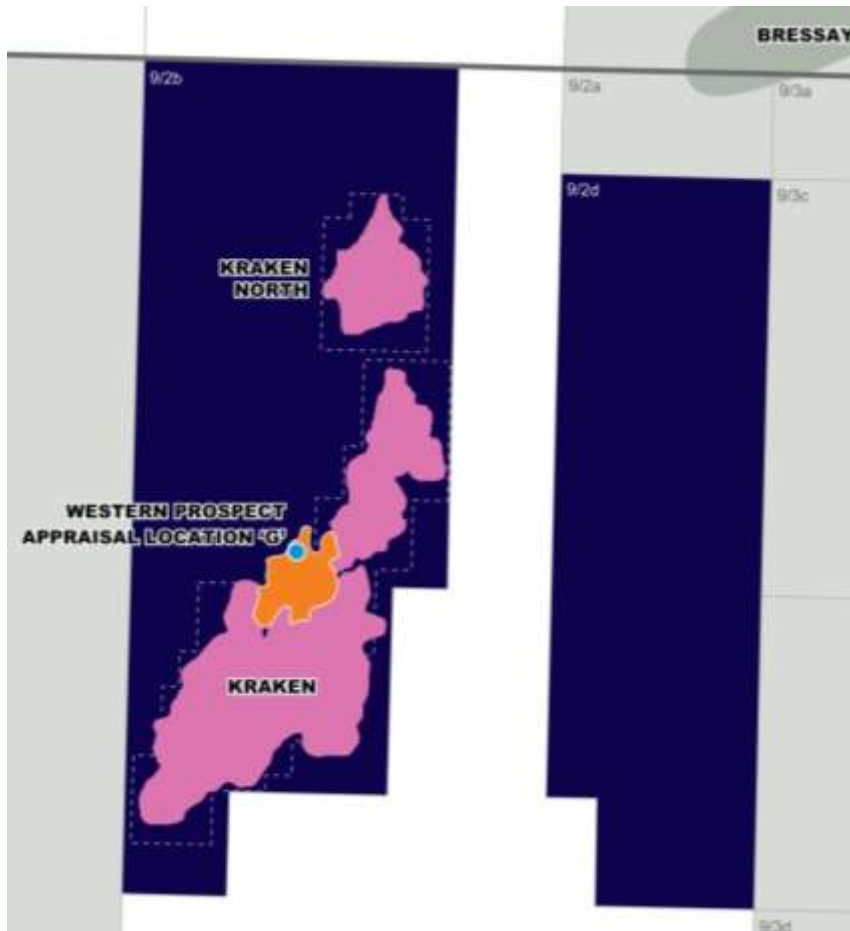
Water Injection Aft



Turret



Kraken proceeding on time and on budget



- A conventional development programme
- High level of capex confidence
- Good progress on evaluation of drilling rig options
- The Kraken FPSO host vessel is at the yard in Singapore (c110th such FPSO in that yard); hull conversion and marine system refurbishment is progressing.
- Pipeline route surveys have been undertaken on the Kraken site, boulders removed and preparatory pipeline initiation facilities installed.
- The Kraken West appraisal well 'Tyrone' will be drilled in H2 2014

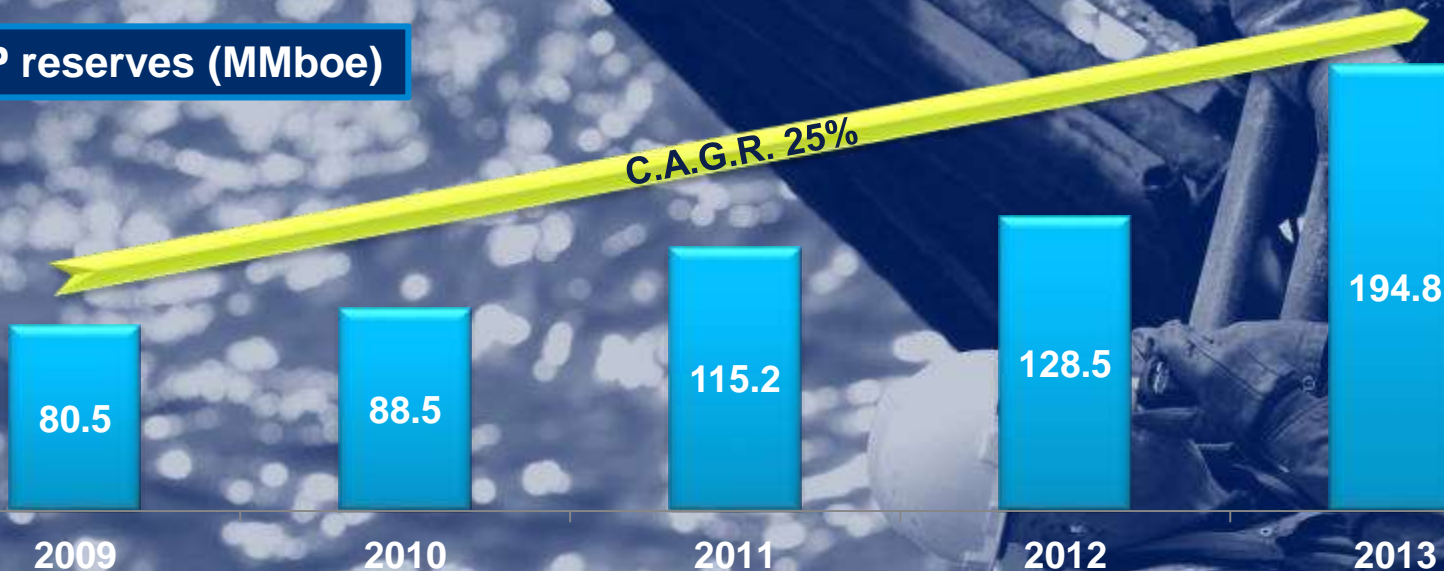


Delivering strong compound annual growth rates

25% for reserves & 15% for production



Net 2P reserves (MMboe)



Average net production (Boepd)



EnQuest's producing hubs

From 3 to 6 in approx. one year, a growing & increasingly diversified portfolio



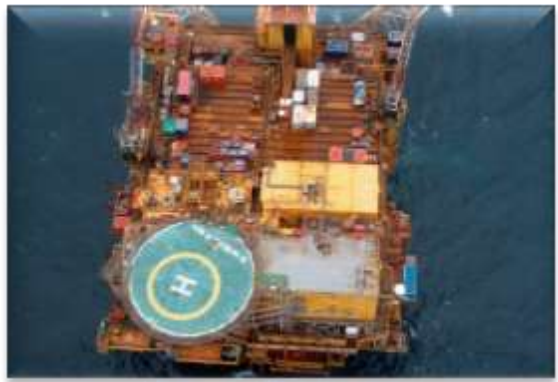
Thistle/Deveron



The Don fields



Heather/Broom



Greater Kittiwake Area



PM8/Seligi (Malaysia)



Alma/Galia



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, PM8/Seligi

Commercialising & developing discoveries



Alma/Galia



Converting contingent resources into reserves

Thistle/Deveron



Dons



Northern Producer

Heather/Broom



Alma/Galia



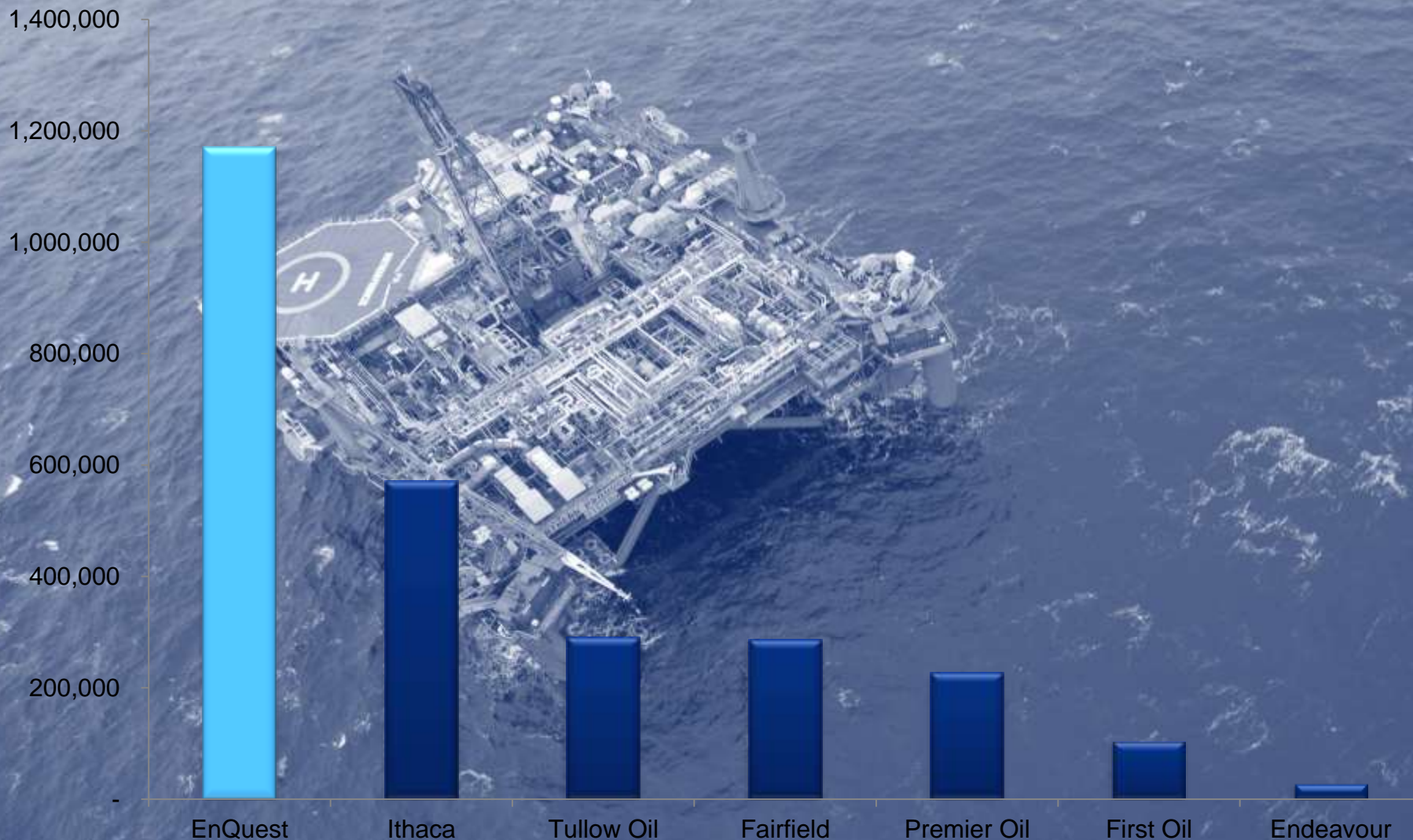
EnQuest Producer

Largest UK Independent Producer in the UK North Sea

Government data (DECC) for UK North sea independent producers



Total Production for the year ending April 2014



Summary income statement

Half year to 30 June



US dollars	2014 Business performance \$m's	2014 Exceptional items \$m's	2014 Reported \$m's	2013 Reported \$m's
Revenue	503,844	-	503,844	455,863
Cost of sales	(339,507)	(35,625)	(375,132)	(287,223)
Gross profit	164,337	(35,625)	128,712	168,640
Exploration and evaluation expenses	(2,173)	-	(2,173)	(2,326)
General and administration expenses	(3,675)	-	(3,675)	(4,488)
Impairment on investments	-	-	-	(312)
Net other expenses	(9,068)	-	(9,068)	(949)
Profit/(loss) from operations before tax and finance income/(costs)	149,421	(35,625)	113,796	160,565
Net finance costs	(35,209)	-	(35,209)	(19,933)
Profit/(loss) before tax	114,212	(35,625)	78,587	140,632
Income tax	(39,141)	22,088	(17,053)	(45,705)
Profit/(loss) after tax	75,071	(13,537)	61,534	94,927
Reported basic earnings per share (cents)			0.079	0.122

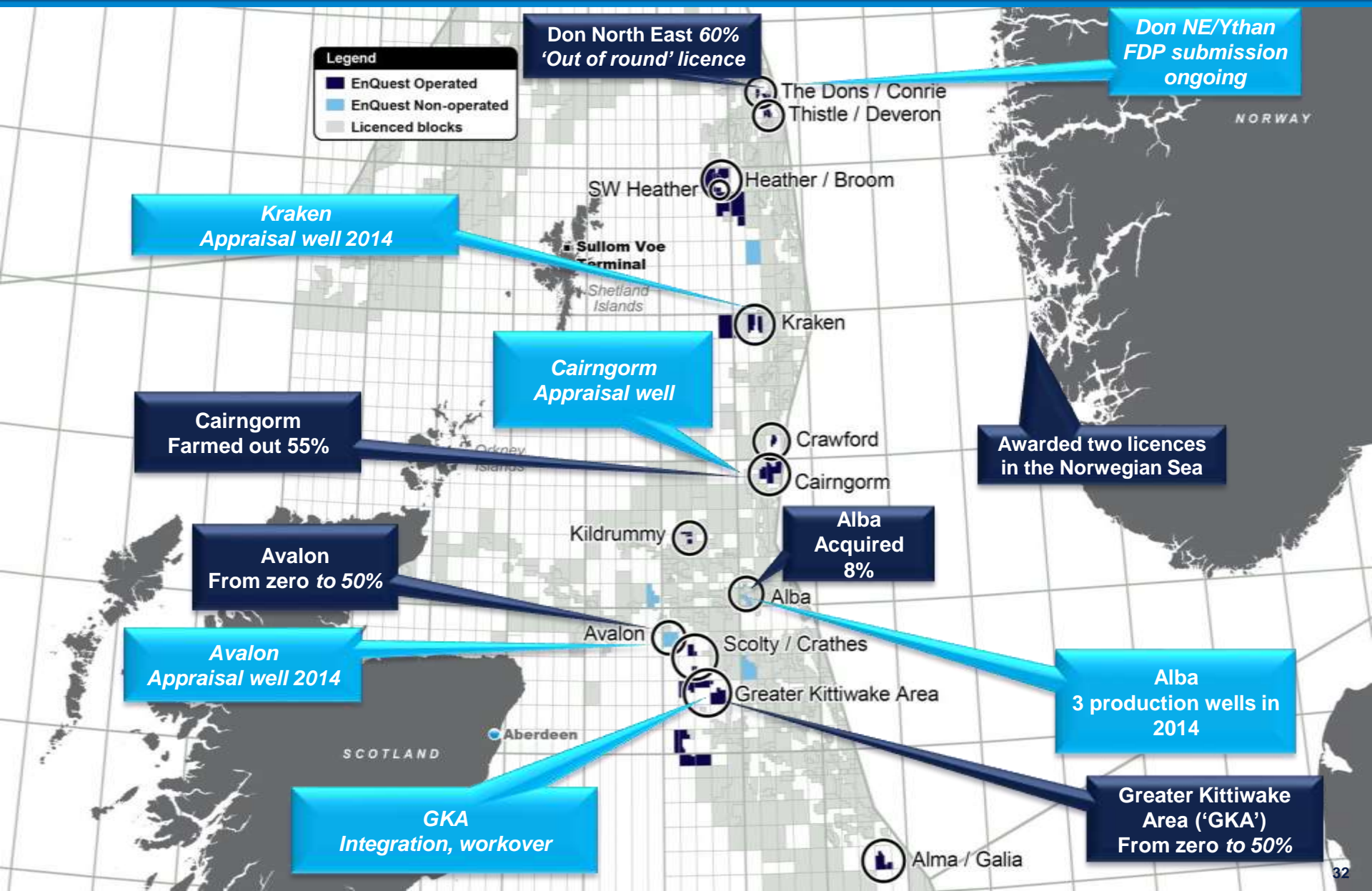
Balance sheet



US dollars		30 June 2014	31 December 2013
		\$m's	\$m's
ASSETS	Property, plant and equipment	3,334.4	2,871.2
Non-current assets	Goodwill	166.6	107.8
	Intangible oil and gas assets	197.5	130.9
	Investments	2.4	2.4
	Deferred tax asset	24.1	14.7
	Other financial assets	21.9	21.9
		3,746.9	3,148.9
Current assets	Inventories	80.7	46.8
	Trade and other receivables	336.7	267.2
	Current tax receivable	3.6	6.3
	Cash and short term deposits	213.0	72.8
	Other financial assets	2.5	8.5
		636.5	401.6
TOTAL ASSETS		4,383.4	3,550.5
EQUITY AND LIABILITIES	Share capital	113.4	113.4
Equity	Merger reserve	662.9	662.9
	Available-for-sale reserve	0.4	0.4
	Share based payment reserve	(7.7)	(10.3)
	Retained earnings	779.8	718.3
TOTAL EQUITY		1,548.9	1,484.7
Non-current liabilities	Borrowings	18.4	199.4
	Bond	911.3	254.5
	Obligations under finance leases	0.1	0.1
	Provisions	518.5	308.4
	Other financial liabilities	-	0.9
	Deferred tax liabilities	797.3	761.0
		2,245.6	1,524.3
Current liabilities		588.9	541.5
TOTAL LIABILITIES		2,834.5	2,065.8
TOTAL EQUITY AND LIABILITIES		4,383.4	3,550.5

Expanding our UK asset base in 2013 and 2014

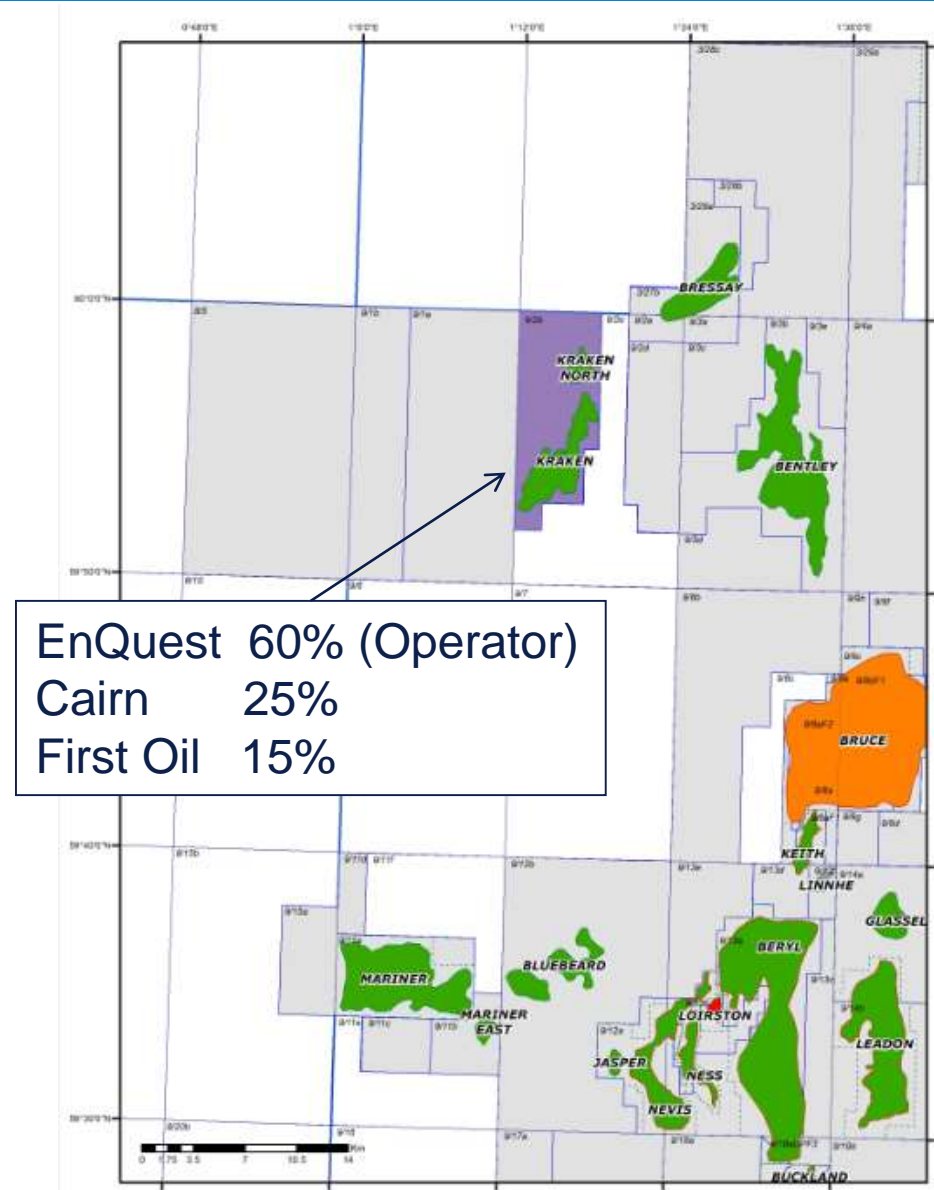
Delivering sustainable growth



Kraken overview

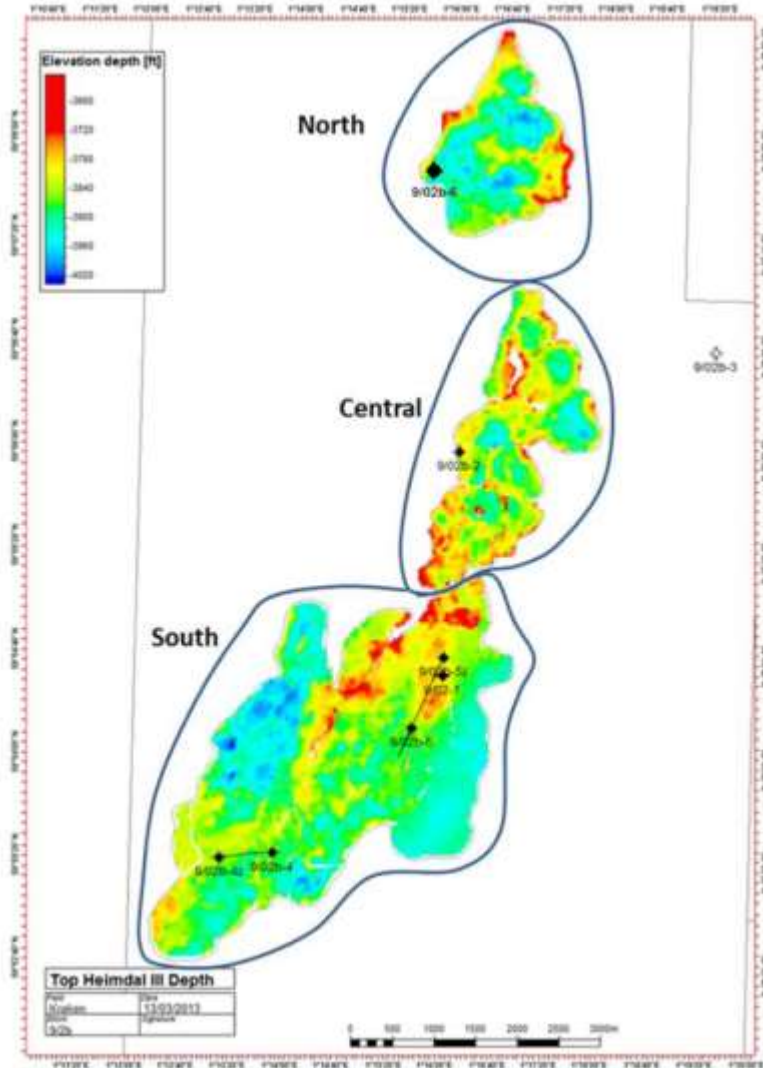
Field summary

- 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



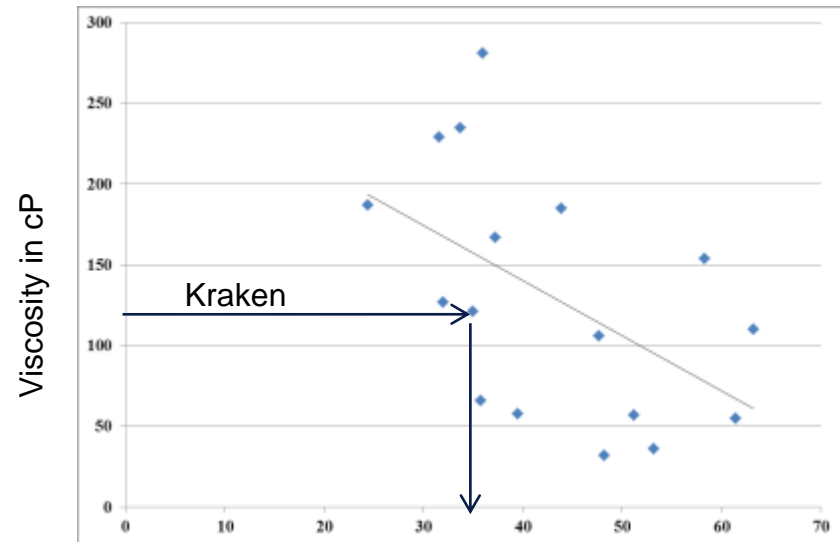
Kraken subsurface

STOIIP, reserves & recovery factor



FDP	STOIIP	Produced	RF%
North	68	20	30%
Central	85	38	45%
South	268	89	33%
Kraken Area	421	147	35%

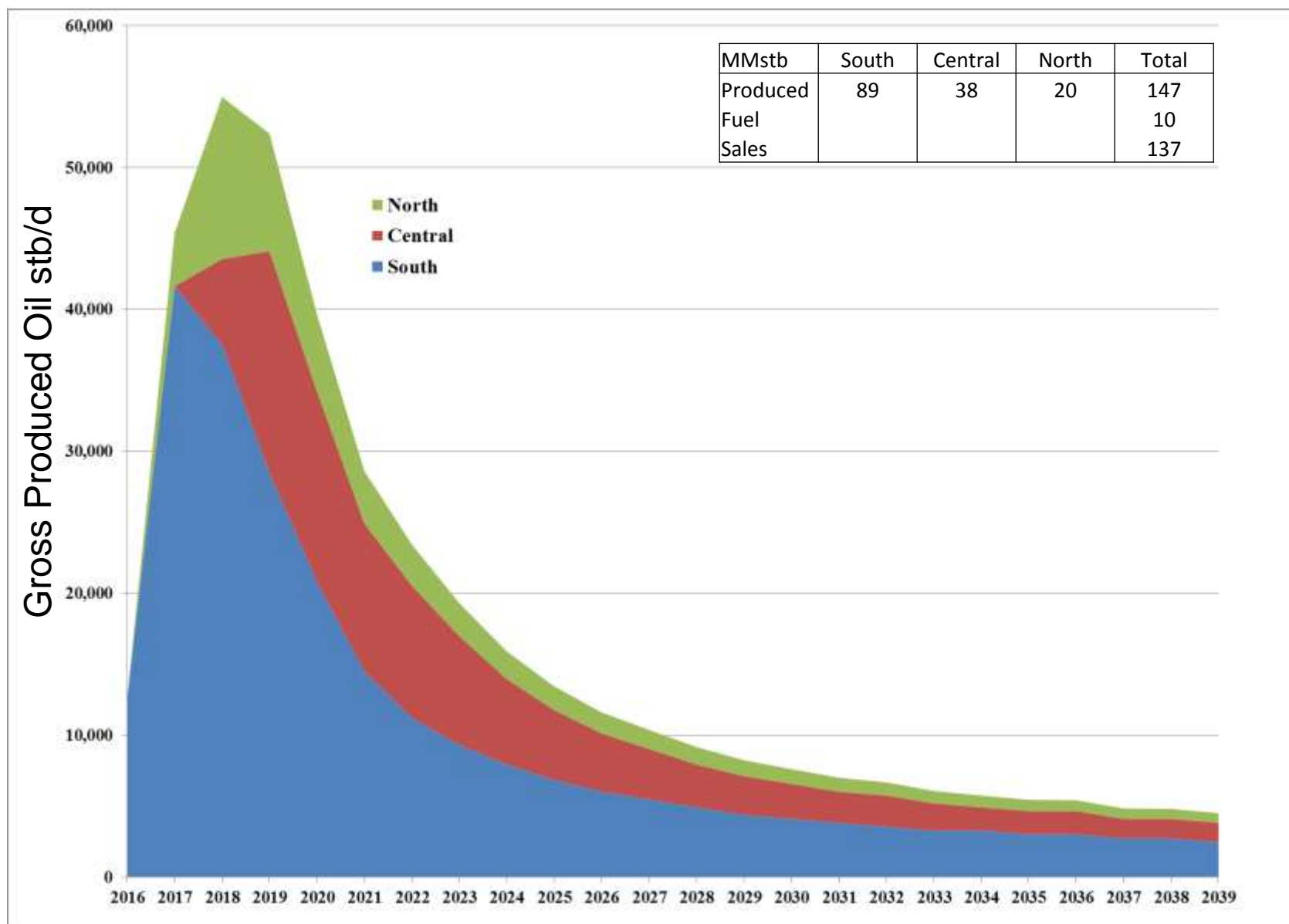
Conservative Recovery Factor

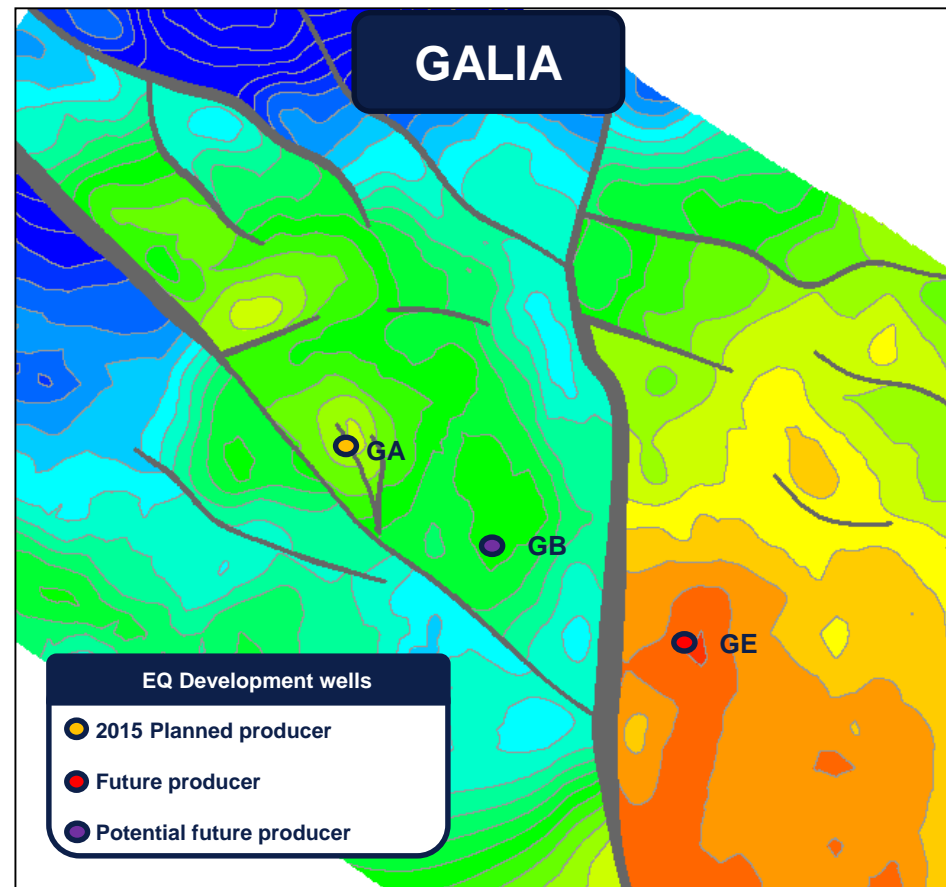
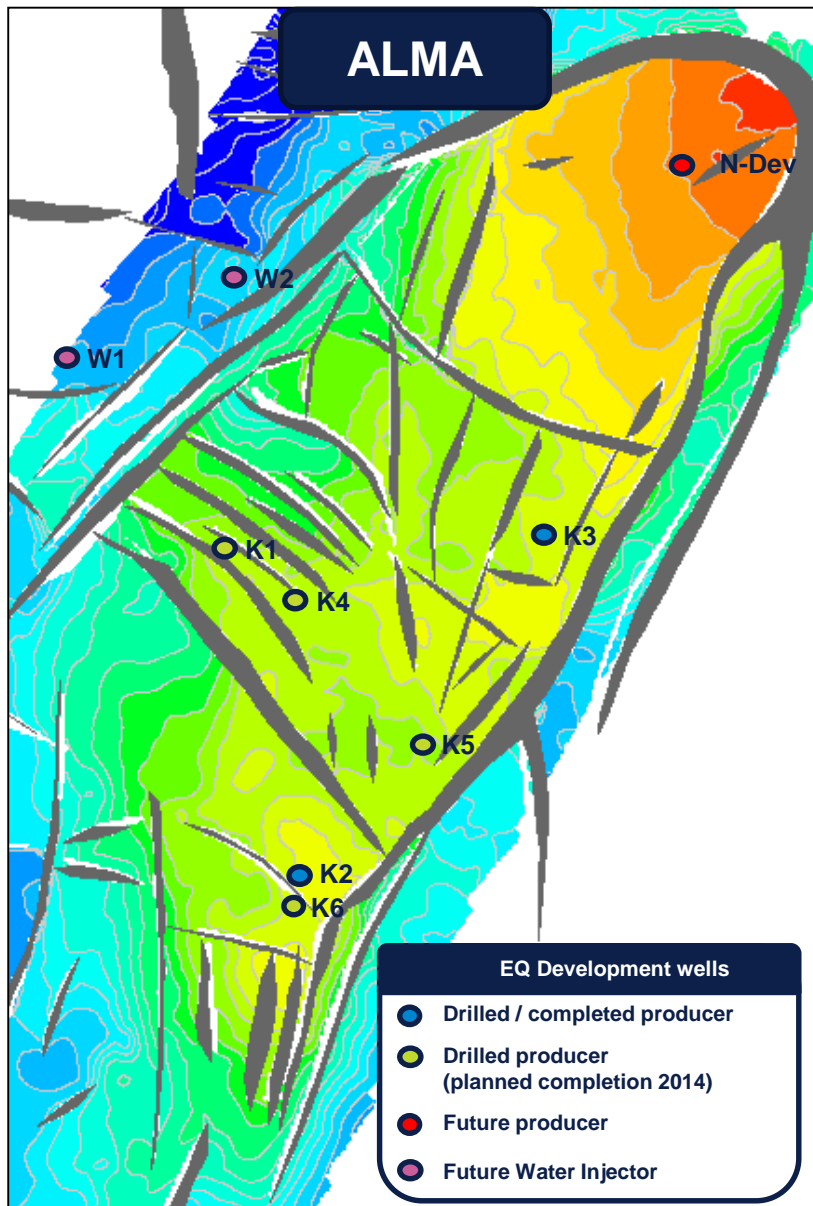


Ultimate Recovery Factor from Heavy oil Fields

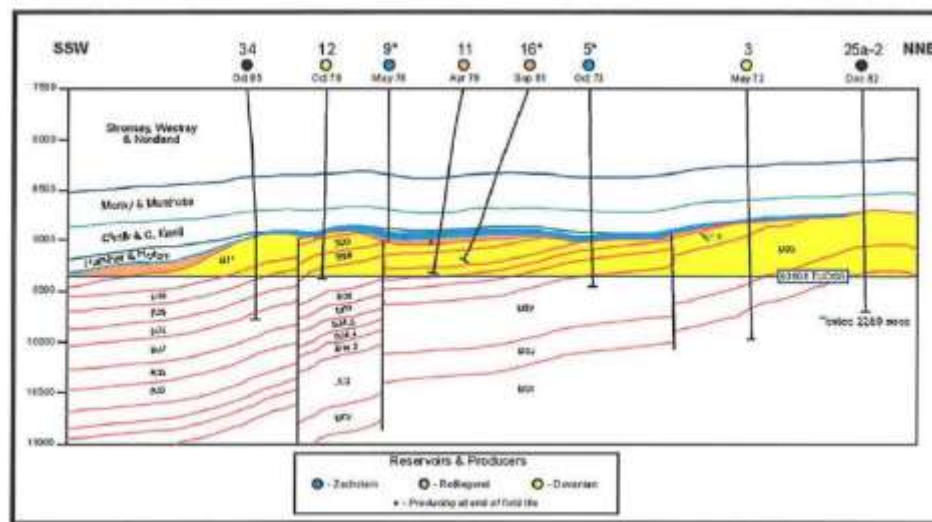
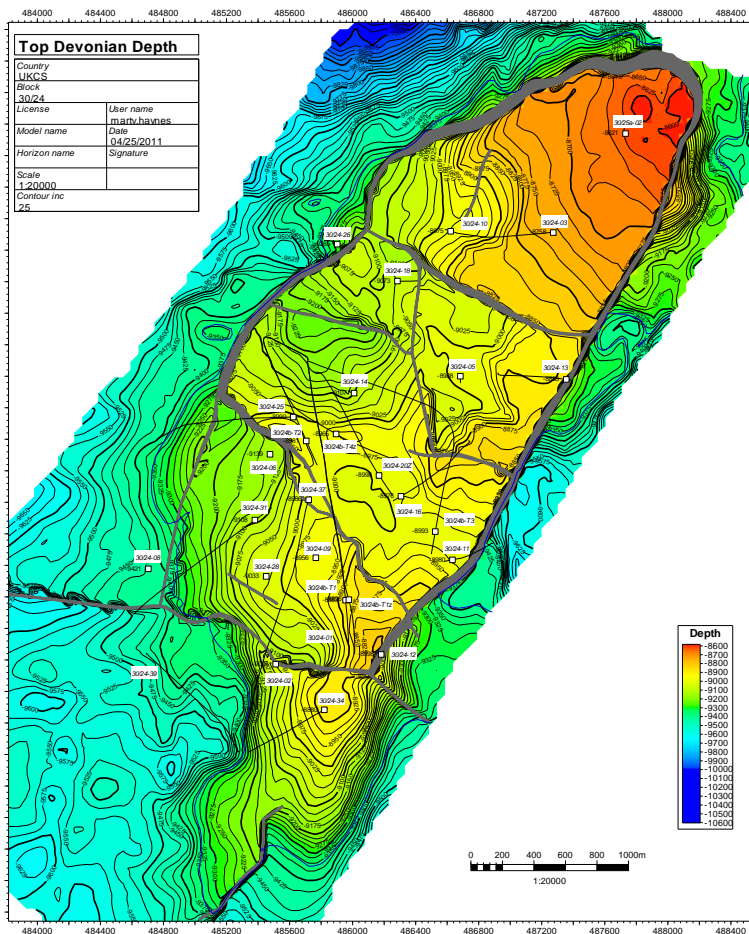
Kraken subsurface

Gross production profile & reserves – FDP

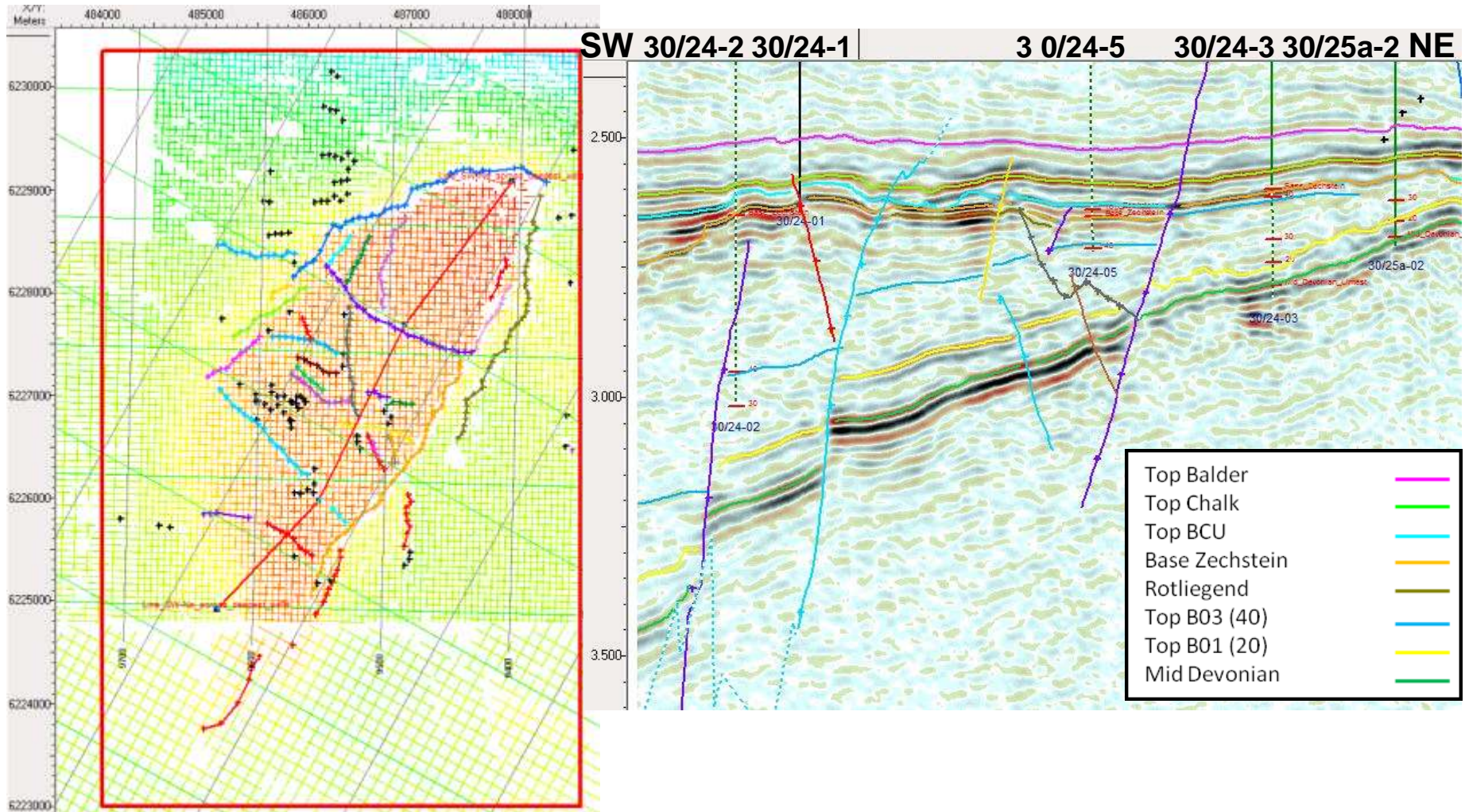




- Alma abandoned at low water cut of 70%
- Prudent base case with upside
- The right facilities for the fields
- Dedicated completions for Devonian/Rotliegend/Zechstein
- Variable speed drive ESPs
- Water injection

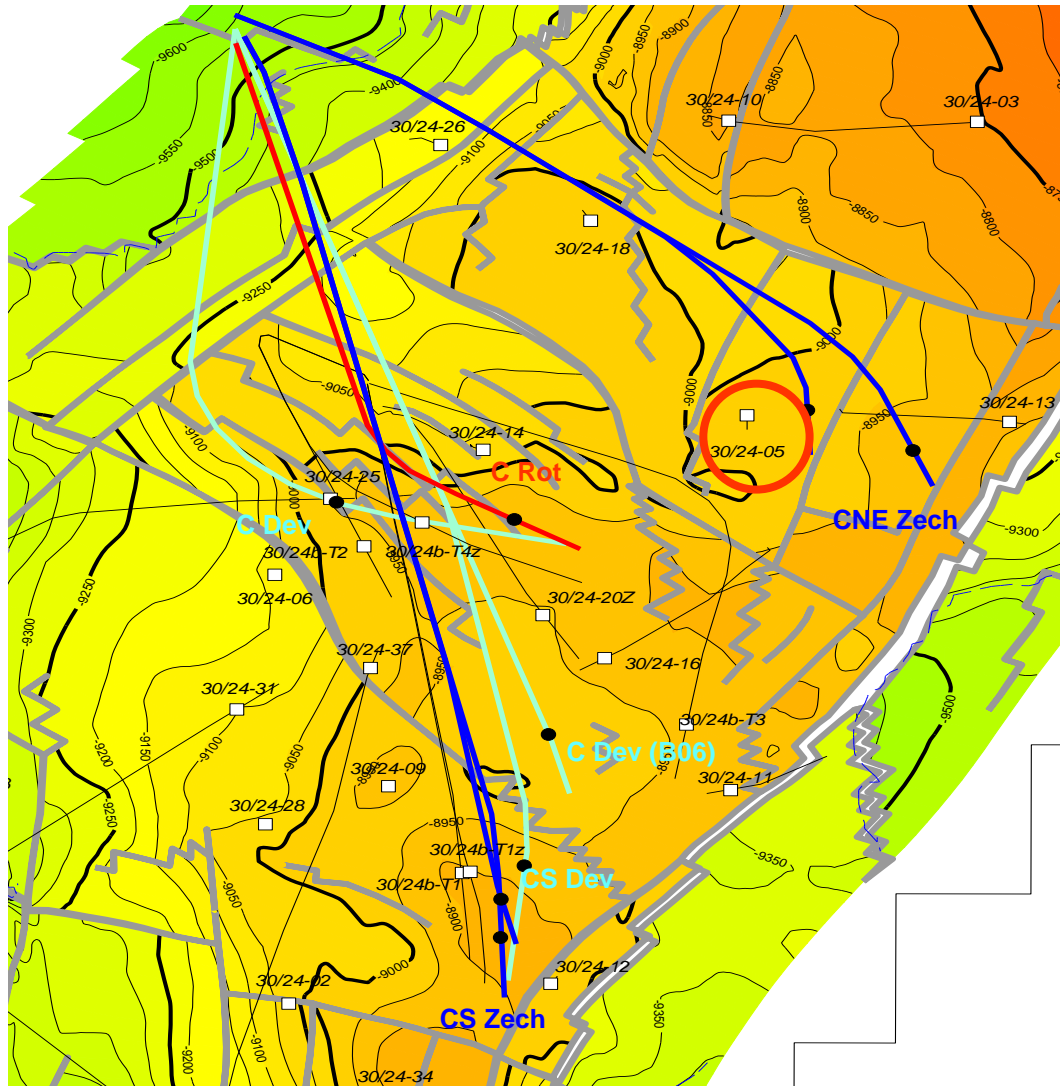


PVT property	Value
Bubble pressure (Pb)	1145 psia
Dissolved Gas oil ratio (Rs) @ Pb	219 scf/stb *
Formation Volumetric Factor (Bo) @ Pb	1.29 rb/stb *
Oil Viscosity (μ_o) @ Pb	0.7 cP
API gravity	38°
Temperature	255 °F



Alma Development

Wells Trajectory Schematic

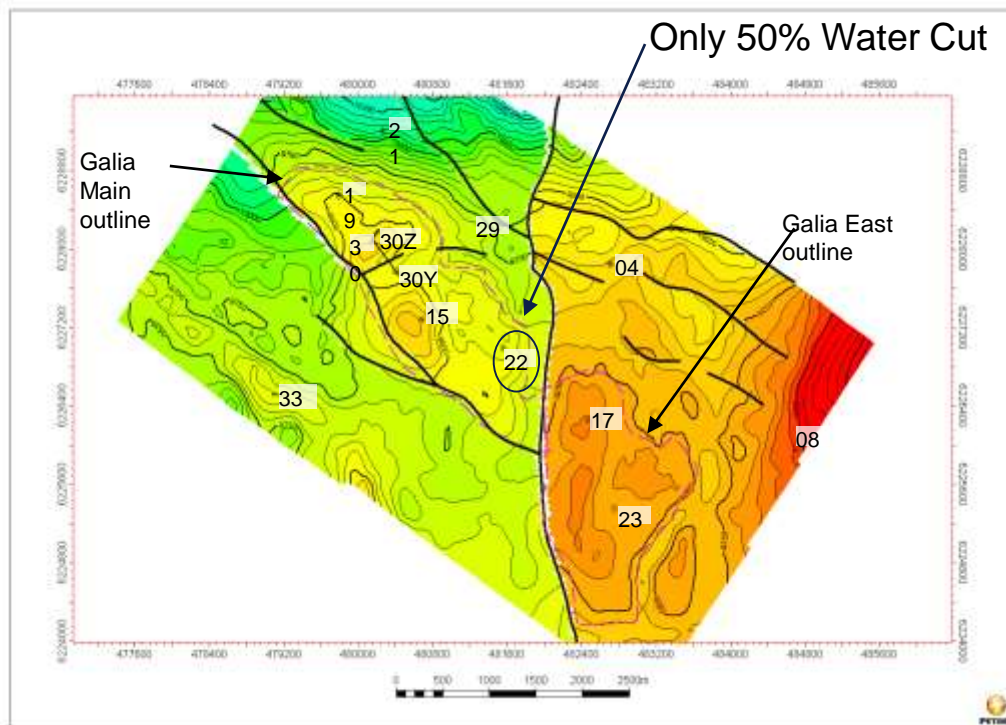


Development wells optimised to target:

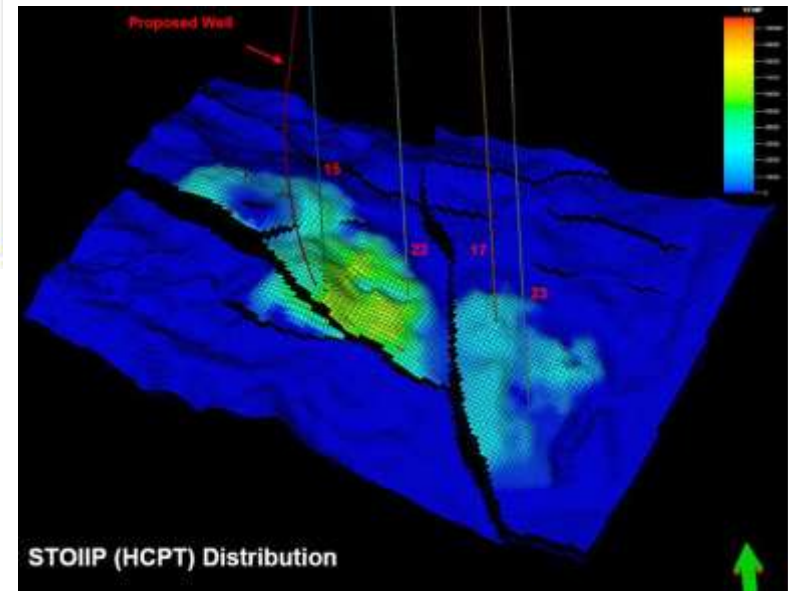
- All key reservoir zones (no comingling)
- Stand-off from FWL in key producing zones
- Optimise wells to get max length in Devonian

4 Types of well to drill and complete:

- Zechstein Producers x2
- Rotliegendes Producer x1
- Devonian Producers x 3
- Zechstein/Rotliegendes Water Injectors x 2

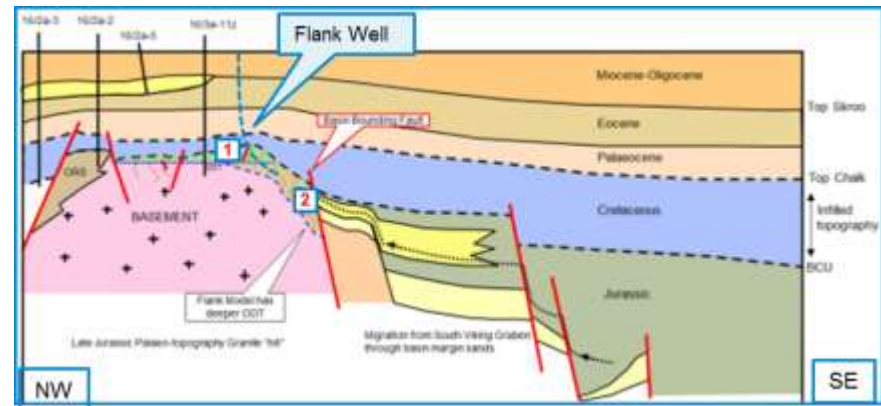
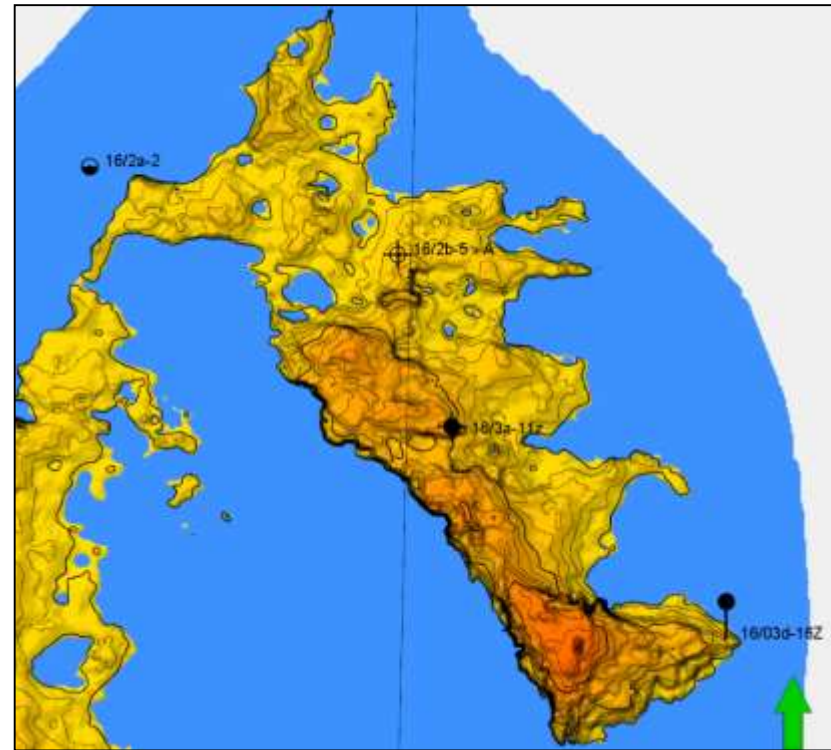
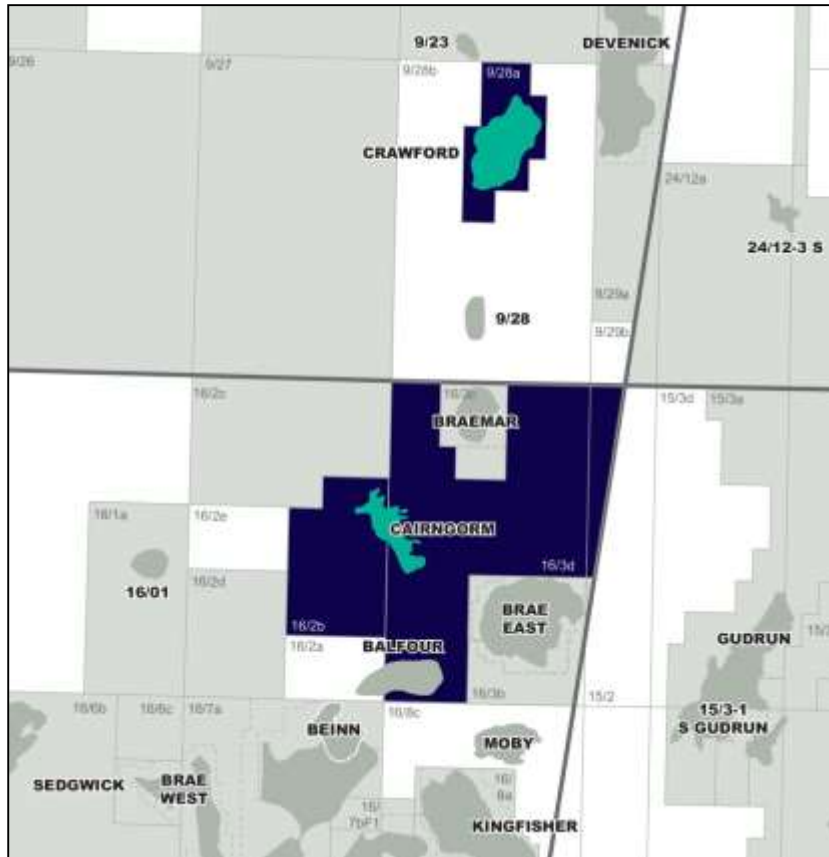


Galia Main		30/24-15
Well Sampled		
Bubble Point Pressure	1900	psia
Differential Gas-Oil Ratio	631	scf/stb
Formation Volume Factor	1.33	b/stb
Oil Viscosity	0.49	Degrees
API Gravity	38	Degrees F
Reservoir Temperature	260	

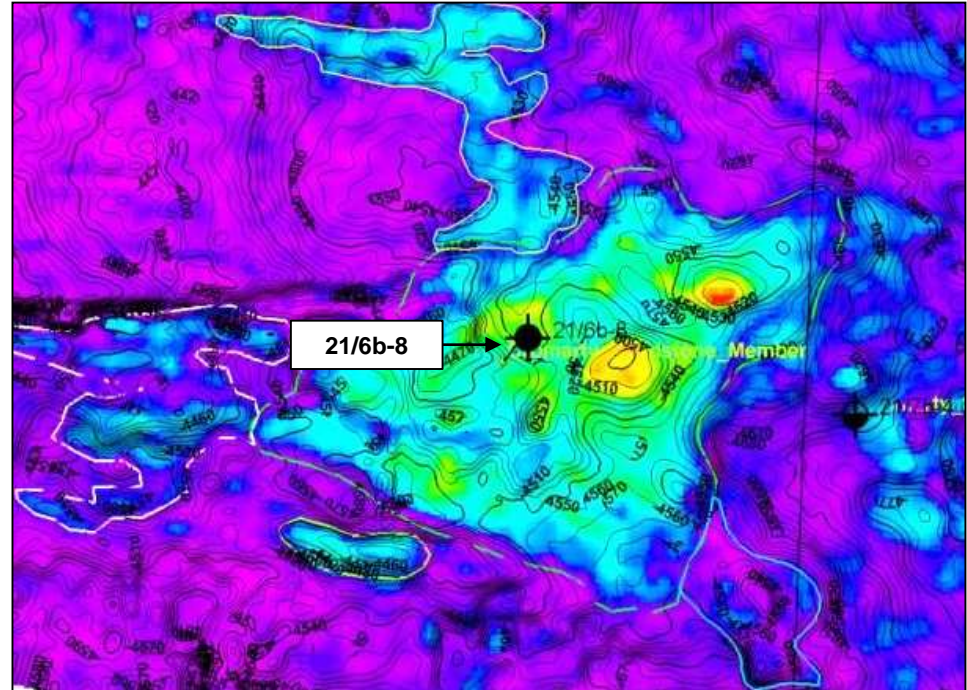


Cairngorm appraisal well

Further evaluation of results ongoing

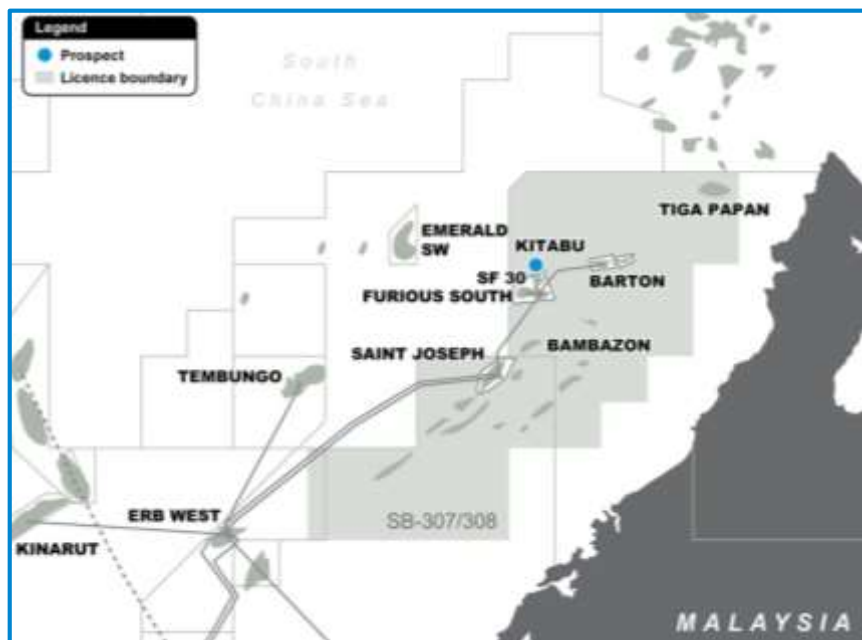


- EnQuest operated discovery well (21/6b-8) encountered 85 ft gross oil column
- EnQuest (50%)
- Core acquired confirming Darcy sands
- Samples indicate 23 API oil
- Development options being progressed

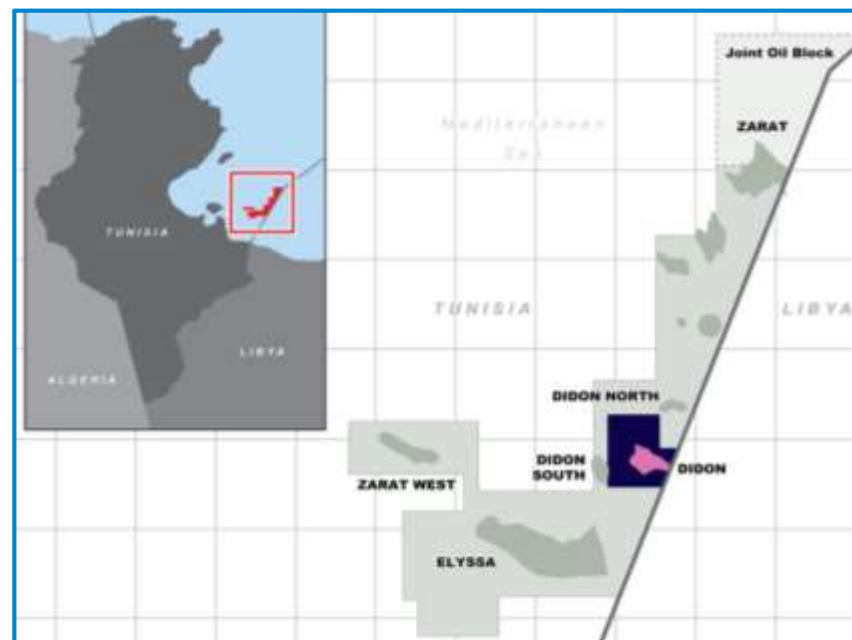


International

South East Asia & North Africa

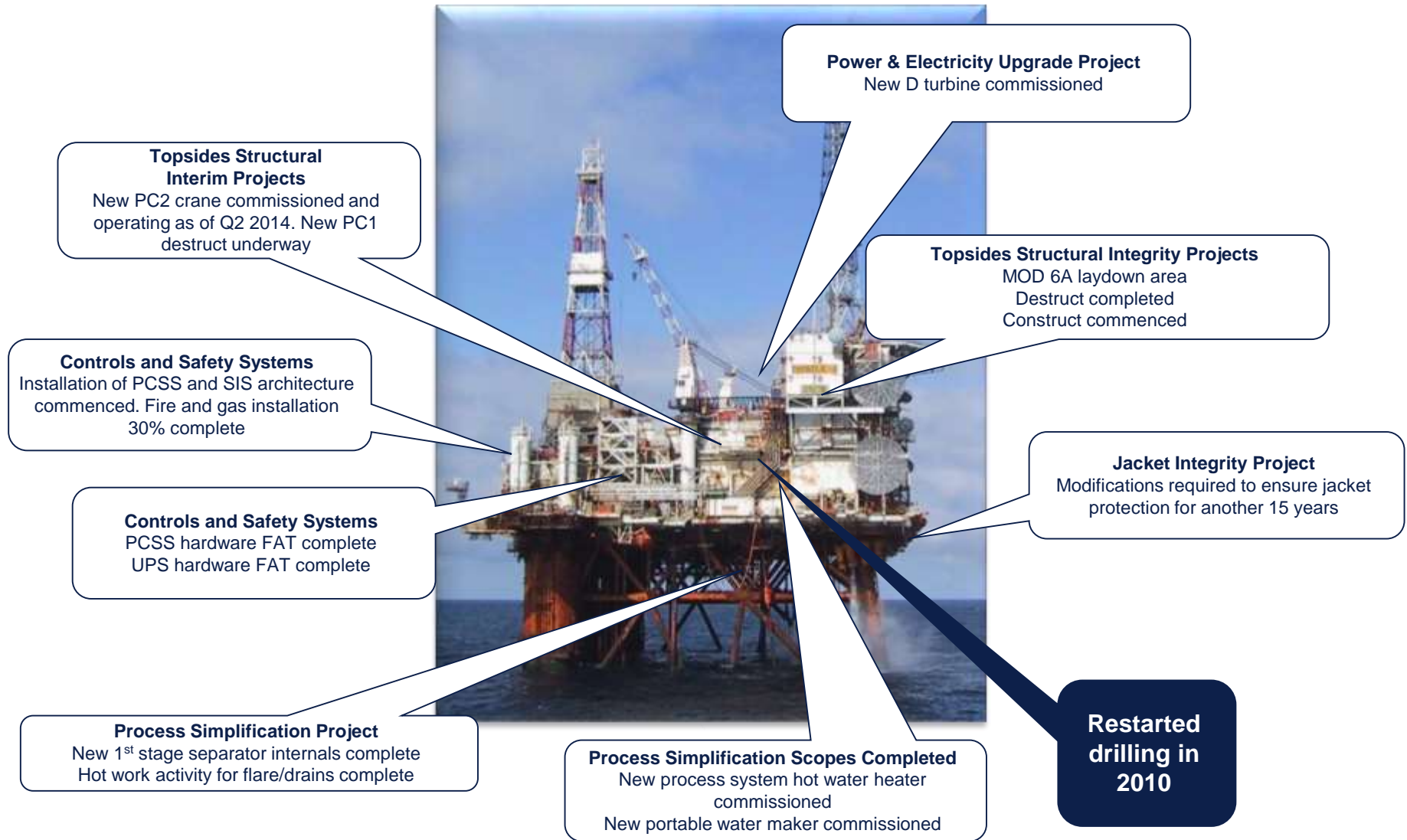


- EnQuest's first steps outside the UKCS
 - a low cost entry point
 - exploration opportunity with potential
- Partnering with Lundin (Op) and Petronas Carigali
- Blocks SB307 and SB308 (6,200km²) Sabah
- Maturing Kitabu for drilling around the end of 2014



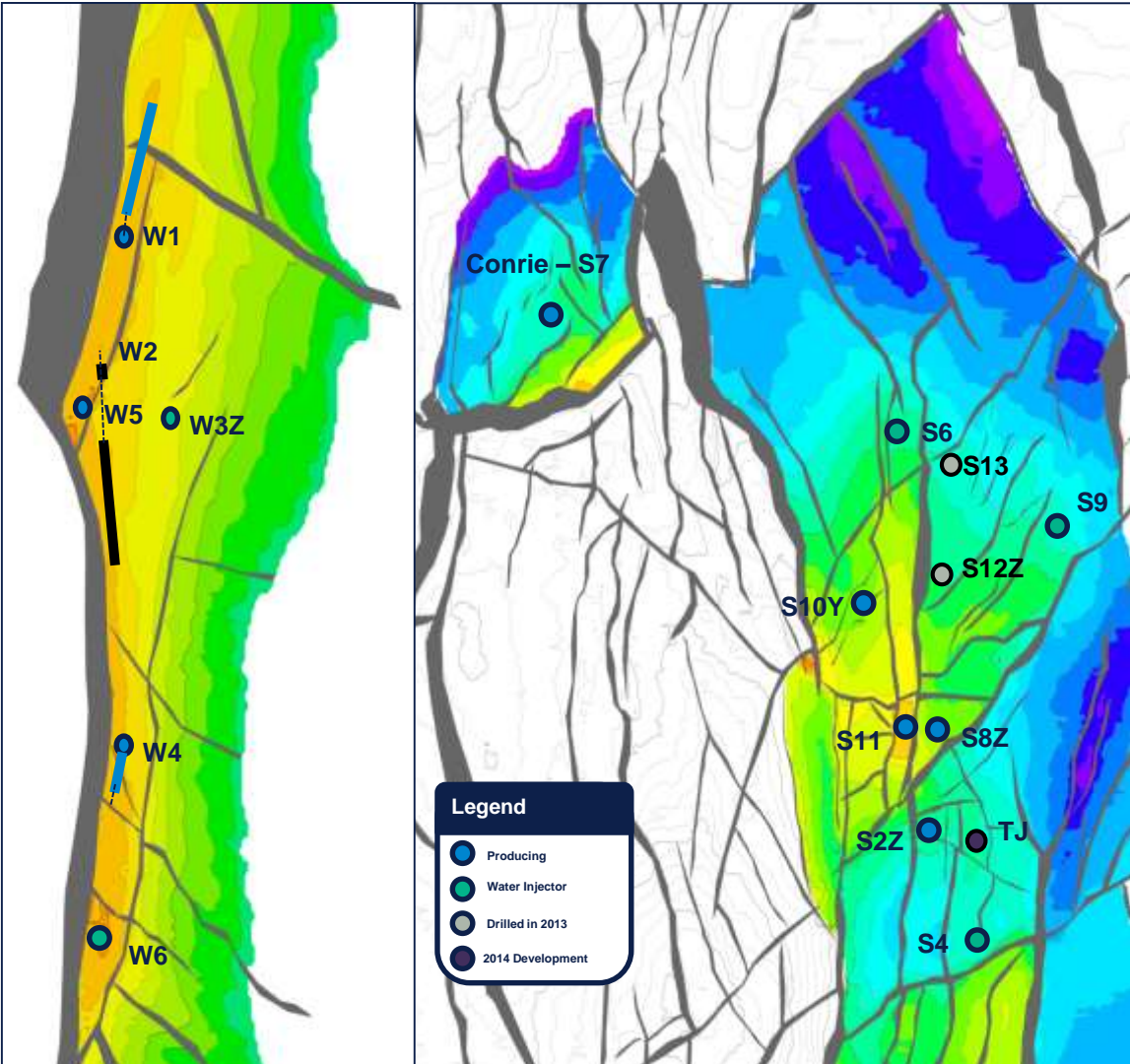
- International production acquisition, providing an operating platform in Tunisia
- 100 MMboe of gross contingent resources and additional exploration and appraisal opportunities
- 2 MMboe of net producing 2P oil reserves in the Didon oil field
 - Possible additions from additional infill drilling
-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

Thistle life extension projects



The Don fields

Drilling map



Thistle, Conrie and The Dons Infrastructure



RISER HANG OFF



MIDWATER ARCH

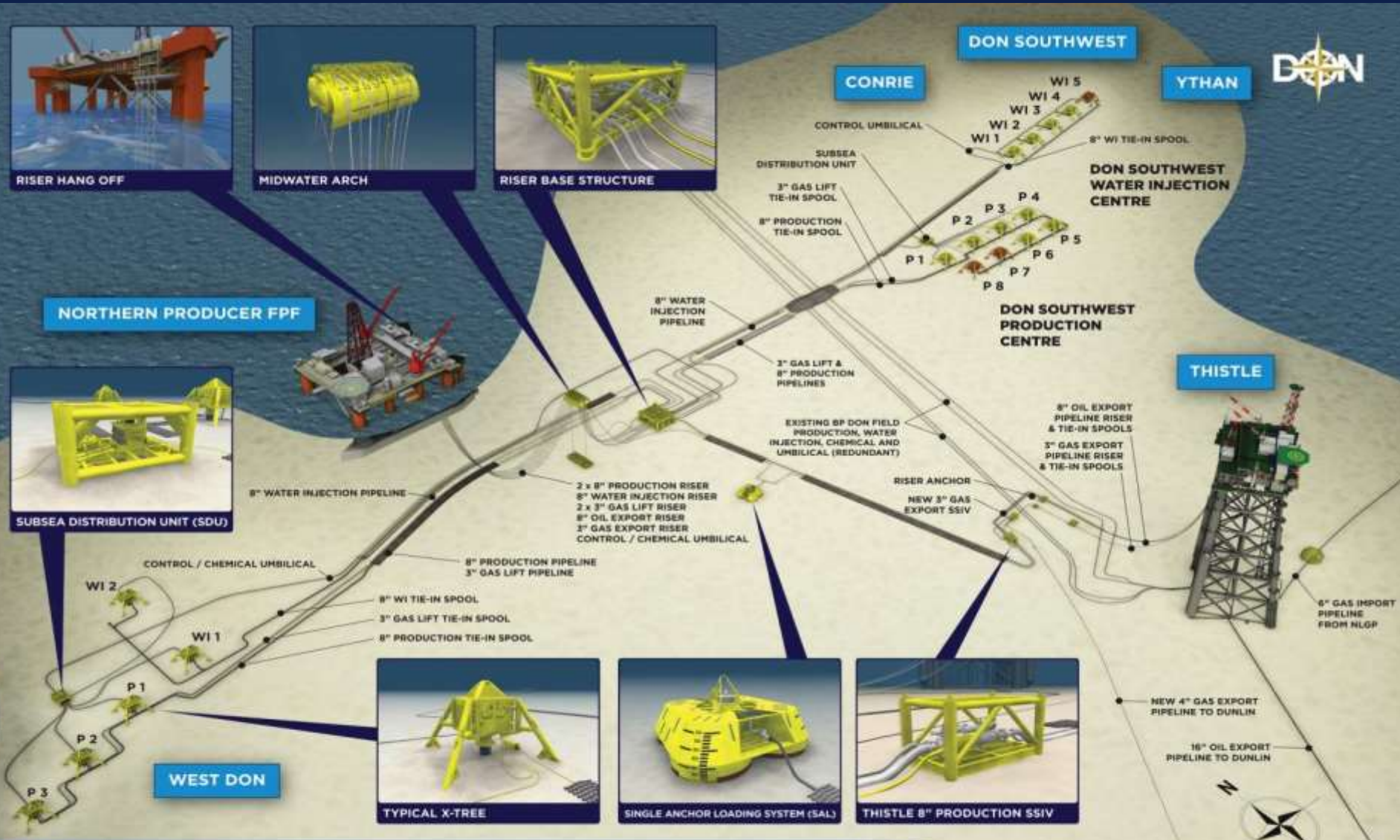


RISER BASE STRUCTURE

NORTHERN PRODUCER FPF



SUBSEA DISTRIBUTION UNIT (SDU)



TYPICAL X-TREE



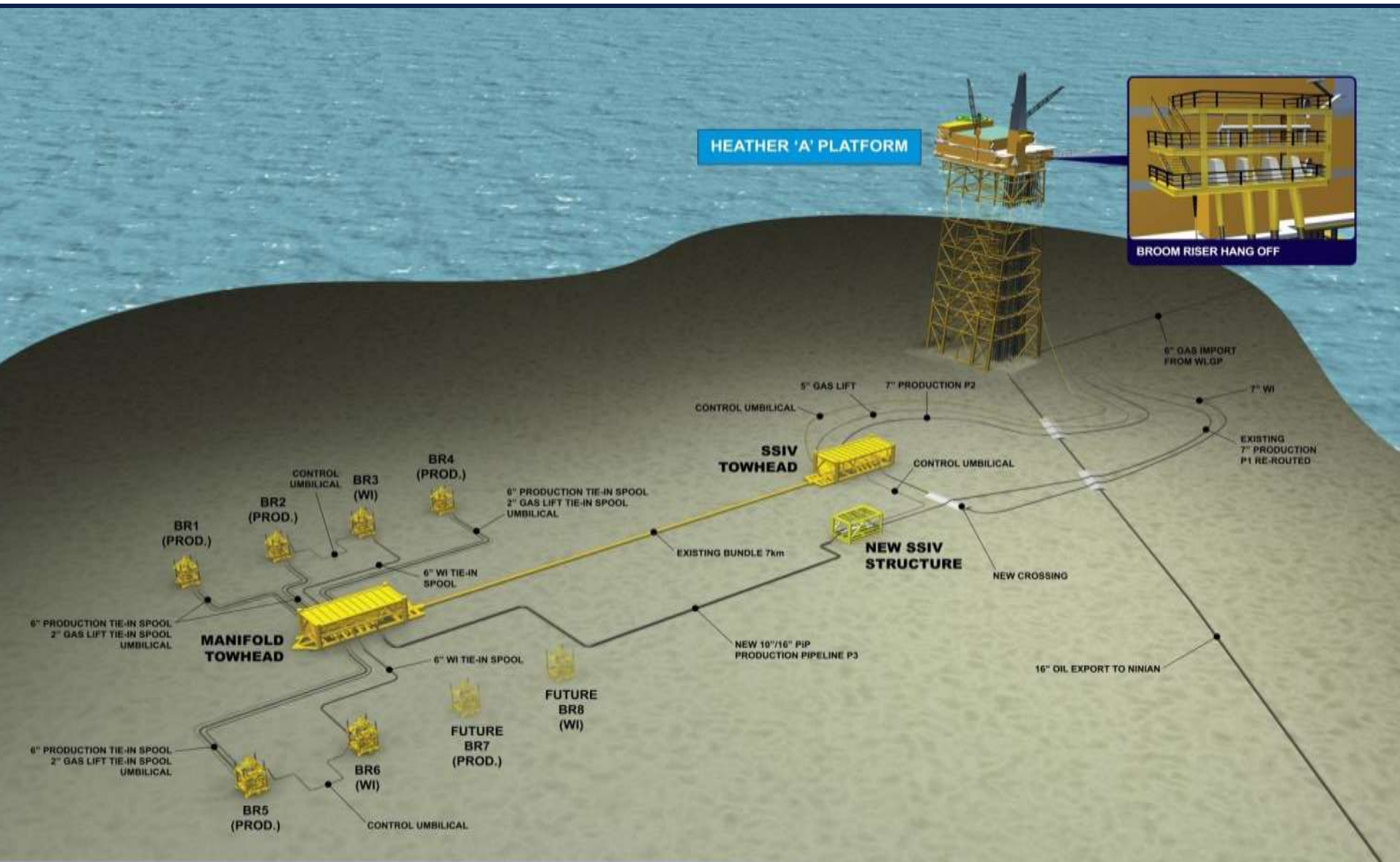
SINGLE ANCHOR LOADING SYSTEM (SAL)



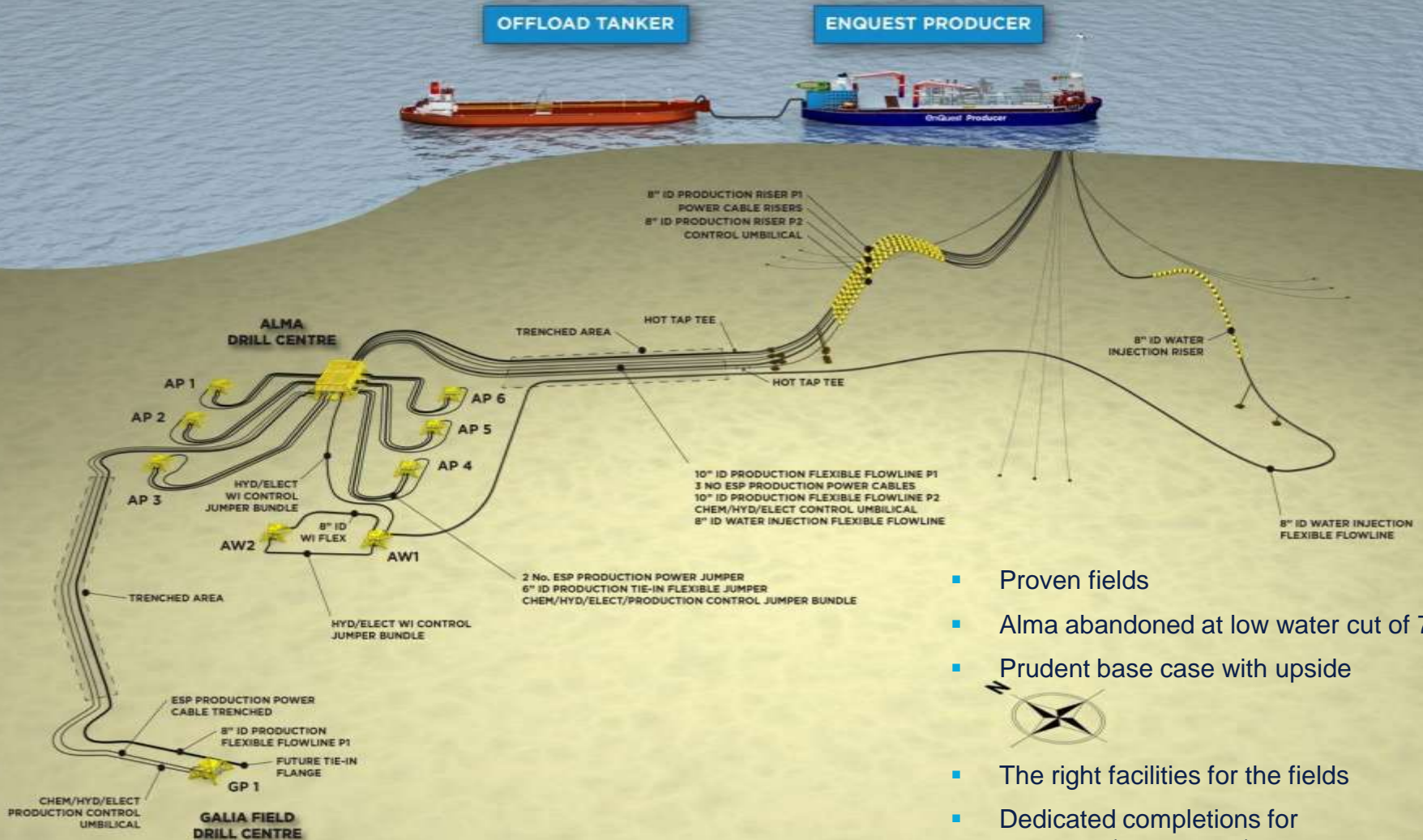
THISTLE 8" PRODUCTION SSV




Heather / Broom Infrastructure

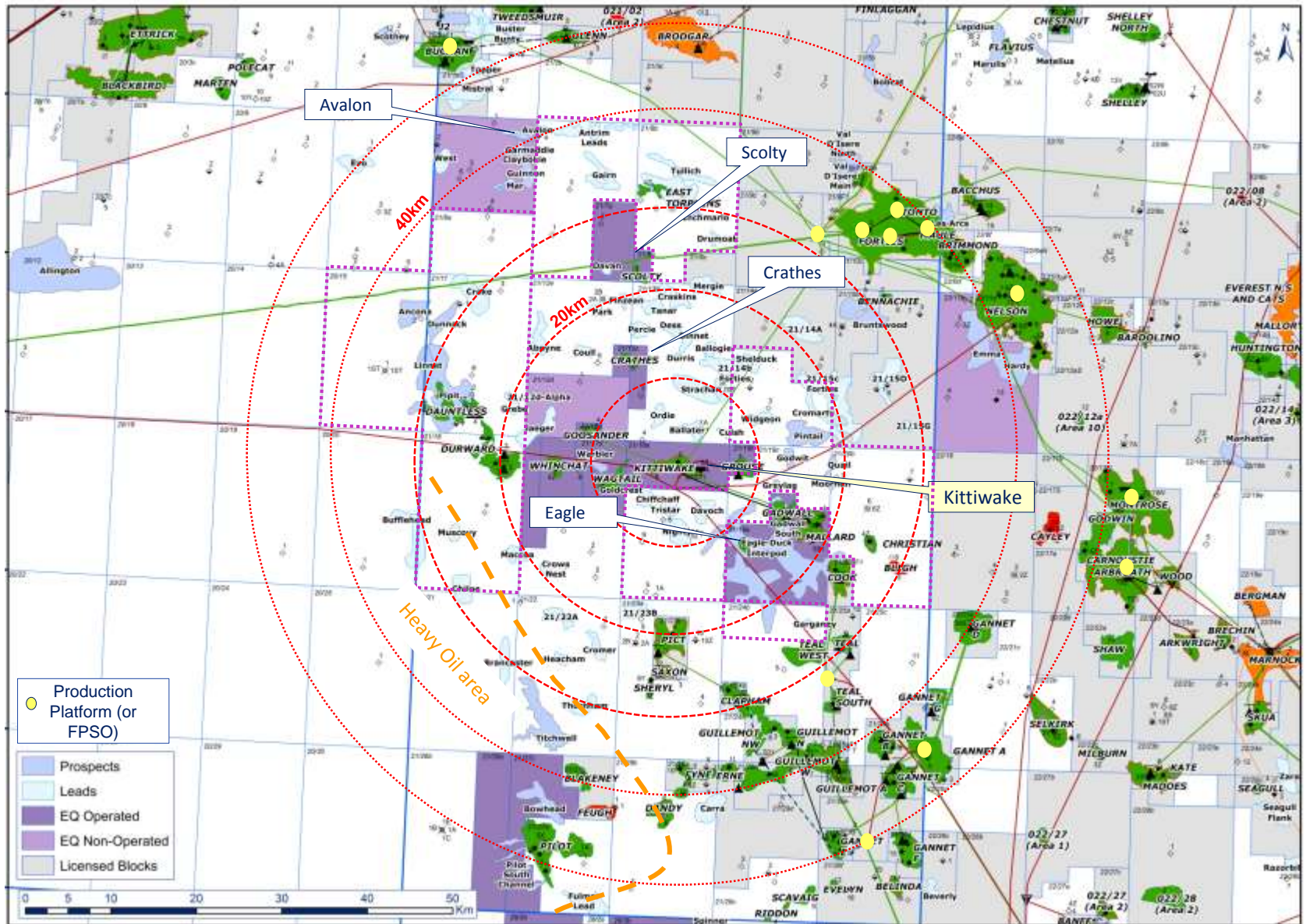


Alma/Galia infrastructure



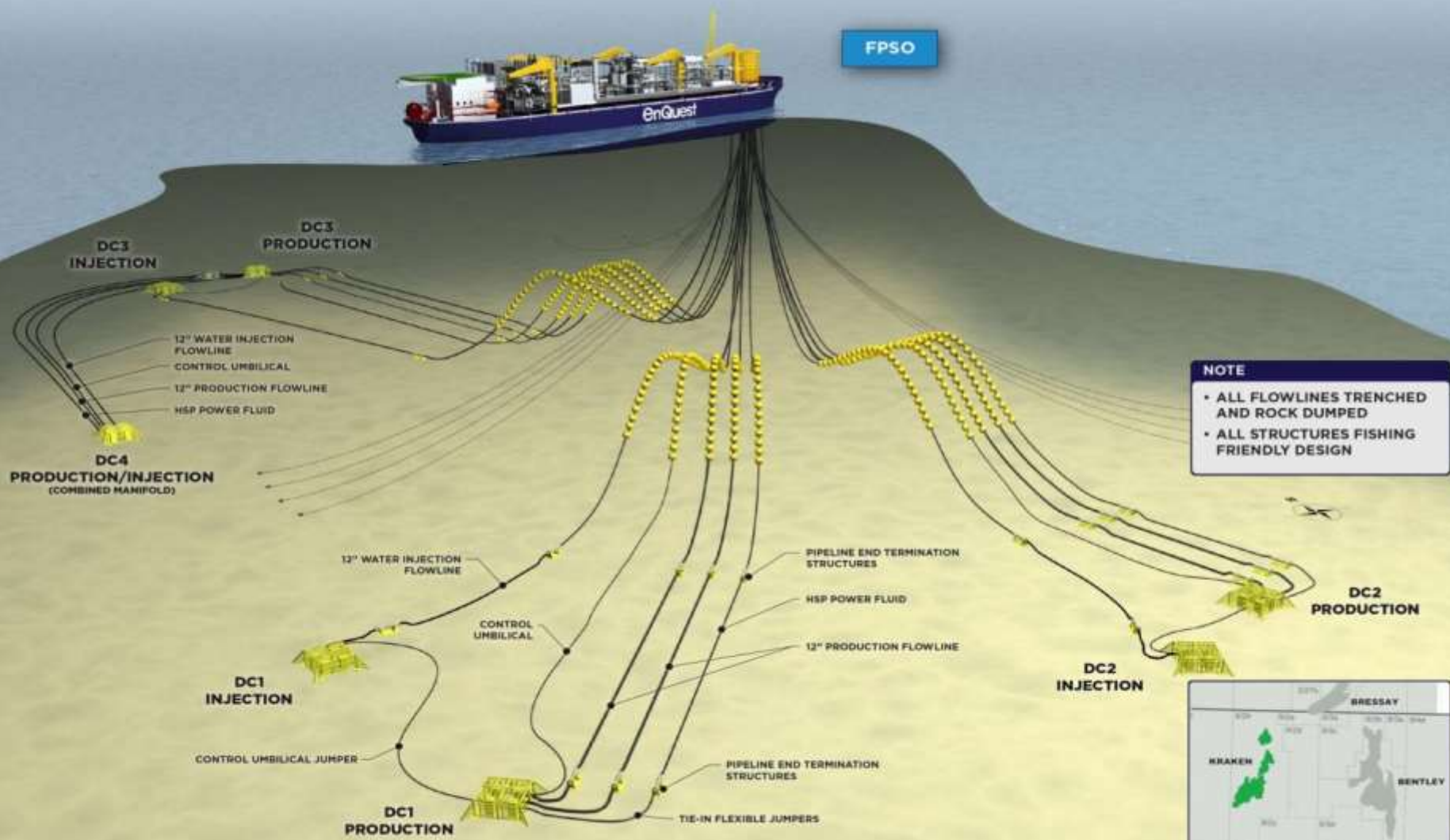
- Proven fields
 - Alma abandoned at low water cut of 70%
 - Prudent base case with upside
- 
- The right facilities for the fields
 - Dedicated completions for Devonian/Rotliegend/Zechstein
 - Variable speed drive ESPs
 - Water injection

Greater Kittiwake Area Opportunity





Kraken Infrastructure

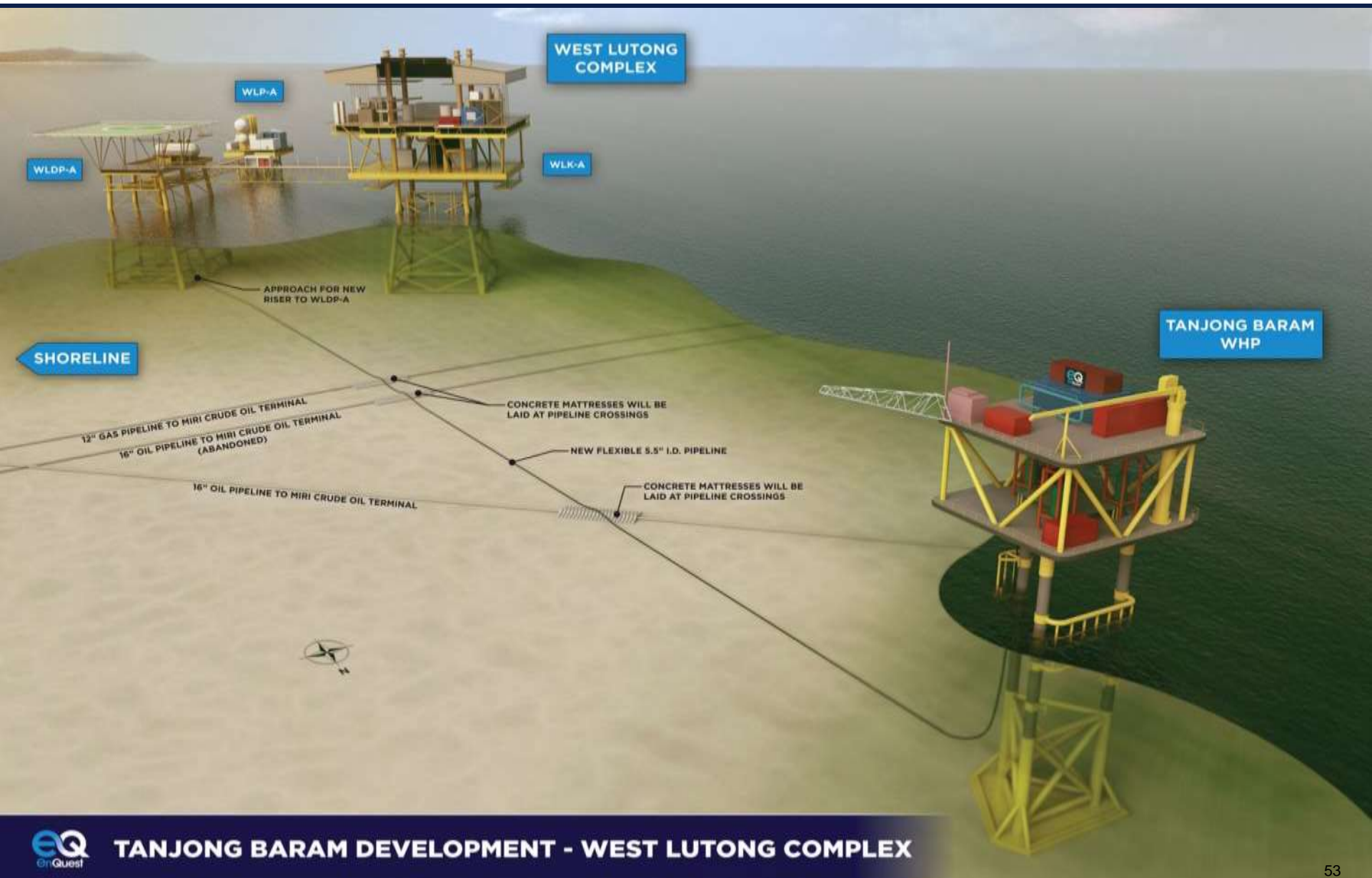


NOTE

- ALL FLOWLINES TRENCHED AND ROCK DUMPED
- ALL STRUCTURES FISHING FRIENDLY DESIGN



Tanjong Baram Infrastructure



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