ENQUEST PLC, 19 February 2018.
OPERATIONS UPDATE.

2017 Production In Line With Guidance; Material Production Growth Expected In 2018

EnQuest today provides an unaudited update on the Group's performance in 2017, together with an outlook for 2018 ahead of its 2017 Full Year Results, which will be announced on 20 March 2018.

2017 performance

- Group production averaged 37,405 Boepd in 2017, in line with guidance.
- Kraken first oil in Q2 2017, on schedule and under budget; achieved gross production rates of over 40,000 Bopd.
- Operating expenditure expected to be approximately $350 million, with unit opex of c.$25.5/boe.
- Cash capital expenditure expected to be approximately $370 million, below guidance range.
- Available bank facilities and cash* amounted to $248 million at 31 December 2017, with net debt of $1,989 million. Excluding Payment in Kind interest, net debt was $1,898 million.
- Successful completion of the acquisition of interests in Magnus and the Sullom Voe Oil Terminal in December.

* Excluding cash from the ring fenced working capital facility associated with SVT.

2018 outlook

- Average Group production expected to grow by between 33% and 55% at c.50,000 to 58,000 Boepd.
- Kraken gross production averaged 35,000 Bopd in January and has already delivered the targeted 50,000 Bopd (gross) as planned.
- Unit opex expected to be c.$24/boe, including costs associated with planned workovers.
- Cash capital expenditure expected to be materially lower than 2017 at c.$250 million; includes drilling programmes at Kraken (DC4), PM8/Seligi and Heather. Net cash payments for capital expenditure in 2019 reduced by c.$60 million having agreed a reduction in rig rates.
- The Group has hedged c.4.4 MMbbls of oil at an average price of c.$60/bbl.

EnQuest CEO Amjad Bseisu said:

“2017 was a transformational year for EnQuest. Delivering the Kraken project on schedule and below budget was a huge achievement. As one of the largest developments in the North Sea in recent years, it demonstrated EnQuest’s ability to deliver complex projects, while the acquisition of the Magnus oil field and Sullom Voe Oil Terminal provides further opportunities for us to apply our cost focused life extension capabilities and for growth.

Performance at Kraken continues to improve, and along with the full year impact of Magnus underpins our expectations for material production growth in 2018. The resulting increase in operating cash flow combined with lower capital expenditure will enable us to begin reducing our debt.”

Production statistics

Production on a working interest basis	Net daily average 01.01.17 to 31.12.17 (Boepd)	Net daily average 01.01.16 to 31.12.16 (Boepd)
Northern North Sea	15,627[1]	18,885
Central North Sea	8,131	11,718[2]
Kraken	4,709[3]	-
Total UKCS	**28,467**	**30,603**
Total Malaysia	**8,938**	**9,148**
Total EnQuest	**37,405**	**39,751**

[1] Includes net production since acquisition of Magnus from 1 December 2017, averaged over the 12 months to the end of December 2017. Net Magnus production was 3,928 Boepd in December 2017.
[2] Includes net production since Scolty/Crathes first oil on 21 November 2016, averaged over the 12 months to the end of December 2016. Net Scolty/Crathes production was 6,422 Boepd over the period from 21 November 2016 to 31 December 2016.
[3] Net production since first oil on 23 June, averaged over the 12 months to the end of December 2017.

UK North Sea

Northern North Sea production (Thistle/Deveron, Heather/Broom, Dons/Ythan, Magnus)

Northern North Sea production in 2017 was 3,258 Boepd lower than 2016. This reduction was primarily driven by lower water injection at Heather/Broom and Thistle/Deveron, combined with underlying declines at the Dons fields. Following successful delivery of identified work programmes, the water injection performance at Heather/Broom and Thistle/Deveron were improved by year end.

Production efficiency at Heather/Broom and the Dons fields was very good and various production enhancement activities were undertaken across the Northern North Sea assets. The contribution from Magnus also helped mitigate the year-on-year reduction.

Following an upgrade of the Magnus drilling rig, EnQuest expects to drill three wells to come onstream later in 2018, as well as undertake logging and well interventions to improve performance. In addition to infill drilling on Heather, low cost well abandonment campaigns are also planned at both Heather and Thistle.

Central North Sea production (Alma/Galia, Greater Kittiwake Area, Scolty/Crathes, Alba)

Central North Sea production in 2017 was 3,587 Boepd lower than 2016. As outlined previously, this reduction is primarily driven by lower volumes from Alma/Galia reflecting Electric Submersible Pump (ESP) related well shut-ins, storm related production outages and natural declines. Field performance improved in the second half of the year following finalisation of the optimisation projects for power, produced water and sea water injection. A workover programme is scheduled to replace certain ESPs in 2018.

Good production has been delivered from the GKA fields, with high levels of plant uptime and production efficiency. The Mallard/Gadwall water injection flowline replacement was completed and brought into service.

As expected, the full year contribution from Scolty/Crathes was limited due to wax in the flowline. The reservoir has outperformed expectations and production uptime has been very high. Chemical treatments have been and continue to be successfully utilised to keep the flowline in service whilst the partners are considering rectification options.

The unscheduled shutdown in December of the third-party operated Forties Pipeline resulted in the GKA and Scolty/Crathes fields being shut down for approximately three weeks, during which time opportunistic maintenance work was undertaken.

Kraken

Following first oil from Kraken on 23 June 2017, production increased throughout the second half of the year as both production and injection wells performed in line with expectations. The second processing train, which was brought online during November, resulted in gross production rates of over 40,000 Bopd being achieved. Since late December, all DC3 wells have been brought online and operational efficiency has significantly improved. Average gross production in January was over 35,000 Bopd, and has reached 50,000 Bopd with improving operational efficiency as we continue to optimise performance.

Following the excellent delivery of the DC3 drilling programme and lower market rates for the remaining subsea campaign, full cycle gross Kraken project capital expenditure was further reduced during 2017. In early 2018, EnQuest agreed renegotiated terms for the drilling rig, reducing both the contract duration and day rates, saving c.$60 million of net cash payments for capital expenditure in 2019. Full cycle gross project capital expenditure has been reduced by approximately $100 million and is now expected to be c.$2.3 billion, more than 25% lower than originally sanctioned. The DC4 well campaign, which was not anticipated to impact 2018 production, is expected to commence in the second half of 2018, with first production in 2019.

A scheduled shutdown of approximately two weeks is planned for April, primarily to undertake performance improving work scopes and minor commissioning activities. A further maintenance shutdown of approximately one week is currently planned for September.

Malaysia

Production in 2017 was broadly in line with 2016, reflecting good operational uptime across PM8/Seligi and Tanjong Baram combined with completion of key work scopes such as compression reliability improvement and well interventions at PM8/Seligi.

In 2018, we will commence our first drilling campaign with two wells to be drilled in PM8/Seligi and brought into production in the second half of the year.

Ends

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Notes to editors

This announcement has been determined to contain inside information.

ENQUEST

EnQuest is one of the largest UK independent producers in the UK North Sea. EnQuest PLC trades on both the London Stock Exchange and the NASDAQ OMX Stockholm. Its operated assets include Thistle/Deveron, Heather/ Broom, the Dons area, Magnus, the Greater Kittiwake Area, Scolty/Crathes Alma/Galia and Kraken; EnQuest also has an interest in the non-operated Alba producing oil field. At the end of December 2017, EnQuest had interests in 25 UK production licences and was the operator of 23 of these licences.

EnQuest believes that the UKCS represents a significant hydrocarbon basin, which continues to benefit from an extensive installed infrastructure base and skilled labour. EnQuest believes that its assets offer material organic growth opportunities, driven by exploitation of current infrastructure on the UKCS and the development of low risk near field opportunities.

EnQuest is replicating its model in the UKCS by targeting previously underdeveloped assets in a small number of other maturing regions; complementing its operations and utilising its deep skills in the UK North Sea. In which context, EnQuest has interests in Malaysia where its operated assets include the PM8/Seligi Production Sharing Contract and the Tanjong Baram Risk Services Contract.

Forward looking statements: This announcement may contain certain forward looking statements with respect to EnQuest's expectation 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 presentation should be construed as a profit forecast. Past share performance cannot be relied on as a guide to future performance.