EnQuest PLC, 24 May 2018

Operations update

Production in line with expectations; 2018 guidance reaffirmed

2018 highlights

- Group production in line with expectations, averaging 56,077 Boepd in the four months to end April 2018, up 48.1% on the same period in 2017; full year 2018 guidance of 50,000 Boepd to 58,000 Boepd reaffirmed
  - Kraken average gross production has been over 36,000 Bopd in the period, excluding the March maintenance shutdown
  - Heather H-67 well completed and onstream in March with production significantly better than expectations; Magnus M-62 well completed and onstream in May
  - Drilling at PM8/Seligi is now underway; on track to complete two wells by Q3
- At 30 April 2018, cash and available bank facilities amounted to $204.8 million
  - The Group's improving cash flow generation capacity is enabling the early cancellation of $50 million of the Group's credit facility by the end of May, with the term facility reducing from $1,125 million to $1,075 million. Upon cancellation, the Group's cash and available bank facilities will therefore reduce by $50 million
- The Group has hedged c.7.5 MMbbls of oil for 2018 at an average price of c.$62/bbl

EnQuest Chief Executive, Amjad Bseisu, said:

"Production performance has been in line with expectations, underpinning our confidence in delivering a material increase in production in 2018. At the same time, we are on track to deliver on our cost and capital expenditure targets. The improving cash flow generating capacity of the Group is enabling early cancellation of $50 million of bank debt and we remain on plan for a further reduction in debt during the year.

"Our programme of improving the performance of mature hydrocarbon assets continues to deliver notable successes, with additional production following the drilling of two new wells at Heather and Magnus. Drilling operations on the second well at Magnus have commenced, whilst EnQuest's first ever drilling programme at PM8/Seligi is also now underway. These activities, combined with the DC4 drilling programme at Kraken which is scheduled to commence in the fourth quarter, underpin the Group's targeted delivery of production and cash flow growth."

Production details

Production on a working interest basis	**Net daily average** **1 Jan' 2018 to 30 Apr' 2018**	**Net daily average** **1 Jan' 2017 to 30 Apr' 2017**
	(Boepd)	**(Boepd)**
Northern North Sea	19,851	17,274
Central North Sea	6,044	11,572
Kraken	21,431[1]	-
Total UKCS	**47,326**	**28,846**
Total Malaysia	**8,751**	**9,010**
Total EnQuest	**56,077**	**37,856**

[1] Average gross production excluding the maintenance shutdown period in March has been over 36,000 Bopd in the period.

Northern North Sea operations

Average production in the four months to end April 2018 of 19,851 Boepd was 14.9% higher than the same period in 2017. This increase was driven by the contribution from Magnus and better than expected initial production at Heather from the near-field H-67 well which was completed and brought online in March, partially offset by natural declines across the Northern North Sea area.

At Magnus, production performance has been strong and the planned maintenance shutdown was successfully completed ahead of schedule. In May, first production from the recently drilled M-62 well was delivered, with drilling operations subsequently commencing on the second well (M-63).

Higher plant uptime and reliability at Thistle combined with the re-instatement of the Dons South West water injection line are part of an improvement in production and water injection efficiency across the area.

As planned, EnQuest continues to pursue a series of partner-funded idle well reservoir abandonments as part of the Group's asset life extension strategy, improving asset integrity and reducing longer-term decommissioning costs. At Thistle, the first two well abandonments have been successfully concluded ahead of schedule and at a significantly lower cost than anticipated.

EnQuest has continued to deliver safe and stable operations at the Sullom Voe Terminal. The Group is making progress in optimising its planned work programme as well as identifying and implementing cost-efficiency initiatives.

Central North Sea operations

Average production in the four months to end April 2018 of 6,044 Boepd was 47.8% lower than the same period in 2017, driven by similarly significant reductions at both Scolty/Crathes and Alma/Galia as expected. At Scolty/Crathes, wax in the flowline continues to limit production and is being managed with chemical and lift gas treatments while a permanent solution continues to be developed with our partners. At Alma/Galia, production will continue to be low until the three-well Electric Submersible Pump related workovers are completed around the end of Q3.

Production efficiency for the Greater Kittiwake Area has improved reflecting the successful completion of production optimisation workscopes in 2017, while output from Alba has been in line with expectations.

Kraken

The FPSO has performed well during three major storms, although extreme cold weather in early March resulted in Kraken being shut down. During this period, the Group undertook much of the previously planned April shutdown maintenance workscope, meaning the planned shutdown was no longer required.

The subsurface continues to deliver in line with expectations. Modelling shows a clear indication of pressure support from injector wells to producer wells, while chemical tracers have confirmed uniform production across the entire length of the wells and no tracers from the injected water have been observed.

Average gross production in the four months to end April, which includes the impact of the March maintenance shutdown, was in line with expectations. Excluding the impact of the shutdown, gross production averaged over 36,000 Bopd.

Since first production, almost 7 million barrels of oil have been produced and 13 cargoes offloaded from the FPSO, with 9 of these cargoes offloaded in 2018. Cargo pricing continues to be healthy reflecting the quality of Kraken crude.

The subsea infrastructure for DC4 is scheduled to be installed in the third quarter, with the drilling programme expected to commence in the fourth quarter, when the Transocean Leader drilling rig relocates from the Alma/Galia field. First production from DC4 is expected in early 2019.

Malaysian operations

Average production in Malaysia in the four months to end April 2018 of 8,751 Boepd was 2.9% lower than 2017, primarily reflecting natural decline at Tanjong Baram. Production efficiency remained high at PM8/Seligi, with the Group's planned idle well intervention programme commencing in March. The drilling rig arrived in the Seligi field in early May and has now commenced operations on the first of the Group's 2018 two-well programme. First production from this programme is expected in the third quarter.

2018 outlook reaffirmed

The Group expects material net production growth in 2018 to within the guidance range of c.50,000 to 58,000 Boepd. Planned maintenance shutdowns at a number of the Group's fields are predominantly scheduled over the summer. The drilling programmes at Magnus and PM8/Seligi, along with the workover programme at Alma/Galia, are expected to deliver production improvements later in the year, with the DC4 programme at Kraken expected to come into production in 2019. All other guidance is reaffirmed.

Ends

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Notes to editors

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.