Acquisition of Magnus Oil Field & Sullom Voe Oil Terminal

The 'Right Assets' in the 'Right Hands'

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Chief Executive

EnQuest

Agenda

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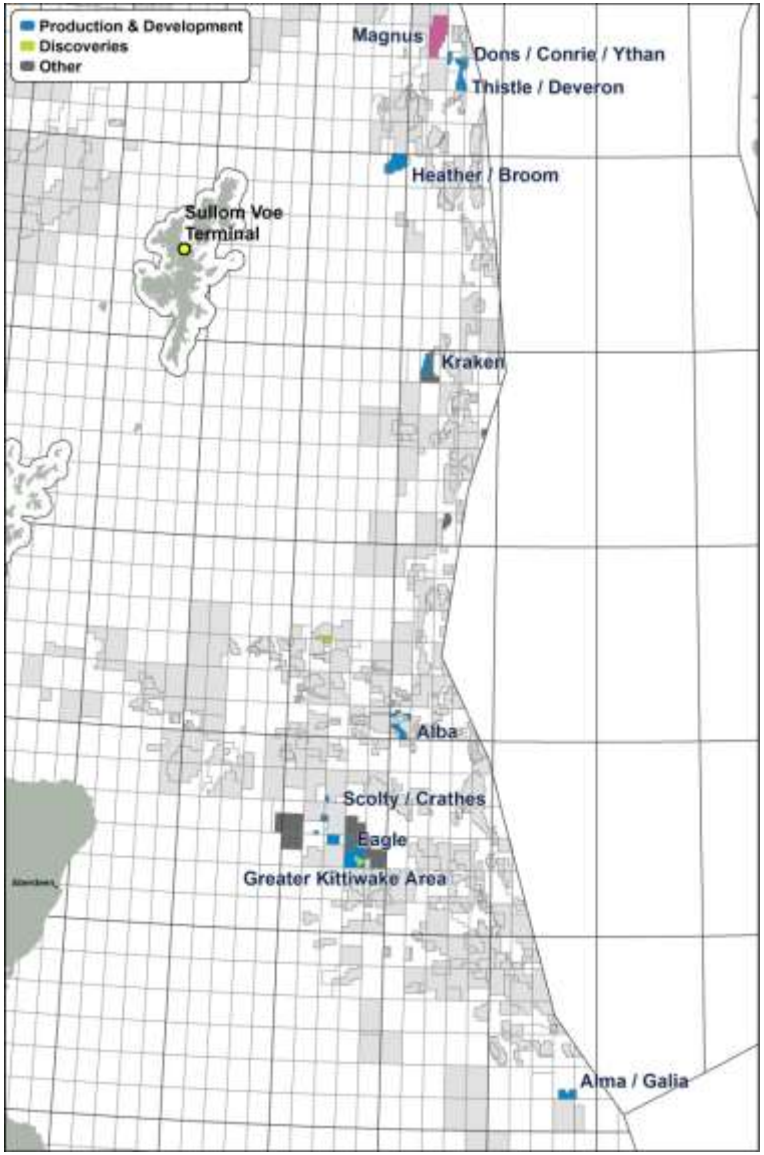
Magnus and SVT acquisition

The ‘Right Assets’ in the ‘Right Hands’



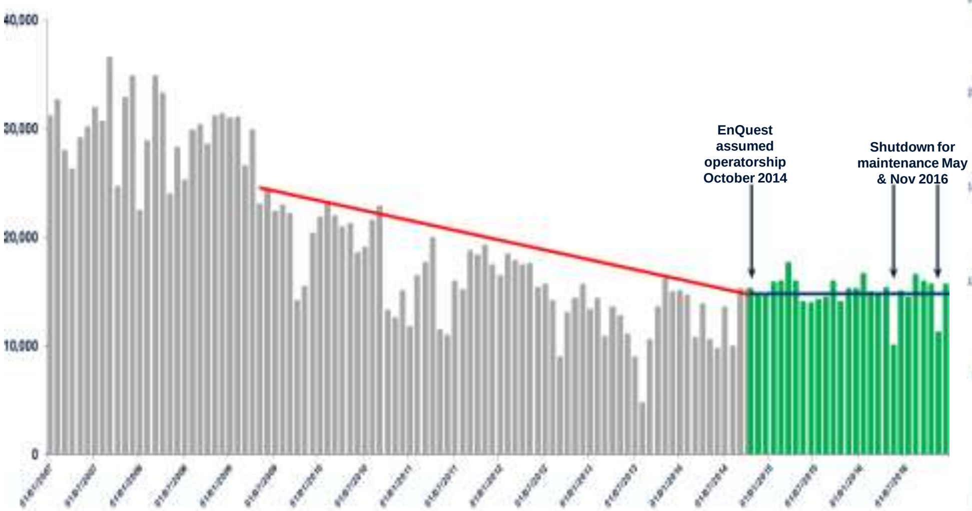
Strategic rationale

- EnQuest is a life extension expert, with the right integrated technical skills, operational scale and high level of operating efficiency
  - Well placed to extend the lives of Magnus and SVT
  - Will provide new opportunities for the assets and benefit to the wider UKCS basin
    - The OGA is focused on Maximising Economic Recovery (‘MER UK’)
    - This transaction is a very good example of this
    - EnQuest track record of successful integration of acquisition assets: GKA, Malaysia
- Existing operator of three facilities adjacent to Magnus, also potential for economies of scale
- Innovative transaction structure aligns interests of partners and is a natural evolution of EnQuest’s business
- Recognises EnQuest as a natural strategic operator of maturing assets

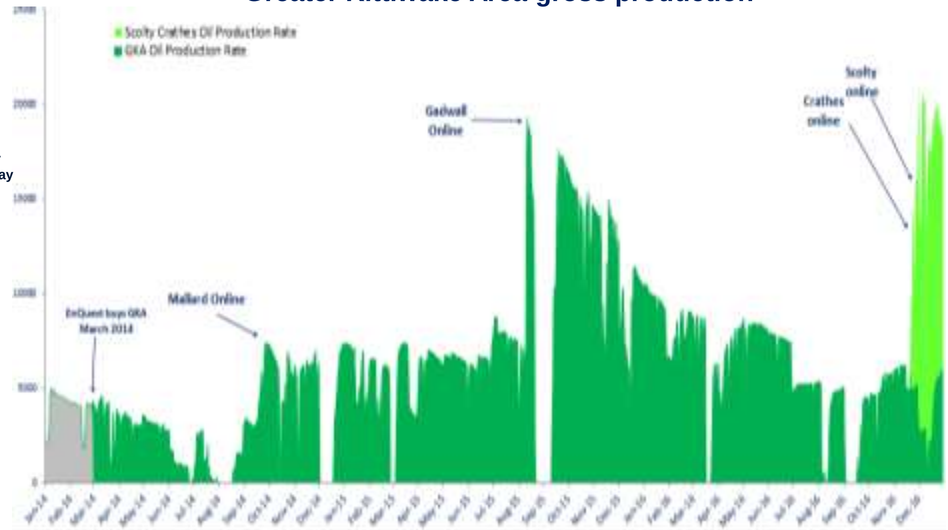
Magnus opportunity

Recognises EnQuest as an Operator of Choice for maturing North Sea assets

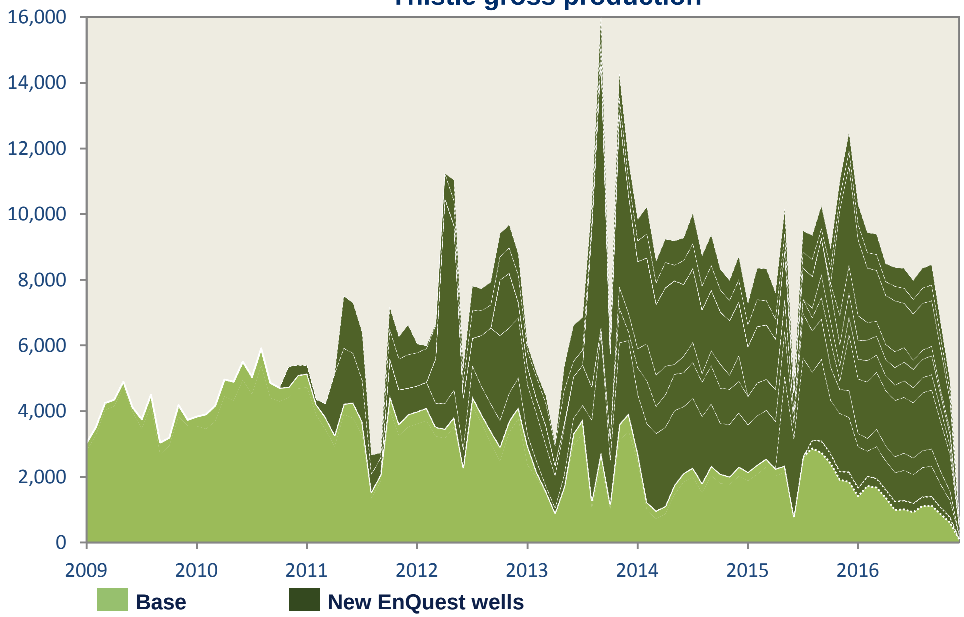
PM8/Seligi gross production



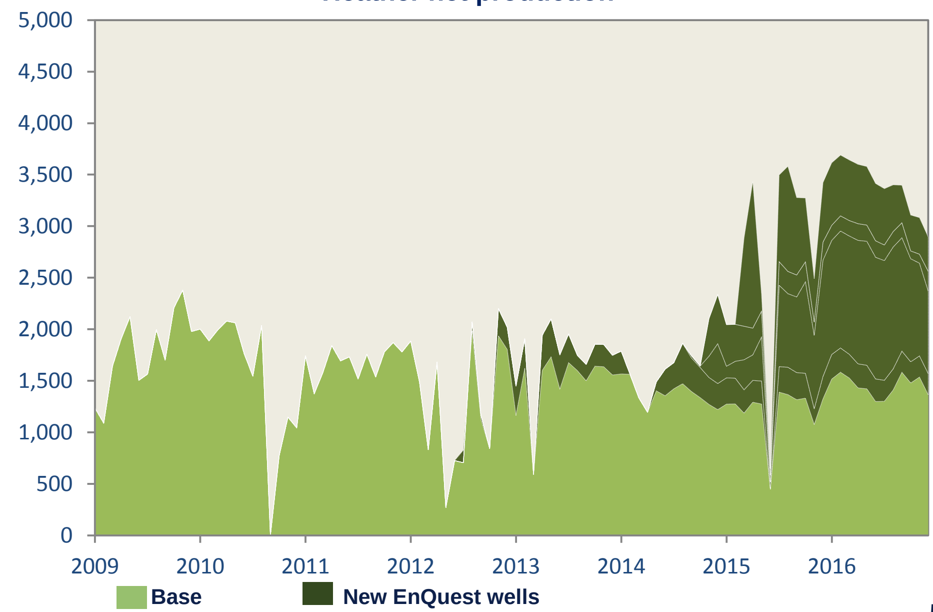
Greater Kittiwake Area gross production



Thistle gross production



Heather net production



Highlights: Acquisition of 25% of Magnus oil field ‘Cashless’ and financially ‘riskless’

- Operatorship and acquisition of an initial 25% interest in Magnus oil field and 3% of Sullom Voe terminal
  - Base consideration $85 million, subject to working capital and other adjustments
- 2P reserves of 63.4 MMboe gross (15.9 MMboe net) and production of 16.6 kBoepd gross (4.2 kBoepd) net (based on BP’s 2016 numbers):
  - High quality Upper Jurassic turbidite sands
  - 2.0 bn boe HCIIP, 54% Recovery Factor (‘RF’) to date
  - 3 mature targets ready to drill in 2017, onstream in 2018 with risked volumes included in base case
  - Large hopper which will yield future opportunities
- No up front cash consideration, share of positive cash flows, no exposure to negative cash flows
- Builds on efficiency programmes at SVT, increasing predictability of cost and extending facility life
- Option to receive $50 million in cash, in exchange for undertaking Thistle decommissioning and making payments by reference to 7.5% of BP’s decommissioning spend

EnQuest is the natural operator of the acquired assets

Jonathan Swinney
Chief Financial Officer

EnQuest

Transaction highlights

Acquisition of 25% of Magnus and 3% of SVT

- Base consideration of $85m, subject to working capital and other adjustments
- Consideration deferred and reimbursed from positive cumulative cash flows
- BP to pay for EnQuest's share of transition costs
- BP will provide a guarantee for a working capital facility, in relation to operatorship of SVT

- Option to acquire the remaining 75% of Magnus and a 9% interest in SVT
  - For a base consideration of $300m, subject to working capital and other adjustments. EnQuest contribution limited to $100m cash, with remainder funded as a non-recourse vendor loan from BP
  - Option exercisable between 1 July 2018 and 15 January 2019
- Option to receive $50 million in cash, in exchange for undertaking Thistle decommissioning and making payments by reference to 7.5% of BP's decommissioning spend

Supplementary details

- Effective economic date is 1 January 2017
- EnQuest to also acquire 29% of BP’s existing interest in Northern Leg Gas Pipeline and the Ninian Pipeline System, when exercising its option for the remaining 75% of Magnus
- EnQuest has taken on limited decommissioning liability in respect of existing Magnus infrastructure
  - To reimburse 7.5% of BP’s decommissioning costs after tax relief, in relation to the initial 25% interest. Capped at the amount of positive cash flows EnQuest has received from Magnus
- Agreement is subject to the normal regulatory and partner consents and a number of other conditions precedent:
  - Consents from Secretary of State and Third Parties
  - Transfer of operatorship of SVT requires agreement of SVT owners
  - Thistle arrangements require consent from Thistle decommissioning partner

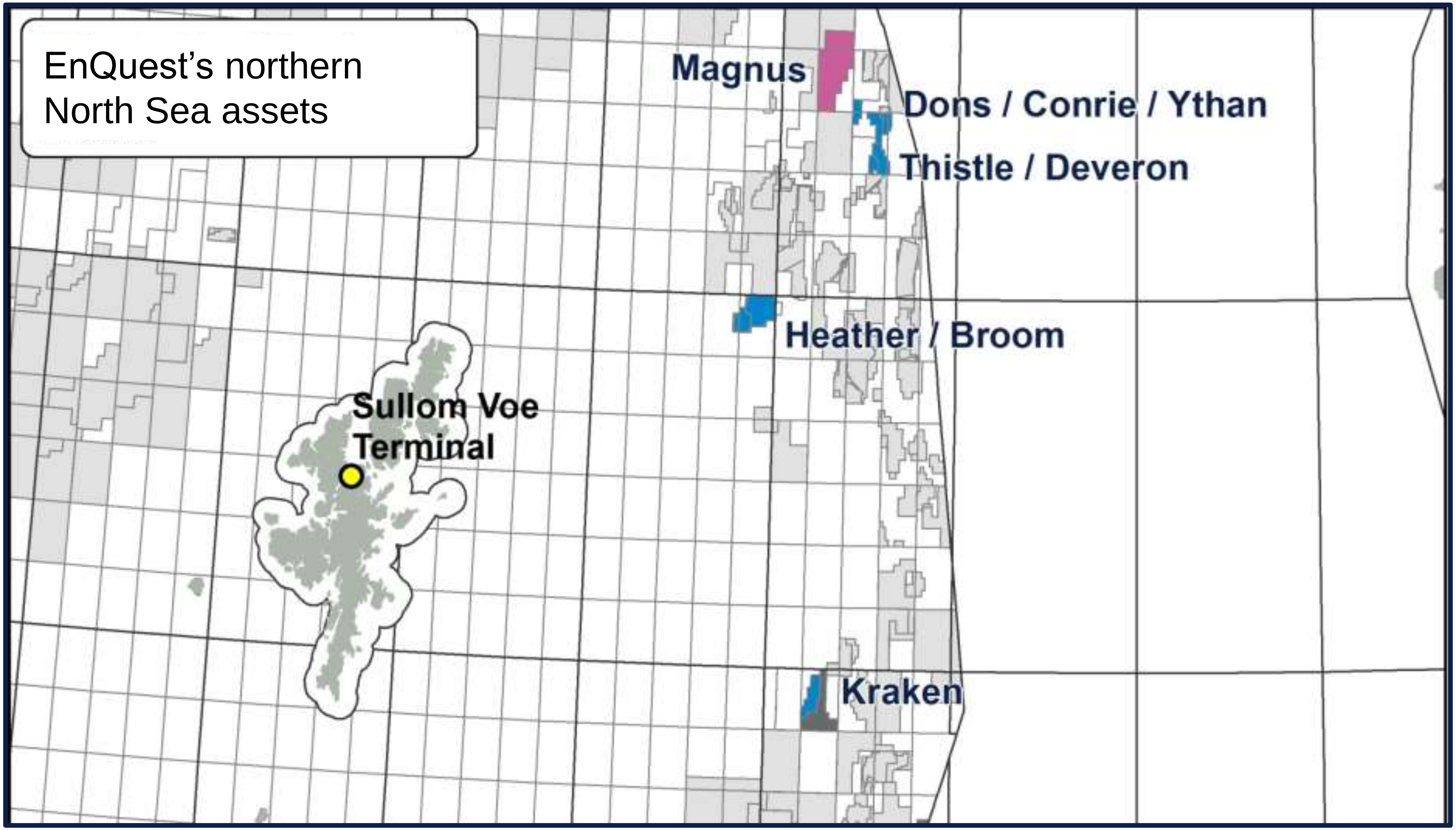
Indicative timeline for initial 25% transaction

- During 2017:
  - Transition; regulatory approvals and safety cases
  - Novation of contracts
- By end of 2017:
  - EnQuest to become SVT Operator and Licence Operator
  - EnQuest owns 25% of Magnus
  - Completion of staff transfer to EnQuest

The Kraken FPSO
Now in the North Sea, at the yard in Rotterdam

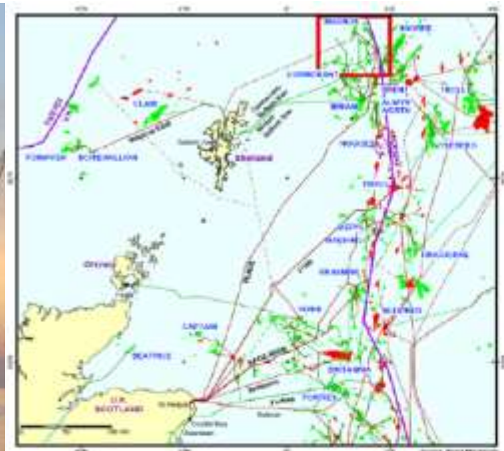
Neil McCulloch
Chief Operating Officer

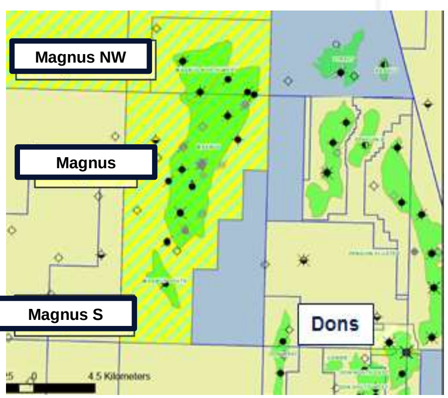
Transaction assets overlaid on EnQuest's existing nearby assets.



Magnus overview

Mature, single-owner asset with significant remaining potential





Facilities

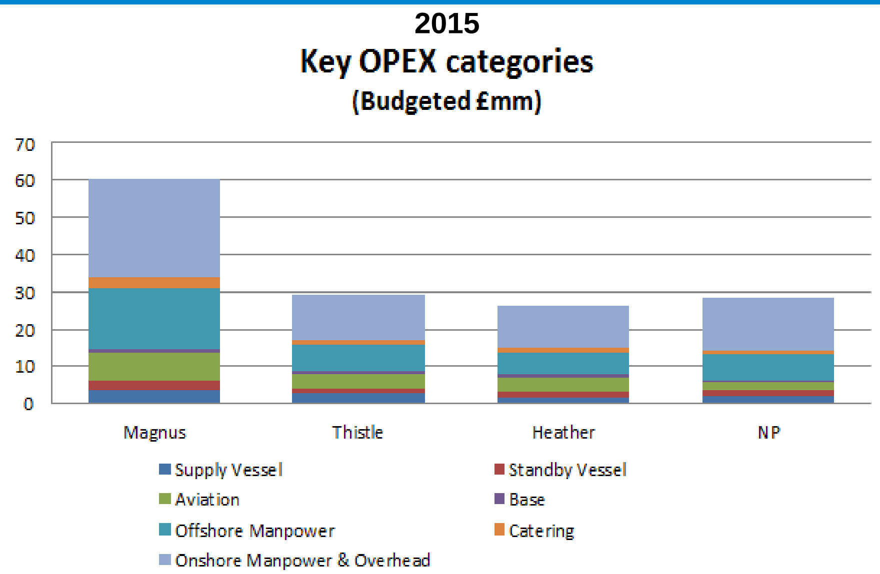
- The Magnus platform is located in Block 211/12A and is the most northerly installation in the UKCS
  - **Closest neighbours are Northern Producer (~12 mi) and Thistle (~19 mi)**
- Magnus started operations in 1983.
- Integrated Production/Drilling/Accommodation
- Since 2010 Operating Efficiencies have been low (30-70%)

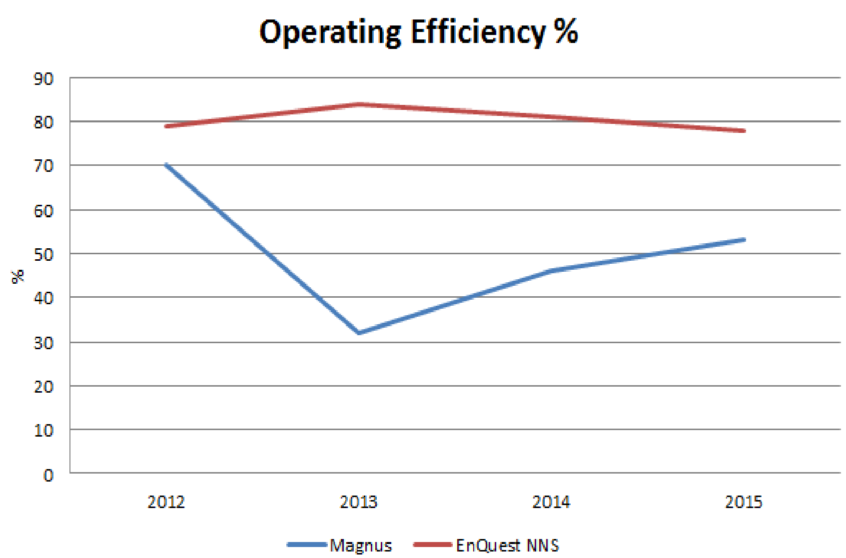
Reservoir and Wells

- High quality Upper Jurassic turbidite sands
- 2.0 bn boe HCIIP, 54% Recovery Factor ('RF') to date
- >100 well penetrations over 30 years with 28 platform slots and 5 subsea wells
  - **14 active gas lifted producers, 10 injectors**
- WAG EOR (miscible gas) started in 2002
  - **Monitored by 4D seismic; most recent survey in 2013**
- Well understood reservoir with high quality data and interpretation
- 3 mature targets ready to drill in 2017, on-stream in 2018 with risked volumes included in base case
- Large hopper which will yield future opportunities

Magnus operating cost and efficiency

Focus and economies of scale

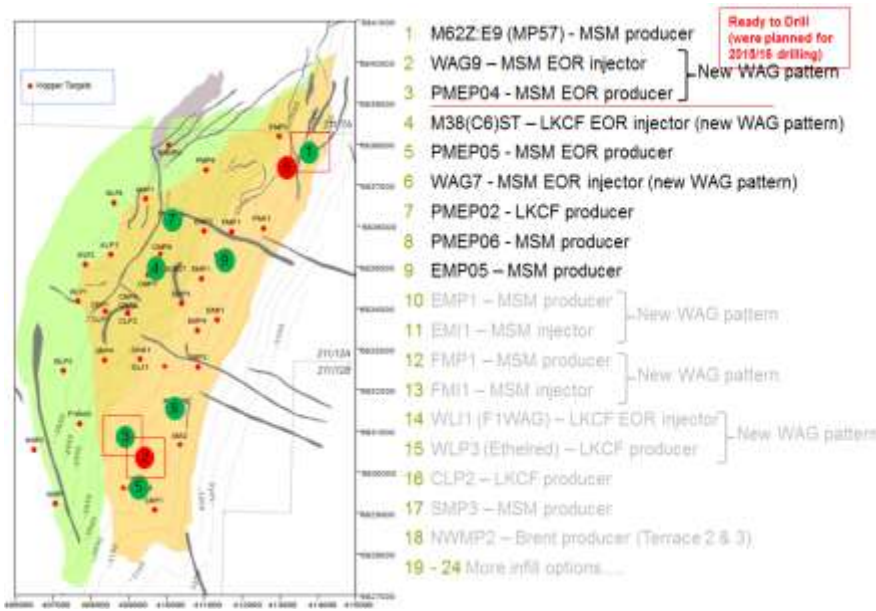




- EnQuest has developed a focused operating philosophy
- EnQuest has safely reduced costs from $42/bbl in 2014 to $23/bbls in the first half of 2016
- Over the same period EnQuest has achieved top quartile Operating Efficiency
- EnQuest anticipates Magnus performance to be brought into line with our existing NNS assets
- Expect to reduce OPEX and to increase operating efficiency
- Economies of scale on logistics, contracts and overhead will create further efficiencies across the NNS portfolio

Magnus subsurface opportunity

Unlock the potential by getting the asset in the right hands



Magnus Opportunity

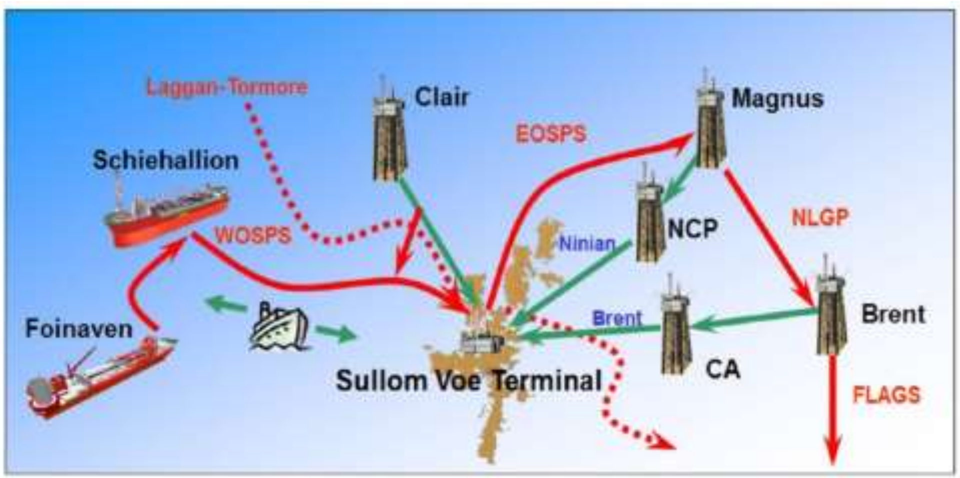
- Underinvested production opportunities
- Quick optimisation gains likely
- Improvements identified for water alternating gass ('WAG') scheme – enhanced reservoir management and gas supply will increase reserves
- Three ready to drill wells
- Large "hopper" of additional opportunities
- EnQuest's proven ability to drill much lower cost wells unlock Magnus's remaining potential

SVT overview

A strategic infrastructure hub

- SVT was commissioned in 1978 and receives East of Shetland (EoS) oil via two pipelines:
  - Brent Pipeline System ('BPS') services Brent, Thistle, Northern Producer, Alwyn, TENCCA
  - Ninian Pipeline System ('NPS') services Ninian, Magnus, Heather
- EoS oil is stabilised, stored and offloaded to tankers. Peak EoS rate was 1.5 million bpd in 1985. Current rate is circa 130,000 bpd
- Since 1998 the terminal has also provided services to West of Shetland (WoS) fields
  - Schiehallion crude was tankered to SVT and used tanks and jetties
  - An additional oil pipeline from Clair was commissioned in 2005. Clair oil does not require stabilisation but uses tanks and jetties
  - Gas from Foinaven Schiehallion and Clair is sweetened at SVT before being shipped to Magnus for EOR and onward export
  - The terminal has recently started to process condensate from Total's Laggan-Tormore development

The SVT prize



- Gas pipelines in red.
- Oil pipelines in green.

- Reduction in costs for NNS assets
  - SVT life extension = Thistle, Don, Heather, Magnus life extension
- Reduced cost per barrel for EnQuest
  - Magnus, Thistle, Dons, Heather
  - SVT cost reduction = increased EnQuest NAV
  - EnQuest anticipates net £10m yearly saving after two years of operatorship
- Reduced cost per barrel for the catchment
  - Virtuous circle/opposite of “Domino effect”
  - Key element of NNS rejuvenation
- Strategic positioning for further growth
  - Demonstration of commitment and capability
  - Strategic stakeholder in future of the North Sea
  - Further cements relationship with BP

Operations update
2016 Highlights

- Production averaged 39,751 Boepd in 2016, up 8.7% on 2015, with production in the UK North Sea up 11.3%
  - Production at the end of the year was affected by the maintenance shutdown of the Brent Pipeline System which took longer than anticipated and severe weather conditions also hampered the post shutdown start up
- Final reported 2016 unit opex is expected to be at the lower end of guidance of $25/bbl to $27/bbl
- 2016 cash capex is also expected to be around the lower end of guidance, of $620 million to $670 million
- Net debt as at 31 December 2016 expected to be approximately $1.8 billion

Kraken Development
Progress update

Overall schedule

- The Kraken FPSO is on schedule and under budget, on track for delivery of first oil in Q2 2017
  - FPSO is in Rotterdam for inspection and certification, prior to sailing offshore to hook up the STP buoy mooring system, risers and umbilicals
  - Handover of FPSO systems from commissioning to operations has been ongoing and continues at Rotterdam

Subsea

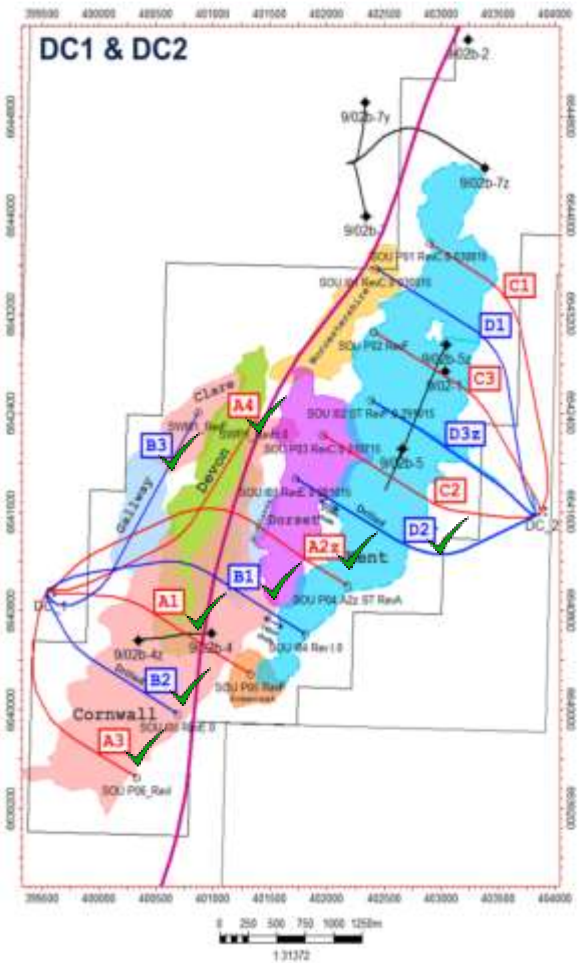
- The entire 2016 subsea/SURF programme was successfully completed

Drilling

- Making excellent progress, by end 2016, 4 producers and 5 injectors were complete
- DC-2 drilling continues, with the final water injection well completed
- Three further producer wells at DC-2 will be completed, before the drilling rig moves to DC-3

Capex

- Continues on track for total gross project capex of c.$2.5bn Vs c.$3.2bn at sanction



Amjad Bseisu
Chief Executive

EnQuest

2017 Outlook

- EnQuest's production in 2017 will is expected to average in the range of 45,000 Boepd to 51,000 Boepd for the full year and will be dependent on the timing of Kraken first oil
- EnQuest is on course to further reduce average unit opex, in 2017 in the range of $21/bbl to 25/bbl including Kraken production. EnQuest continues to seek cost reductions across the supply chain
- Cash capital expenditure will reduce in 2017 and is expected to be in the range $375 million to $425 million, the majority of which is being invested in the Kraken development
- Hedging of 6 million barrels is in place for 2017, at an average of c.$51/bbl

Conclusion

EnQuest is the natural owner of Magnus and SVT

- Cashless and riskless transaction
- Operatorship of SVT takes control of a very important asset
- The EnQuest operating model is well suited to Magnus and SVT
  - ✓ EnQuest will extract incremental value and extend field life
- Long-term upside potential in Magnus with significant increase in cash flow with higher oil prices
- Additional $50m liquidity upon exercise of Thistle option
- Value in option to acquire 75% of Magnus by 15 Jan 2019

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