



## EnQuest PLC

*(incorporated with limited liability in England and Wales with registered number 7140891)*

# Issue of £5,424,998 7.00 per cent. Extendable PIK Toggle Notes due 15 April 2022 (to be consolidated and form a single series with the existing £155,000,000 7.00 per cent. Extendable PIK Toggle Notes originally due 15 February 2022, as extended to 15 April 2022) under the £500,000,000 Euro Medium Term Note Programme

The £5,424,998 7.00 per cent. Extendable PIK Toggle Notes due 15 April 2022 (the "**Additional Notes**") were issued by EnQuest PLC ("**Enquest**" or the "**Issuer**") on 15 February 2017 (the "**Issue Date**") and are unconditionally and irrevocably guaranteed on a subordinated basis by EnQuest Britain Limited, EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Leasing Limited, EnQuest Heather Limited, EnQuest NWO Limited and EQ Petroleum Sabah Ltd (together, the "**Guarantors**" and, together with the Issuer and/or its subsidiaries, taken as a whole, the "**Group**"). The Additional Notes are to be consolidated and form a single series with the £155,000,000 7.00 per cent. Extendable PIK Toggle Notes originally due 15 February 2022, as extended to 15 April 2022 which were issued in two tranches on 15 February 2013 and 2 December 2013 (the "**Existing Notes**" and together with the Additional Notes, the "**Notes**") under the Issuer's £500,000,000 Euro Medium Term Note Programme (the "**Programme**").

On 30 January 2017, the Issuer notified holders of the Existing Notes (the "**Existing Noteholders**") that the cash payment condition (the "**Cash Payment Condition**") as further described below, in respect of the interest payment date falling on 15 February 2017 (the "**PIK Interest Payment Date**") had not been satisfied and that interest due on the Existing Notes would not be paid in cash. As a result of the Cash Payment Condition not being satisfied in respect of the PIK Interest Payment Date, accrued interest on the Existing Notes from (and including) 15 August 2016 was capitalised and satisfied through the issue of the Additional Notes. The Additional Notes were issued to the Existing Noteholders as of the record date for the PIK Interest Payment Date, it being the close of trading in London on 31 January 2017.

The Notes (including the Additional Notes) bear interest at a fixed rate of 7.00 per cent. payable semi-annually in arrear on 15 February and 15 August in each year (each, an "**Interest Payment Date**"). Interest under the Notes will only be payable in cash on an Interest Payment Date if the Cash Payment Condition is satisfied. The Cash Payment Condition will be satisfied in respect of an Interest Payment Date if (i) the end of day daily Dated Brent Future published by Platts during the period of six calendar months immediately preceding the date falling one calendar month prior to the relevant Interest Payment Date (the "**Cash Payment Condition Determination Date**") is equal to or above US\$65.00 per barrel; and (ii) as at the relevant Cash Payment Condition Determination Date, no payment event of default has occurred and is continuing under the senior, secured revolving loan and letter of credit facilities agreement dated 6 March 2012 between the Issuer and, amongst others, BNP Paribas as facility agent and security trustee (as amended, restated and supplemented from time to time) (the "**Senior Facilities**"). If the Cash Payment Condition is not satisfied in respect of an Interest Payment Date, interest will not be paid in cash on that Interest Payment Date and will be capitalised and satisfied through the issue of additional Notes having the same terms and conditions as the Notes then outstanding (save for the interest commencement date), which shall be consolidated and form a single series with the Notes then outstanding.

Applications have been made for the Additional Notes to be admitted to the Official List of the UK Listing Authority (the "**UKLA**") and to be admitted to trading on the order book for retail bonds segment (the "**ORB**") of the regulated market of the London Stock Exchange plc (the "**LSE**"). References in this listing document (the "**Listing Document**") to the Additional Notes being "listed" (and all related references) shall mean that the Additional Notes have been admitted to the Official List and have been admitted to trading on the LSE. The regulated market of the LSE is a regulated market for the purposes of Directive 2004/39/EC.

This Listing Document comprises a prospectus for the purposes of Article 5.3 of the Directive 2003/71/EC, as amended (the "**Prospectus Directive**") in respect of the Issuer.

**The Additional Notes have not been issued pursuant to an "offer of securities to the public" within the meaning of such term in the Prospectus Directive and any relevant implementing measures in any Relevant Member State of the European Union. This Listing Document has been prepared solely for the purpose of the applications made by the Issuer to admit the Additional Notes to the Official List of the UKLA and to trading on the ORB of the LSE.**

The Additional Notes to be issued have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**"). The Additional Notes may not be offered, sold or delivered within the United States (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions permitted by the Securities Act.

The Additional Notes will be represented by a registered certificate, issued in global form represented by a registered global certificate (the "**Global Certificate**"). The Additional Notes will be deposited with a common depository or common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or any other relevant clearing system, with interests in such global securities being traded in the relevant clearing system(s). Investors may also hold interests in the Additional Notes indirectly through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited ("**CREST**") through the issuance of dematerialised depository interests issued, held, settled and transferred through CREST ("**CDIs**") as further described in "*Clearing and Settlement*".

The Issuer and the Guarantors accept responsibility for the information contained in this Listing Document. To the best of the knowledge and belief of the Issuer and the Guarantors (each of which has taken all reasonable care to ensure that such is the case), the information contained in this Listing Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer and the Guarantors are not providing any advice or recommendation in this Listing Document on the merits of the purchase, subscription for, or investment in, the Additional Notes or the exercise of any rights conferred by the Additional Notes.

This Listing Document does not constitute an offer of, or an invitation by or on behalf of the Issuer to subscribe or purchase, any of the Additional Notes. The distribution of this Listing Document and the offering of the Additional Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Listing Document comes are required by the Issuer to inform themselves about and to observe any such restrictions.

No person is authorised in connection with the Additional Notes to give any information or to make any representation not contained in this Listing Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer. Neither the delivery of this Listing Document nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Listing Document has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Listing Document has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Additional Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Listing Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of this Listing Document should purchase the Additional Notes. Each potential purchaser of Additional Notes should determine for itself the relevance of the information set out in this Listing Document and its purchase of Additional Notes should be based upon such investigations as it deems necessary.

The Trustee may rely without liability to holders of the Notes (the "**Noteholders**") on a report, confirmation or certificate of any financial advisers or investment bank, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be obliged to accept and entitled to rely on any such report, confirmation or certificate where the Issuer procures delivery of the same pursuant to its obligation to do so under the Terms and Conditions and such report, confirmation or certificate shall be binding on the Issuer, the Trustee and the Noteholders (as defined herein) in the absence of manifest or proven error.

Each potential investor in the Additional Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Additional Notes, the merits and risk of investing in the Additional Notes and the information contained or incorporated by reference in this document;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Additional Notes and the impact such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Additional Notes;
- (d) understand thoroughly the terms of the Additional Notes and be familiar with the behaviour of the financial markets in which they participate; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Additional Notes are complex financial instruments and such instruments may be purchased as a way to enhance yield with an understood, measured, appropriate addition of risk to an investor's overall portfolio. A potential investor should not invest in the Additional Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Additional Notes will perform under changing conditions, the resulting effects on the value of such Additional Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Additional Notes are legal investments for it; (b) the Additional Notes can be used as collateral by it for various types of borrowing; and (c) other restrictions

apply to its purchase or pledge of any Additional Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Additional Notes under any applicable risk-based capital or similar rules.

All references in this Listing Document to "**Sterling**", "**pounds sterling**", "**pounds**", "**£**", "**p**" or "**pence**" are to the lawful currency of the United Kingdom and references to "**US dollars**", "**US\$**" or "**USD**" are to the lawful currency of the United States.

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## SUMMARY OF THE ISSUE

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary relating to this type of securities, issuer and guarantors. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the nature of the Additional Notes and the Issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary and marked as "Not applicable".

<b>Section A – Introduction and warnings</b>		
<b>A.1</b>	<b>Introduction:</b>	<p>This Summary must be read as an introduction to the Listing Document. Any decision to invest in any of the £5,424,998 7.00 per cent. Extendable PIK Toggle Notes due 15 April 2022 (the "<b>Additional Notes</b>") should be based on a consideration of the Listing Document as a whole, including any documents incorporated by reference. Where a claim relating to information contained in the Listing Document is brought before a court, the plaintiff may, under the national legislation of the Member State of the European Economic Area where the claim is brought, be required to bear the costs of translating the Listing Document before the legal proceedings are initiated. Civil liability attaches only to the Issuer and the Guarantors who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Listing Document or, it does not provide, when read together with the other parts of this Listing Document, key information (as defined in Article 2.1(s) of the Prospectus Directive) in order to aid investors when considering whether to invest in the Additional Notes.</p>
<b>A.2</b>	<b>Consent:</b>	<p>Not applicable. The Additional Notes have been issued by the Issuer to satisfy its obligation of payment of interest under, and in accordance with the terms and conditions of, the £155,000,000 7 per cent. PIK Toggle Notes originally due 15 February 2022 as extended to 15 April 2022 issued by the Issuer in two tranches on 15 February 2013 and 2 December 2013 (the "<b>Existing Notes</b>" and, together with the Additional Notes, the "<b>Notes</b>"). The Additional Notes have not been issued pursuant to an "offer of securities to the public" within the meaning of such term in the Prospectus Directive and any relevant implementing measures in any Relevant Member State of the European Union.</p>

<b>Section B – Issuer and the Guarantors</b>		
<b>B.1</b>	<b>The legal and commercial name of the Issuer:</b>	<p><i>The Issuer:</i> EnQuest PLC.</p> <p><i>The Guarantors:</i> EnQuest Britain Limited; EnQuest ENS Limited; EnQuest Global Limited; EnQuest Heather Leasing Limited; EnQuest Heather Limited; EnQuest NWO Limited; and EQ Petroleum Sabah Ltd.</p>
<b>B.2</b>	<b>The domicile and legal form</b>	<p><i>The Issuer</i> is a public limited liability company</p>

<b>Section B – Issuer and the Guarantors</b>																													
	<b>of the Issuer, the legislation under which the Issuer operates and its country of incorporation:</b>	<p>incorporated and registered in England and Wales, operating under the Companies Act 2006 (as amended).</p> <p><i>Each of the Guarantors</i> is a private company limited by shares incorporated and registered in England and Wales and operating under the Companies Act 2006 (as amended).</p>																											
<b>B.4b</b>	<b>A description of any known trends affecting the Issuer and the industries in which it operates:</b>	<p>The Group's business, prospects, financial condition and results of operations depend substantially upon oil prices, which have been adversely impacted by unfavourable global, regional and national macroeconomic conditions. Oil is a commodity for which prices are determined based on world demand, supply and other factors, all of which are beyond the Group's control. Oil prices are continually subject to volatility as a result of market uncertainties over the supply and demand of this commodity due to the current state of the world's economies, actions of OPEC and ongoing global credit and liquidity concerns.</p>																											
<b>B.5</b>	<b>Description of the Issuer's Group and the Issuer's position within the Group:</b>	<p>The Issuer is the holding company of the Group which covers a full range of upstream activities, with a portfolio of production and development assets, together with appraisal and exploration opportunities. As the holding company of the Group, the Issuer's operating results and financial condition are entirely dependent on the performance of members of the Group.</p>																											
<b>B.9</b>	<b>Profit forecast or estimate:</b>	Not applicable.																											
<b>B.10</b>	<b>Qualifications in the Auditor's report:</b>	Not applicable. None of the audit reports on either of the Issuer's consolidated financial statements for the years ended 31 December 2015 or 31 December 2016 included any qualifications.																											
<b>B.12</b>	<b>Selected financial information:</b>	<p>The following summary financial information as at, and for each of the years ended, 31 December 2016 and 31 December 2015 has been extracted without any material adjustment from the Issuer's audited consolidated financial statements for the years ended 31 December 2016 and 31 December 2015.</p> <p><i>Group Statement of Comprehensive Income for the financial years ended 31 December 2016 and 31 December 2015</i></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 20%;">2016</th> <th style="text-align: right; width: 20%;">2015</th> </tr> <tr> <th></th> <th style="text-align: right;">Reported in year US\$'000</th> <th style="text-align: right;">Reported in year US\$'000</th> </tr> </thead> <tbody> <tr> <td>Revenue and other operating income</td> <td style="text-align: right;">798,123</td> <td style="text-align: right;">908,514</td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: right;">(656,366)</td> <td style="text-align: right;">(748,538)</td> </tr> <tr> <td><b>Gross profit</b></td> <td style="text-align: right;"><b>141,757</b></td> <td style="text-align: right;"><b>159,976</b></td> </tr> <tr> <td><b>Profit/ (loss) from operations before tax and finance income/(costs)</b></td> <td style="text-align: right;"><b>345,079</b></td> <td style="text-align: right;"><b>(1,115,424)</b></td> </tr> <tr> <td><b>Profit/(loss) before tax</b></td> <td style="text-align: right;"><b>217,244</b></td> <td style="text-align: right;"><b>(1,340,941)</b></td> </tr> <tr> <td>Income tax</td> <td style="text-align: right;">(32,032)</td> <td style="text-align: right;">581,457</td> </tr> <tr> <td><b>Profit/ (loss) for the year attributable to owners of the</b></td> <td style="text-align: right;"><b>185,212</b></td> <td style="text-align: right;"><b>(759,484)</b></td> </tr> </tbody> </table>		2016	2015		Reported in year US\$'000	Reported in year US\$'000	Revenue and other operating income	798,123	908,514	Cost of sales	(656,366)	(748,538)	<b>Gross profit</b>	<b>141,757</b>	<b>159,976</b>	<b>Profit/ (loss) from operations before tax and finance income/(costs)</b>	<b>345,079</b>	<b>(1,115,424)</b>	<b>Profit/(loss) before tax</b>	<b>217,244</b>	<b>(1,340,941)</b>	Income tax	(32,032)	581,457	<b>Profit/ (loss) for the year attributable to owners of the</b>	<b>185,212</b>	<b>(759,484)</b>
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## Section B – Issuer and the Guarantors

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<b>B.13</b>	<b>Recent material events particular to the Issuer's solvency or the Guarantors' solvency:</b>	Not Applicable: since the completion of the scheme of arrangement under part 26 of the Companies Act 1986, which was sanctioned by the High Court of Justice of England and Wales on 16 November 2016 there are no recent events particular to the Issuer or the Guarantors which are to a material extent relevant to the evaluation of the Issuer's or the Guarantors' solvency.																																																															
<b>B.14</b>	<b>Extent to which the Issuer and the Guarantors are</b>	As the holding company of the Group, the Issuer's operating results and financial condition are entirely dependent on the																																																															

<b>Section B – Issuer and the Guarantors</b>		
	<b>dependent upon other entities within the Group:</b>	<p>performance of members of the Group.</p> <p>EnQuest ENS Limited, EnQuest Global Limited, EnQuest Heather Leasing Limited and EnQuest Heather Limited are dependent on EnQuest Britain Limited, the Group finance company, for their funding requirements.</p>
<b>B.15</b>	<b>Principal activities of the Issuer and the Guarantors:</b>	The Group, including the Issuer as the holding company of the Group, conducts a full range of upstream activities, with a portfolio of production and development assets, together with appraisal and exploration opportunities.
<b>B.16</b>	<b>Extent to which the Issuer is directly or indirectly owned or controlled:</b>	<p>So far as the Issuer is aware, as at the date of this Listing Document, the Issuer is not directly or indirectly owned or controlled by any natural or legal person.</p> <p>The following Guarantors are wholly owned subsidiaries of the Issuer: EnQuest Britain Limited and EnQuest Global Limited.</p> <p>The following Guarantors are wholly owned subsidiaries of EnQuest Britain Limited: EnQuest ENS Limited and EnQuest Heather Limited.</p> <p>EnQuest Heather Leasing Limited is a wholly owned subsidiary of EnQuest Heather Limited.</p> <p>The following Guarantors are wholly owned subsidiaries of EnQuest Global Limited: EnQuest NWO Limited and EQ Petroleum Sabah Ltd.</p>
<b>B.17</b>	<b>Credit ratings assigned to the Issuer or its debt securities:</b>	Credit ratings have been assigned to the Issuer and the Notes.
<b>B.18</b>	<b>A description of the nature and scope of the guarantee.</b>	<p>The Guarantors unconditionally and irrevocably guarantee (each a "<b>Notes Guarantee</b>") to each Noteholder the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes (including the Additional Notes) as and when the same become due and payable.</p> <p>The Notes Guarantees are subject to a guarantee subordination dated 9 April 2014 (as amended, supplemented or varied from time to time) (the "<b>Subordination Agreement</b>") to which U.S. Bank Trustees Limited (in its capacity as trustee (the "<b>Trustee</b>") under the trust deed dated 24 January 2013 pursuant to which the Existing Notes were issued (the "<b>Trust Deed</b>")) acceded on 5 November 2014. Pursuant to the Subordination Agreement, the Guarantors' obligations under the Notes Guarantees are subordinated to the Guarantors' obligations in respect of the Issuer's senior debt, including its senior secured revolving loan and letter of credit facilities (the "<b>Senior Facilities</b>"). Each Notes Guarantee:</p> <p>(a) is a direct, unconditional and irrevocable, joint and several guarantee by the Guarantor to the Trustee (for</p>

<b>Section B – Issuer and the Guarantors</b>		
		<p>itself and on behalf of the Noteholders) of the payment of principal and interest payable under the Notes and all other monetary obligations of the Issuer to the Noteholders or the Trustee under the Trust Deed in respect of the Notes and any additional amounts payable pursuant to Condition 8 (Taxation) of the Notes;</p> <p>(b) subordinated in right of payment to all existing and future senior obligations of the Guarantors, including under the Issuer's senior secured term and revolving credit facility dated 6 March 2012 (the "<b>RCF</b>");</p> <p>(c) <i>pari passu</i> in right of payment with all existing and future senior subordinated obligations of the Guarantors, including the guarantees in respect of the Issuer's US\$677,482,000 PIK Toggle Senior Notes with a scheduled maturity in 2022 (the "<b>High Yield Notes</b>" and the Guarantors' guarantees in respect thereof, the "<b>High Yield Notes Guarantees</b>");</p> <p>(d) senior in right of payment to all future obligations of the Guarantors that are expressly contractually subordinated to the Notes Guarantees and the High Yield Notes Guarantees; and</p> <p>(e) effectively, subordinated to all existing and future secured obligations of the Guarantors (including under the Senior Facilities), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Notes Guarantees on an equal and rateable or senior basis.</p>
<b>B.19</b>	<b>Section B information about the guarantor as if it were the issuer of the same type of security that is the subject of the guarantee. Therefore provide such information as required for a summary for the relevant annex.</b>	See Elements B.1 to B.18 above.

<b>Section C – Securities</b>		
<b>C.1</b>	<b>Type and class of the Notes:</b>	<p>The Additional Notes were issued in global registered form on 15 February 2017 (the "<b>Issue Date</b>") in a nominal amount of £1.00 each.</p> <p>The Additional Notes are to be consolidated and form a single series with the Existing Notes.</p> <p>The Additional Notes were, upon issue, given a temporary ISIN of XS1570009347. Once admission of the Additional Notes to the Official Listing of the UK Listing Authority and to trading on the electronic order book for retail bonds segment of the regulated market of</p>

<b>Section C – Securities</b>		
		the London Stock Exchange plc has taken effect, the Additional Notes will have the same ISIN as the Existing Notes of XS0880578728.
<b>C.2</b>	<b>Currency of the Notes:</b>	The Specified Currency of the Notes is Pounds Sterling.
<b>C.5</b>	<b>A description of any restrictions on the free transferability of the Notes:</b>	The Additional Notes will be freely transferable.
<b>C.8</b>	<b>Description of the rights attached to the Notes:</b>	<p><b><i>Ranking (status):</i></b></p> <p>The Notes constitute unsubordinated and (subject to the provisions of the Issuer's negative pledge below) unsecured obligations of the Issuer and at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Notes (save for such exceptions as may be provided by applicable law and subject to the negative pledge provisions) at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present or future.</p>
		<p><b><i>Status of the Notes Guarantees</i></b></p> <p>The Guarantors have unconditionally and irrevocably guaranteed the Notes pursuant to each Notes Guarantee.</p> <p><b>Investors should note that the Notes Guarantees are subordinated in right of payment to all existing and future senior obligations of the Guarantors, including under the Senior Facilities.</b></p> <p>See Element B.18 above.</p> <p><b><i>Negative pledge:</i></b></p> <p>The Notes contain a negative pledge provision to the effect that, so long as any Additional Note remains outstanding, the Issuer will not, and will ensure that none of its subsidiaries will, create or have outstanding any mortgage, charge, pledge, lien or other security interest upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or any guarantee of Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security or such other security as either the Trustee will deem not materially less beneficial to the interests of the Noteholders or will be approved by an extraordinary resolution of the Noteholders.</p> <p><b>"Relevant Indebtedness"</b> means any indebtedness which is in the form of, or represented by, bonds, notes, debentures, loan stock, or other securities which for the time being are listed, quoted or dealt in or traded on any stock exchange or over-the-counter or other securities market.</p>

**Section C – Securities**

		<p><b><i>Financial covenants:</i></b></p> <p>The holders of the Notes do not have the benefit of the financial covenants.</p> <p><b><i>Restricted Payments:</i></b></p> <p>The terms of the Notes contain a restriction on certain payments to shareholders and their affiliates if the Issuer has not redeemed the Notes in an amount equal to any capitalised interest, together with accrued but unpaid interest.</p> <p><b><i>Events of default:</i></b></p> <p>The terms of the Notes contain Events of Default including those relating to (a) non-payment, (b) breach of other obligations, (c) cross-acceleration, (d) enforcement proceedings, (e) security enforcement, (f) insolvency, (g) winding-up, (h) lack of authorisations and consents, (i) illegality, and (j) cross default of the High Yield Notes.</p>
		<p>The Events of Default include certain minimum thresholds and grace periods. In addition, Trustee certification that certain events would be materially prejudicial to the interests of the Noteholders is required before certain events will be deemed to constitute Events of Default.</p> <p><b><i>Withholding tax:</i></b></p> <p>All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the United Kingdom or any authority thereof or therein having power to tax, unless required by law. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.</p> <p>All payments in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.</p> <p><b><i>Meetings:</i></b></p> <p>The Notes contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p><b><i>Modification of the Trust Deed:</i></b></p> <p>The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed that is in its opinion of a</p>

<b>Section C – Securities</b>		
		<p>formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.</p> <p><b>Governing law:</b></p> <p>The Notes are governed by, and construed in accordance with, English law.</p>
<b>C.9</b>	<b>Interest, maturity and redemption provisions, yield and representative of the Noteholders:</b>	<p><b>Interest Rate:</b></p> <p>The Notes accrue a fixed coupon of 7 per cent. per annum payable semi-annually in arrear.</p> <p>Interest under the Notes will only be payable in cash on an interest payment date if the cash payment condition is satisfied (the "<b>Cash Payment Condition</b>") as further described below. If the Cash Payment Condition is not satisfied in respect of an interest payment date, interest will not be paid in cash on that interest payment date and will be capitalised and satisfied by the issue of further additional notes to holders of the Notes outstanding at such time.</p> <p>Interest on the Notes is to be paid on 15 February and 15 August in each year (each, an "<b>Interest Payment Date</b>").</p> <p>The Cash Payment Condition will cease to apply (and thereafter all payments of interest will be made in cash) upon the earlier of: (A) the repayment in full of the Senior Facilities from cash generated from assets of the Group; or (B) the repayment or refinancing in full of the Senior Facilities on terms that enable the disapplication of the Cash Payment Condition and future interest on the Additional Notes to be paid in cash.</p> <p>The "<b>Cash Payment Condition</b>" will be satisfied in respect of an Interest Payment Date (as determined by the Issuer) if (i) the average of the Daily Brent Oil Prices during the period of six calendar months immediately preceding the Cash Payment Condition Determination Date is equal to or above US\$65.00; and (ii) as at the relevant Cash Payment Condition Determination Date, no payment "Event of Default" (as defined in the senior, secured revolving credit and letter of credit facilities agreement entered into by the Issuer dated 6 March 2012 (the "<b>RCF Agreement</b>") under the RCF Agreement has occurred and is continuing (which shall include, for the avoidance of doubt, any such event of default arising as a result of the aggregate amount of the loans and letters of credit outstanding thereunder exceeding the aggregate commitments under the RCF applicable at such time).</p>

## Section C – Securities

**"Daily Brent Oil Price"** means the end of day daily Dated Brent Future published by Platts (or such equivalent price that may replace the dated Brent price from time to time).

***Maturity:***

The original maturity date of the Notes is 15 April 2022 (the "**Original Maturity Date**"), subject to extension in accordance with the terms and conditions. The Issuer may, at its absolute discretion, at any time extend the Original Maturity Date to 15 April 2023 (the "**Optional Extended Maturity Date**"). In addition, the maturity of the Notes will be automatically extended to 15 October 2023 if the RCF Agreement is not repaid or refinanced in full prior to 15 October 2020 (the "**Automatic Extended Maturity Date**" and, together with the Original Maturity Date and the Optional Extended Maturity Date, the "**Maturity Date**").

Unless previously redeemed or purchased and cancelled in accordance with the terms and conditions, the Notes will mature on the Maturity Date.

***Early Redemption:***

The Issuer may elect to redeem the Notes prior to the Maturity Date in certain circumstances for tax reasons.

In addition, the Notes may be redeemed prior to their Maturity Date in certain circumstances, including pursuant to an Issuer call option and an Issuer par call option.

***Optional redemption:***

If a Change of Control Put Event occurs, a holder of a Note will have the option to require the Issuer to redeem such Note at its principal amount, together with any accrued interest thereon.

***Indication of Yield:***

Not applicable. The Additional Notes are being issued to satisfy the Issuer's obligation to pay interest under the Existing Notes in respect of the Interest Payment Date occurring on 15 February 2017.

***Trustee:***

The Issuer has appointed U.S. Bank Trustees Limited to act as trustee for the holders of Notes.

***Issuing and Paying Agent:***

The Issuer has appointed Elavon Financial Services DAC to act as the Issuing and Paying Agent.

<b>Section C – Securities</b>		
<b>C.10</b>	<b>Derivative component in interest payments:</b>	Not Applicable: there is no derivative component in the interest payments made in respect of the Notes.
<b>C.11</b>	<b>Listing and Admission to Trading:</b>	Applications have been made for the Additional Notes to be admitted to the Official List of the UK Listing Authority (the "UKLA") and to be admitted to trading on the order book for retail bonds segment (the "ORB") of the regulated market of the London Stock Exchange plc (the "LSE").

<b>Section D – Summary Risk Factors</b>		
<b>D.2</b>	<b>Key information on the key risks that are specific to the Issuer:</b>	Volatility and further decreases in oil prices could materially adversely affect the Group's business, prospects, financial condition and results of operations.
		The levels of the Group's 2P reserves and contingent resources, their quality and production volumes may be lower than estimated or expected.
		The Group faces drilling, exploration and production risks and hazards that may affect the Group's ability to produce oil at expected levels, quality and costs and that may result in additional liabilities to the Group.
		The Group faces significant uncertainty as to the success of any drilling appraisal, exploration and development activities.
		If the Group is unable to replace the 2P reserves that it produces, the Group's reserves and revenues will decline.
		The Group relies on third party infrastructure such as the Sullom Voe Terminal and the Terengganu Crude Oil Terminal that it does not control and is subject to tariff charges that it does not control.
		A significant proportion of third party infrastructure upon which the Group's operations rely is old, and if it lacks proper maintenance and repair it could harm the Group's operations in the UKCS.
		The Group's business is subject to licensing and other regulatory requirements, which are subject to change, in the countries in which it operates, and it is subject to the risks of licences or other agreements being withheld, suspended, revoked or terminated and of the Group's failing to comply with relevant licences, agreements or other regulatory requirements.
		The Group conducts most of its operations with commercial partners which may increase the risk of delays, additional costs and the suspension or termination of the licences or the agreements that govern the Group's assets.

<b>Section D – Summary Risk Factors</b>		
		The Group could incur material costs to comply with, or as a result of liabilities under, health and safety and environmental regulations.
		The Group's international operations will require it to comply with various regulatory regimes and subject it to the challenges of running a business with global operations.
		All of the Group's production comes from a small number of offshore assets in the UKCS and Malaysia, making it vulnerable to risks associated with having significant production in two countries and regions and only a small number of assets.
		Much of the Group's future growth depends on successful development of Kraken and the Group's production at Alma/Galia.
		The Group may face unanticipated increased or incremental costs in connection with decommissioning obligations.
		The Group's commodity hedging activities may not be effective.
<b>D.3</b>	<b>Key information on the key risks that are specific to the Additional Notes:</b>	There are also risks associated with specific types of Additional Notes, and with the Additional Notes and the markets generally, as follows:
		The Group's cash interest under the Additional Notes is capitalised unless the Cash Payment Condition is met. If the Cash Payment Condition is not met, the Noteholders will not receive interest on the relevant interest payment date in cash but will instead receive additional Notes in the principal amount equal to the interest amount due. Such additional Notes, once listed, shall be consolidated and form a single series with the Notes then outstanding.
		The Issuer may extend the maturity of the Additional Notes and the maturity of the Additional Notes will automatically extend if the Issuer has not repaid or refinanced the Senior Facilities by 15 October 2020.
		An optional redemption feature of Additional Notes is likely to limit their market value; the market value is unlikely to rise above the redemption price during any period when the Issuer may elect to redeem the Additional Notes. In addition, the Issuer may be expected to redeem Additional Notes when its cost of borrowing is lower than the interest rate on the Additional Notes; at those times, an investor may only be able to reinvest its money at a significantly lower rate.  The Additional Notes have the benefit of a guarantee which is subordinated to the Issuer's existing and future

<b>Section D – Summary Risk Factors</b>		
		<p>senior debt.</p> <p>The market value of listed securities may fluctuate and may not reflect the underlying asset value of the Group.</p> <p>The Additional Notes may have no established trading market when issued, and one may never develop, or may be illiquid. In such case, investors may not be able to sell their Additional Notes easily or at favourable prices.</p> <p>The terms and conditions of the Additional Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.</p> <p>The proposed financial transactions tax may negatively affect Additional Noteholders or the Issuer.</p> <p>Investors in dematerialised depository interests issued, held, settled and transferred through CREST ("CDIs") will have an interest in a separate legal instrument and will not be the legal owners of the Additional Notes in respect of which the CDIs are issued. Accordingly, rights under the Existing Notes cannot be enforced by holders of CDIs except indirectly through the intermediary depositories and custodians. Further, such investor will be subject to provisions outside of, and different from, the Additional Notes by virtue of its holding CDIs issued by the CREST Depository.</p>

<b>Section E – Offer</b>		
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds:</b>	The Additional Notes are being issued by the Issuer to satisfy its obligation of payment of interest under, and in accordance with the Terms and Conditions of, the Existing Notes and therefore the net proceeds of the issue of the Additional Notes will be zero.
<b>E.3</b>	<b>Terms and Conditions of the Offer:</b>	The Additional Notes have not been issued pursuant to an "offer of securities to the public" within the meaning of such term in the Prospectus Directive and any relevant implementing measures in any Relevant Member State of the European Union.
<b>E.4</b>	<b>Interests of natural and legal persons involved in the issue of the Notes:</b>	The Additional Notes have not been issued pursuant to an "offer of securities to the public" within the meaning of such term in the Prospectus Directive and any relevant implementing measures in any Relevant Member State of the European Union..
<b>E.7</b>	<b>Estimated expenses charged to the investor by the Issuer or the offeror:</b>	There are no expenses charged to the investor by the Issuer.

## RISK FACTORS

*The Issuer and the Guarantors believe that the factors described below represent the principal risks inherent in investing in the Additional Notes, but the Group may face other risks that may not be considered significant risks by the Issuer and the Guarantors based upon information available to them at the date of this Prospectus or that they may not be able to anticipate. Factors which the Issuer and the Guarantors believe may be material for the purpose of assessing the market risks associated with the Additional Notes are described below. If any of the following risks, as well as other risks and uncertainties that are not yet identified or that the Issuer and the Guarantors think are immaterial at the date of this Listing Document, actually occur, then these could have a material adverse effect on the ability of the Issuer and the Guarantors to fulfil their obligations to pay interest, principal or other amounts owing in connection with the Additional Notes. Prospective investors should also read the detailed information set out elsewhere in this Listing Document and reach their own views prior to making any investment decision. Notwithstanding the foregoing, the factors described below should not be taken as implying that the Issuer or the Guarantors will be unable to comply with obligations as a company with securities admitted to the Official List.*

*Prospective investors should note that, unlike a bank deposit, the Additional Notes are not protected by the United Kingdom's Financial Services Compensation Scheme ("FSCS") or any similar scheme. As a result, neither the FSCS nor anyone else will pay compensation to any investor upon the failure of the Issuer and/or the Guarantors. Therefore (unlike in the case of a bank deposit) if the Issuer and/or the Guarantors were to become insolvent or go out of business, the Additional Noteholders may lose all or part of their investment in the Additional Notes and no governmental body would be required to compensate them for that loss.*

*The following information should be read in conjunction with the information appearing elsewhere in, or incorporated by reference in this Listing Document.*

*Words and expressions defined in the Terms and Conditions or elsewhere in this Listing Document have the same meanings in this section.*

### **Risk Factors that may affect the ability of the Issuer or the Guarantors to fulfil its obligations under the Additional Notes**

#### ***Risks related to the oil and gas industry***

The following risk factors contained in the prospectus relating to the Proposed Placing and Open Offer of in aggregate 356,738,114 New Ordinary Shares at 23.0 pence (SEK 2.48) per New Ordinary Share, Related Party Transaction and Notice of General Meeting published on 14 October 2016 (the "**Equity Prospectus 2016**") shall be deemed to be incorporated in, and to form part of, this section entitled "*Risks related to the oil and gas industry*":

*"The levels of the Group's 2P reserves and contingent resources, their quality and production volumes may be lower than estimated or expected"*

*"The Group faces drilling, exploration and production risks and hazards that may affect the Group's ability to produce oil at expected levels, quality and costs and that may result in additional liabilities to the Group"*

*"The Group faces significant uncertainty as to the success of any drilling appraisal, exploration and development activities"*

*"If the Group is unable to replace the 2P reserves that it produces, the Group's reserves and revenues will decline"*

*"The Group carries out business in a highly competitive industry"*

*"Climate change abatement legislation or protests against fossil fuel extraction may have a material adverse effect on the Group's industry"*

*"The Group may not be able to keep pace with technological developments in its industry"*

### ***Risk factors related to the business of the Group***

The following risk factors contained in the Equity Prospectus 2016 shall be deemed to be incorporated in, and to form part of, this section entitled "*Risk factors related to the business of the Group*":

*"The Group's operations are subject to the risk of litigation"*

*"The Group relies on third party infrastructure such as the Sullom Voe Terminal and the Terengganu Crude Oil Terminal that it does not control and is subject to tariff charges that it does not control"*

*"A significant proportion of the Group's equipment has substantial prior use and any unplanned failures or outages could harm the Group's operations"*

*"A significant proportion of third party infrastructure upon which the Group's operations rely is old, and if it lacks proper maintenance and repair it could harm the Group's operations in the UKCS"*

*"The Group's business is subject to licensing and other regulatory requirements, which are subject to change, in the countries in which it operates, and it is subject to the risks of licences or other agreements being withheld, suspended, revoked or terminated and of the Group's failing to comply with relevant licences, agreements or other regulatory requirements"*

*"There are risks inherent in the Group's acquisitions of exploration, development and production properties"*

*"The Group conducts most of its operations with commercial partners which may increase the risk of delays, additional costs and the suspension or termination of the licences or the agreements that govern the Group's assets"*

*"Failure by the Group, its contractors or its offtakers to obtain access to necessary equipment, services and transportation systems could materially adversely affect its business, prospects, financial condition and results of operations"*

*"The Group depends on its board of directors, key members of management, independent experts and technical and operational service providers and on its ability to retain and hire such persons to effectively manage its business"*

*"The Group's business reputation is important to its continued viability and any damage to such reputation could materially adversely affect its business"*

*"The Group does not insure against certain risks and its insurance coverage may not be adequate for covering losses arising from potential operational hazards and unforeseen interruptions"*

*"The Group may be unable to dispose of assets on attractive terms and may be required to retain liabilities for certain matters"*

*"The Group could incur material costs to comply with, or as a result of liabilities under, health and safety and environmental regulations"*

*"The Group may be subject to work stoppages or other labour disturbances, and the Group's employees and those employed by its contractors may become unionised"*

*"The Group's website and internal systems may be subject to intentional and unintentional disruption, and its confidential information may be misappropriated, stolen or misused, which could adversely impact its reputation and future sales"*

*"The Group does not register trademarks, service marks and trade names that it uses in conjunction with the operation of its business"*

*"The Group's tax liability is subject to estimation and the Group may be adversely affected by changes to tax legislation or its interpretation or increases in effective tax rates in the jurisdictions in which it does business"*

*"The Group may not have good title to all its assets and licences"*

*"The Group's international operations will require it to comply with various regulatory regimes and subject it to the challenges of running a business with global operations"*

***Additional Risk Factors relating to the business of the Group***

*Volatility and further decreases in oil prices could materially adversely affect the Group's business prospects, financial condition and results of operations*

The Group's business, prospects, financial condition and results of operations depend substantially upon oil prices, which may be adversely impacted by unfavourable global, regional and national macroeconomic conditions. Oil prices declined significantly beginning in the second half of 2014 and, although they have stabilised somewhat, remain volatile and significantly below the levels that prevailed in 2013 and the first half of 2014. There can be no assurance that oil prices will not remain at currently suppressed levels or decrease further. Oil is a commodity for which prices are determined based on world demand, supply and other factors, all of which are beyond the Group's control. Historically, prices for oil have fluctuated widely for many reasons, including:

- global and regional supply and demand, and expectations regarding future supply and demand, for oil products;
- decrease in demand with weak macro-economic growth;
- increased production due to new extraction developments and improved extraction and production methods;
- geopolitical uncertainty;
- the threat of terrorism from which some producing areas suffer periodically;
- weather conditions, natural disasters and environmental incidents;
- access to pipeline systems, storage platforms, shipping vessels and other means of transporting and storing oil;
- prices and availability of and competition from alternative fuels and energy sources;
- prices and availability of new technologies;
- the ability of the members of OPEC, and other oil producing nations, to set and maintain specified levels of production and prices;
- political, economic and military developments in oil producing regions generally;
- governmental regulations and actions, including the imposition of export restrictions and taxes and environmental requirements and restrictions; and
- market uncertainty and speculative activities by those who buy and sell oil on the world markets.

Oil prices are continually subject to volatility as a result of market uncertainties over the supply and demand of this commodity due to the current state of the world's economies, actions of OPEC and ongoing global credit and liquidity concerns.

Historically, crude oil prices have been highly volatile and subject to large fluctuations in response to relatively minor changes in the demand for oil. During 2015, prices for ICE Brent crude oil decreased from a daily peak of \$67.77/bbl in May 2015 to a daily low of \$36.11/bbl in December 2015. The monthly average price for Brent crude oil in 2015 was \$52/bbl, a decrease of 47.5 per cent. from the monthly average price of \$99/bbl in 2014. Price volatility was even more prominent in other recent years: in 2014 the daily maximum and minimum Brent prices were approximately \$115.06/bbl and \$57.33/bbl while in 2013 they were approximately \$118.90/bbl and \$97.69/bbl. The Company can provide no assurance as to the level of oil prices that will be achievable in the future.

The Group's revenues, operating results, profitability, future rate of growth and the carrying value of its oil properties depend heavily on the prices the Group receives for oil sales. Oil prices also affect the Group's cash flows available for capital investments and other items, including the amount and value of the Group's oil reserves. In addition, the Group may face property impairments if prices fall significantly. No assurance can be given that oil prices will remain at levels which enable the Group to do business profitably or at levels that make it economically viable to produce from certain wells and any material decline in oil prices could result in a reduction of the Group's net production volumes and revenue, a decrease in the Group's reserves and a decrease in the valuation of the Group's exploration, appraisal, development and production properties.

*The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and the Group's business*

A majority of the Group's producing assets are located in the UKCS, within the territory of the United Kingdom. On 23 June 2016, a majority of voters in the United Kingdom voted in favour of the United Kingdom withdrawing from the European Union in a national referendum and on 29 March 2017, the UK government triggered Article 50 of the Treaty for the European Union. The terms of the withdrawal are subject to a negotiation period that could last two years or more. Therefore, the timing and manner of the United Kingdom's exit from the European Union remain uncertain. The referendum and the triggering of Article 50 of the Treaty for the European Union have created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union-derived laws to replace or replicate in the event of a withdrawal. This may significantly affect the fiscal, monetary and regulatory landscape in the United Kingdom. The result of the referendum also had significant political implications in the United Kingdom, with Prime Minister David Cameron resigning and a new prime minister, Theresa May, being appointed on 13 July 2016. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments have had and may continue to have an effect on UK, European and global market conditions and the stability of global financial markets, and it is possible that they may reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. These developments may make it more difficult for the Group to access capital, and it is possible that they could also result in reduced economic activity, which could give rise to a reduction in the demand for oil and a downward pressure on oil prices. If such events come to pass, this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

Additionally, since the result of the referendum held on 23 June 2016 and the triggering by the UK Government of Article 50 of the Treaty for the European Union, it has become increasingly likely that a second referendum could be held in Scotland to decide whether it should remain part of the United Kingdom or become independent. Should such a referendum be called in the future and result in Scotland leaving the United Kingdom, this would give rise to further risks for the Group's business as a majority of the Group's producing assets are located in the UKCS, which might be considered the territorial waters of any future Scottish state. Should Scotland become an independent state in the future, there may be changes in laws, rules and regulations that could result in increased costs for the Group, changes in its operating standards which adversely affect the Group's production and costs, increased taxes or other negative consequences.

*All of the Group's production comes from a small number of offshore assets in the UKCS and Malaysia, making it vulnerable to risks associated with having significant production in two countries and regions and only a small number of assets*

From 1 January 2016 to 31 December 2016, the Group's net average daily production was 39,751 boepd of which 30,603 boepd were produced from its assets in the UKCS and 9,148 boepd were produced from its assets in Malaysia. As this demonstrates, the Group's operations are limited to a small number of geographic areas and, in particular, the UKCS. The Group is, therefore, exposed disproportionately to the impact of regional supply and demand factors, delays or interruptions of production from wells in these areas caused by processing or transportation capacity constraints, governmental regulation, political changes, availability of equipment, facilities, personnel or services, infrastructure disruptions, natural disasters, weather events or interruption of the processing or transportation of oil. The UKCS and Malaysia are prone to difficult weather conditions that can in some cases prevent the Group from shipping supplies, personnel and fuel to the Group's facilities, each

of which can cause production shut downs or slowdowns. Unusually difficult weather conditions may lead to a heightened risk of floating facilities detaching from their moorings and difficulties in supplying these facilities with fuel and the Company cannot assure you that its floating facilities will not be affected in the future. Adverse changes in weather and natural hazards, including the occurrence of monsoon seasons, typhoons and tsunamis in Malaysia, may cause damage to the Group's vessels resulting in delays or suspension in the Group's operations. If mechanical problems, storms or other events curtail a substantial portion of the Group's production in the UKCS or cause damage to any of the Group's facilities, the Group's results of operations and financial condition could be adversely affected.

Mechanical problems, accidents, oil leaks or other events at any of the Group's installations, FPSOs or the related pipeline systems or subsea infrastructure or third party operated-infrastructure on which the Group relies, may cause a widespread, unexpected production shut down of the Group's operations in the UKCS. The Group's hub-focused model means that it leverages its infrastructure to service multiple fields, which magnifies the impact of any unexpected shut downs at its infrastructure. Most of the Group's producing assets in the UKCS are connected via pipeline systems or subsea tieback so that the Group exports oil from multiple fields to shore. For instance, oil produced at the Broom field is transported to the Heather platform via a subsea tie-back and oil from the Don fields is exported through the Thistle Alpha platform at the Thistle oil field. Any unplanned production shut down of the Group's facilities could have a material adverse effect on the Group's business, prospects, financial condition and results of operations if the shutdown impairs the Group's ability to export oil from connected fields.

Due to the concentration of the Group's assets in two regions, a number of its assets could experience any of the same conditions at the same time, resulting in a relatively greater impact on the Group's results of operations than they might have on other companies that have a more diversified portfolio of producing assets and wider geographic exposure. Such conditions could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

*Much of the Group's future growth depends on successful development of Kraken and the Group's production at Alma/Galia*

The Group expects that a significant proportion of its future production will be from its largest development asset, Kraken, and from production at Alma/Galia. Kraken is on track to achieve first oil in Q2 2017. Alma/Galia achieved first oil on 27 October 2015. However, future production may not be substantially in line with the Group's projections. Any decrease in production volumes or reserve estimates would adversely affect the Group's results of operation and financial condition. Moreover, the Group has made significant capital expenditures with regard to the development of Kraken. The capital expenditure for overall full cycle project for the Kraken development is expected to be approximately \$2.6 billion. The Group's capital expenditures may not guarantee the successful production of oil in line with its projections. The Company also cannot guarantee that unexpected conditions, such as unexpected drilling conditions, equipment failures or accidents, adverse weather, breaches of security and the unavailability of drilling rigs, among others, will not delay or curtail future production.

*If the Group fails to integrate acquisitions successfully, its financial condition and future performance could be adversely affected*

Historically, the Group has acquired interests in additional assets on a regular basis. Although, in the current low oil price environment, it is not the Group's intention to purchase assets that would affect cash flows negatively, the Directors continue to consider acquisition opportunities that fit within the Group's overall strategy.

In January 2017, the Group announced an agreement to acquire from BP an initial 25% interest in the Magnus oil field as well as a 3.0% interest in the Sullom Voe oil terminal and supply facility ("SVT") and additional interests in related North Sea pipeline infrastructure. The Issuer already had interests of 3.0% in SVT and is to become the operator of these assets. The transaction is subject to certain regulatory, government authority, counterparty and partner consents. The consideration for these interests is \$85 million, subject to working capital and other adjustments, which will be funded by deferred consideration payable from the cash flow of the assets being acquired. There are no requirements for cash from the Issuer, other than as generated from these assets

However, integrating operations, technology, systems, management, personnel and pre or post-completion costs for acquisitions may prove more difficult or expensive than anticipated, thereby rendering the value of any company or assets acquired less than the amount paid. The integration of acquired businesses requires significant time and effort on the part of the Group's management. Integration of new businesses can be difficult and disrupt the Group's own business because its operational and business culture may differ from the cultures of the businesses it acquires, unpopular cost-cutting measures may be required, internal controls may be more difficult to maintain and control over cash flows and expenditures may be difficult to establish. The Group could experience difficulties in successfully integrating the acquisition and any future acquisitions, which could materially adversely affect its business, prospects, financial condition and results of operations.

*The Group may face unanticipated increased or incremental costs in connection with decommissioning obligations*

The Group is obliged under UK law to dismantle and remove equipment, to cap or seal wells and generally to remediate production sites. Although the Group typically aims to and has contracted for limited decommissioning liabilities, typically assuming responsibility for a portion of the costs relative to the Group's working interest, it may retain additional potential liability to third parties under applicable regulations. Once the Group is required to submit a decommissioning plan, it will be jointly and severally liable for implementing that plan with former or current commercial partners. If the Group's commercial partners default on their obligations, the Group will remain liable and its decommissioning liabilities could be magnified significantly through such default. Where the UK Secretary of State deems that a party with liability for a decommissioning programme is unlikely to be able to fulfil that liability, it is empowered to require the provision of appropriate financial security to cover those decommissioning costs.

In Malaysia, PETRONAS regulates decommissioning of oil and gas structures through PSCs and PETRONAS' Guidelines for Decommissioning of Upstream Installations as part of its Procedure and Guidelines for Upstream Activities. The Group's obligation under the PM8E/Seligi PSC includes the decommissioning of all assets approved by PETRONAS under the PM8E/Seligi PSC as well as an annual contribution of a decommissioning fund for the PM8E/Seligi PSC assets. This obligation to decommission the assets ceases at the expiry of the PM8E/Seligi PSC or when the assets are being used by other PSC operators for their petroleum operations or by PETRONAS. As at the date of this Listing Document, no installation under the PM8E/Seligi PSC has been approved for decommissioning. Any decommissioning activity must be approved by PETRONAS before commencement and must be performed pursuant to a work programme and budget, which must include detailed decommissioning plans and itemised cost estimates, approved by PETRONAS. If the Group is required to undertake decommissioning works during the term of the PM8E/Seligi PSC, the Group may request from PETRONAS an amount equal to the lower of the cumulative decommissioning fund paid by the Group and the actual cost of the decommissioning operations. Under the PM8E/Seligi PSC, the Group is liable for any damages, costs, claims or expenses arising out of any decommissioning operations caused by its wilful misconduct or negligence. PETRONAS has the sole obligation to decommission any facilities under a RSC.

Under the law of the jurisdictions in which the Group operates, the United Kingdom included, the Group may be liable for up to 100 per cent. of decommissioning liabilities with respect to enhancements that it makes to assets after it acquires them. In connection with the sale or transfer of the Group's assets, the Group may retain or be liable for decommissioning liabilities, even if it has not contractually agreed to accept these liabilities. As at the date of this Listing Document, no offshore installation in the UK which EnQuest has ownership in or operatorship of has been approved for decommissioning.

The Group's financial statements for the year ended 31 December 2016 include a provision of \$493.9 million for decommissioning liabilities, which is a decrease of \$12.9 million from the decommissioning provision of \$506.8 million at 31 December 2015. The provision is based on internal and third party estimates taking into account current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. The ultimate costs of decommissioning wells and sites are difficult to accurately predict and may depend on a number of factors. The Group's decommissioning provisions may not be sufficient and it may be required to provide new or increased financial security to the UK government or to its counterparties. Any increase in estimated decommissioning liability or in the amount of financial security the Group is required to

provide could materially adversely affect the Group's business, prospects, financial condition and results of operations.

In addition, the oil and gas industry currently has limited experience in decommissioning petroleum infrastructure in the UKCS as few such structures have been removed in the region to date. The costs of decommissioning may exceed the value of the long-term provision set aside to cover such decommissioning costs. These costs may rise further as decommissioning activity in the oil and gas industry accelerates and competition for decommissioning equipment and services increases. The Group may have to draw on funds from other sources to fund such decommissioning costs.

It is also possible that the Group could incur decommissioning liabilities sooner than anticipated, if further declines in oil prices resulted in production from certain oil fields no longer being economically viable, although the Directors do not currently anticipate that the Group will have any material decommissioning costs in the short to medium term.

To the extent the Group's costs in connection with decommissioning are higher than anticipated, this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

*The Group's commodity hedging activities may not be effective*

The nature of the Group's operations results in exposure to fluctuations in commodity prices. The Group's policy is to have the flexibility to hedge oil prices up to a maximum of 75 per cent. of the next 12 months' productions on a rolling annual basis, up to 60 per cent. in the following 12 month period and 50 per cent. in the subsequent 12 month period. The Group uses financial instruments and physical delivery contracts to hedge its exposure to these risks and may continue to do so in the future.

As of 31 December 2016, the Group's commodity hedging contracts included swap contracts to sell 6 MMBbls at an average fixed price of \$51 per barrel, maturing through 2017. The Group has elected not to apply hedge accounting to these contracts, which had a negative fair value and generated an unrealised mark to market loss of \$40.5 million, recognised in revenue and other operating income.

However, hedging could fail to protect the Group or could adversely affect the Group due to, among other reasons:

- the available hedging instruments failing to correspond directly with the risk for which protection is sought;
- the duration or nominal amount of the hedge failing to match the duration or amount of the related liability;
- the Group's hedge counterparty defaulting on its obligation to pay the Group;
- the credit quality of the Group's hedge counterparty being downgraded to such an extent that it impairs the ability of the relevant member of the Group to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging being adjusted from time to time in accordance with applicable accounting rules to reflect changes in fair value, and any downward adjustments reducing the Group's net assets and profits.

In addition, hedging involves transaction costs. These costs may increase as the period covered by the hedging increases and during periods of volatility. In periods of extreme volatility, it may not be commercially viable to enter into hedging transactions due to the high costs involved, which may in turn increase the Group's exposure to financial risks. The Issuer does not yet have hedging arrangements in place beyond 2017, and there can be no assurance that the Group will be able to enter into hedging contracts on suitable terms in the future.

If the Group experiences losses as a result of its hedging activities, or if it is unable to hedge its commodity price effectively in the future, this could have a material adverse effect on its business, prospects, financial condition and results of operations.

*The Group is subject to both transactional and translational foreign exchange risks, which might adversely affect its financial condition and results of operations*

Substantially all of the Group's revenues are in, and most of its working capital is in, US dollars. However, the Group's operations are entirely outside the United States and substantially all of the Group's operating costs, including labour and employee costs, are typically incurred in local currencies other than US dollars, in particular, pounds sterling and Malaysian ringgits. The Group also incurs capital expenditure costs in both Euro and Norwegian Kroner in connection with the Kraken development.

The Group's transactional foreign currency risk arises primarily from sales or purchases in currencies other than its functional currency, the US dollar. The Group converts funds to foreign currencies to meet its payment obligations in jurisdictions where the US dollar is not an accepted currency as required. Additionally, a significant proportion of the Group's debt is denominated in currencies other than the US dollar. In particular, a portion of the Group's borrowings under the Existing RCF are denominated in pounds sterling and Euro and the Existing Retail Notes are denominated in pounds sterling. The Group's outstanding debt requires the payment of interest in currencies other than US dollars and will ultimately need to be repaid in currencies other than US dollars. The Group's translational foreign currency exposure arises from the translation of assets and liabilities denominated in currencies other than US dollars into US dollars in the Group's financial statements and results.

Exchange rates between pounds sterling and US dollars have fluctuated significantly in the past and may do so in the future. Consequently, construction, exploration, development, administration and other costs may be lower in terms of US dollars or other relevant currencies. However, if pounds sterling were to strengthen against US dollars, these costs would increase.

The Group engages in certain currency hedging activities to hedge the risk of substantial fluctuations in the currency markets. The hedging policy agreed by the Board allows for up to 70 per cent. of non-US dollar denominated operating and capital expenditures to be hedged. The Group has entered into a number of foreign exchange currency forward contracts and structures products to hedge the Group's foreign currency risk.

For the year ended 31 December 2016, the Group's foreign currency hedging portfolio realised a loss of \$66.9 million, recognised within cost of sales, of which \$19.6 million related to hedges of operating expenditure and \$47.3 million related to hedges of capital expenditure. The loss arose principally in relation to contracts to purchase sterling, which devalued significantly against the dollar from June 2016 onwards. Changes in the fair value of these contracts also resulted in an unrealised credit of \$7.8 million to cost of sales.

At 31 December 2016, the Group had foreign exchange forward contracts in place over NOK37.1 million at a fixed rate of NOK7.82/\$. These contracts had a negative net fair value of \$0.5 million at 31 December 2016 and expire during the first half of 2017.

In the first half of 2016, the Group entered into a chooser structure covering the first half of 2017. The counterparty can choose to sell £47.5 million to EnQuest at an exchange rate of \$1.4:£1.0 or purchase 1,320,000 barrels of oil at \$58/bbl. The contract had a negative fair value of \$9.3 million at 31 December 2016. Subsequent to year-end, the Group entered into a similar chooser contract covering the second half of 2017 where the counterparty can choose to sell £66.0 million to EnQuest at an exchange rate of \$1.2:£1.0 or purchase 1,500,000 barrels of oil at \$60 per barrel.

The Group continually reviews its currency exposures and when appropriate looks at opportunities to enter into foreign exchange hedging contracts. Surplus cash balances are deposited as cash collateral against in-place letters of credit as a way of reducing interest costs. Otherwise cash balances can be invested in short term bank deposits and AAA-rated liquidity funds, subject to Board approved limits and with a view to minimising counterparty credit risks. However, the Group's hedging activities do not cover the entirety of the currency exchange risks that the Group faces, there can be no guarantee that these hedging activities will be effective.

**Risk factors which are material for the purposes of assessing the market risks associated with the Additional Notes**

*Interest on the Additional Notes may be paid in PIK Interest*

The Group's cash interest expense under the Additional Notes is capitalised unless the Cash Payment Condition is met. As a result, the Cash Payment Condition is in part based on market-driven criteria beyond the Group's control and the Issuer cannot give any assurance that it will make cash interest payments on the Additional Notes. In addition, if these conditions are not met, Additional Noteholders will not receive interest on the relevant interest payment date in cash but will instead receive additional Notes of a principal amount equal to the interest amount due having the same terms and conditions as the Notes then outstanding (other than the issue date and the interest commencement date), which shall be consolidated and form a single series with the Notes then outstanding. The market price of the Additional Notes is expected to be affected by whether the Cash Payment Condition is met or not. If the Cash Payment Condition is not met, it is likely to have an adverse effect on the price of the Additional Notes, and such adverse effect may be particularly significant if there is an indication or expectation that the Cash Payment Condition is or will not be met.

The payment of PIK interest would also increase the amount of the Issuer's indebtedness and may exacerbate the risks associated with its high level of indebtedness. Therefore, Additional Noteholders may be subject to greater risk of loss of interest if the Issuer is unable to repay all outstanding principal amounts of Additional Notes on the maturity date. In addition, since the issuance of the Additional Notes increases the outstanding principal amount of the relevant series of Notes, the Issuer will incur additional future interest expenses to the extent of such increase in outstanding principal amount, which, in turn, may materially and adversely affect the Issuer's liquidity and financial condition.

The Cash Payment Condition will cease to apply (and thereafter all payments of interest will be made in cash) only upon the earlier of the repayment in full of the Issuer's senior secured term and revolving credit facility dated 6 March 2012 (the "RCF") from cash generated from assets of the Group or the repayment or refinancing in full of the RCF on terms that enable the disapplication of the Cash Payment Condition and future interest on the Additional Notes to be paid in cash, provided that the Issuer uses reasonable efforts to refinance the Senior Facilities (as an alternative to repayment from cash generated from operations) on such terms. However, there can be no assurance that the Cash Payment Condition will be met at some point in the future or at all.

*The Issuer may extend the maturity of the Additional Notes and the maturity of the Additional Notes will automatically extend if the Issuer has not repaid or refinanced the Senior Facilities by 15 October 2020*

The Issuer may extend, at any time, the scheduled maturity dates for the repayment of the Additional Notes for one year to 15 April 2023 at its discretion and must automatically extend the maturity dates of the Additional Notes for one and a half years to 15 October 2023 if the Issuer has not repaid or refinanced the Senior Facilities by 15 October 2020. Whether the Issuer chooses to extend the maturity of the Additional Notes and its ability to repay or refinance the Senior Facilities will depend on a number of factors, some of which are beyond its control. This may result in uncertainty as to when the Additional Notes will become due and when returns on investments in the Additional Notes may be realised, which could adversely impact the market price of, and when investors will be repaid under, the Additional Notes.

*The Additional Notes are subject to optional redemption by the Issuer*

The optional redemption features of the Additional Notes are likely to limit their market value. During any period when the Issuer may elect to redeem the Additional Notes, the market value of those notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

If the Issuer redeems the Additional Notes when its cost of borrowing is lower than the interest rate on the notes, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*The Additional Notes have the benefit of a Guarantee, which is subordinated to the Issuer's existing and future senior debt*

Each of the Guarantors has granted an irrevocable and unconditional guarantee (each, a "**Notes Guarantee**") in respect of the Issuer's obligations under the Notes in favour of the Trustee. The obligations of each Guarantor under the Notes Guarantees are subordinated in accordance with the terms of a guarantee subordination agreement dated 9 April 2014 (as amended, supplemented or varied from time to time) (the "**Subordination Agreement**") to the Issuer's existing and future senior debt.

Pursuant to the Subordination Agreement, the Guarantors' obligations under the Notes Guarantees are subordinated to the Guarantors' obligations in respect of the Issuer's senior debt, including its senior secured revolving loan and letter of credit facilities (the "**Senior Facilities**"). Each Note Guarantee:

- (a) is a direct, unconditional and irrevocable, joint and several guarantee by the Guarantor to the Trustee (for itself and on behalf of the Noteholders) of the payment of principal and interest payable under the Notes and all other monetary obligations of the Issuer to the Noteholders or the Trustee under the Trust Deed in respect of the Notes and any additional amounts payable pursuant to Condition 8 (Taxation) of the Notes;
- (b) is subordinated in right of payment to all existing and future senior obligations of the Guarantors, including under the RCF;
- (c) ranks *pari passu* in right of payment with all existing and future senior subordinated obligations of the Guarantors, including the guarantees in respect of the Issuer's US\$677,482,000 PIK Toggle Senior Notes with a scheduled maturity in 2022 (the "**High Yield Notes**" and the Guarantors' guarantees in respect thereof, the "**High Yield Notes Guarantees**");
- (d) ranks senior in right of payment to all future obligations of the Guarantors that are expressly contractually subordinated to the Notes Guarantees and the High Yield Notes Guarantees; and
- (e) is effectively, subordinated to all existing and future secured obligations of the Guarantors (including under the Senior Facilities), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Notes Guarantees on an equal and rateable or senior basis.

In addition, no action may be taken to enforce the Notes Guarantees (or any future guarantee of the Additional Notes) unless (subject to certain limited exceptions): (i) enforcement action has been taken with respect to a Guarantor in relation to the Issuer's senior debt (provided that the Trustee on its own behalf and on behalf of the holders of the Additional Notes will be limited to taking the same action against that same Guarantor); (ii) certain insolvency, liquidation or other similar enforcement events with respect to a Guarantor have occurred and such actions are taken with respect to such Guarantor (subject to certain limited exceptions) or (iii) there is a continuing event of default under the Additional Notes after a period of 179 days (or earlier in limited circumstances) from the date the agents with respect to the Issuer's senior debt received written notice of such default.

Upon any distribution to the creditors of a Guarantor in a liquidation, administration, bankruptcy, moratorium of payments, dissolution or other winding-up of such Guarantor, the holders of senior debt of such Guarantor will be entitled to be paid in full before any payment may be made with respect to the Notes Guarantee. In addition, any amount available for distribution to the Additional Noteholders after senior creditors of such Guarantor, including lenders under the Senior Facilities, have been repaid in full would be shared on a pro rata basis with other creditors of such Guarantor who also benefit from a senior subordinated guarantee of such Guarantor. As a result, holders of the Additional Notes may receive less than the holders of senior debt of the Guarantors and may not be able to recover their investment in full.

*The market value of listed securities may fluctuate and may not reflect the underlying asset value of the Group*

Prospective investors should be aware that the value of an investment in the Issuer may go down as well as up. The market value of the Additional Notes could be subject to significant fluctuations and may not always reflect the underlying value of the Group. A number of factors outside the control of

the Group may impact on its performance and the price of the Additional Notes. Such factors include the operating and share price performance of other companies in the industry and markets in which the Group operates, speculation about the Group's business in the press, media or investment community, market perceptions to changes affecting the Group's operations or variations in the Group's profit estimates, the publication of research reports by analysts and general market or economic conditions. The market price of the Additional Notes may be adversely affected by any of the preceding or other factors regardless of the Group's actual results of operations and financial condition. Moreover, the financial results and prospects of the Issuer may be below the expectations of market analysts and investors from time to time. Any of these events could result in a decline in the market price of the Additional Notes.

*There may not be an active trading market for the Additional Notes, in which case your ability to sell the Additional Notes may be limited*

Any existing market in the Additional Notes may not continue or be as liquid. The Issuer cannot assure you as to:

- (a) the liquidity of any market in the Additional Notes;
- (b) your ability to sell your Additional Notes; or
- (c) the prices at which you may be able to sell your Additional Notes.

Future trading prices for the Additional Notes will depend on many factors, including the liquidity of the market for the Additional Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and the Group's own financial condition, performance and prospects, as well as third-party recommendations. Historically, the market for non-investment grade securities has from time to time been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Additional Notes. The liquidity of a trading market for the Additional Notes will depend on the number of holders of the Additional Notes, and may be adversely affected by a general decline in the market for similar securities. In addition, the trading market for the Additional Notes may attract different investors and this may affect the extent to which the Additional Notes may trade. The Issuer cannot assure you that an active trading market for the Additional Notes will develop or, if one does develop, that it will be maintained, and any disruption in the trading market for the Additional Notes may have a negative effect on your investment regardless of the Group's prospects and financial performance. If no active trading market develops, you may not be able to resell your Additional Notes at fair value, if at all.

Although applications have been made for the Additional Notes to be admitted to the Official List of the UKLA and to be admitted to trading on the ORB of the regulated market of the LSE, the Issuer cannot assure you that the Additional Notes will be or remain listed. Although no assurance is made as to the liquidity of the Additional Notes as a result of the admission to trading on the LSE, failure to be approved for listing or the delisting of the Additional Notes (whether or not for an alternative admission to listing on another stock exchange), as applicable, from the Official List of the UKLA may have a material effect on a holder's ability to resell the Additional Notes in the secondary market.

### ***Risks related to the market generally***

*The Notes are not protected by the Financial Services Compensation Scheme*

Unlike a bank deposit, the Additional Notes are not protected by the FSCS. As a result, the FSCS will not pay compensation to an investor in the Notes upon the failure of the Issuer. If the Issuer goes out of business or become insolvent, Additional Noteholders may lose all or part of their investment in the Additional Notes.

*Modification, waivers and substitution*

The Terms and Conditions of the Additional Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and for obtaining resolutions in writing on matters relating to the Notes from Additional Notes without calling a meeting. A resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes of the relevant series who for the time being are entitled to receive notice of a meeting in

accordance with the provisions of the Trust Deed and whose Additional Notes are outstanding shall, for all purposes, take effect as an Extraordinary Resolution.

In certain circumstances, where the Additional Notes are held in global form in the clearing systems, the Issuer and the Trustee (as the case may be) will be entitled to rely upon:

- (a) where the terms of the proposed resolution have been notified through the relevant clearing system(s), approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing systems in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Additional Notes for the time being outstanding; and
- (b) where electronic consent is not being sought, consent or instructions given in writing directly to the Issuer and/or the Trustee (as the case may be) by accountholders in the clearing systems with entitlements to such global Additional Note or certificate or, where the accountholders hold such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held (directly or via one or more intermediaries), provided that the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and taken reasonable steps to ensure such holding does not alter following the given of such consent/instruction and prior to effecting such resolution.

A resolution in writing or an electronic consent as described above may be effected in connection with any matter affecting the interests of Additional Noteholders, including the modification of the Conditions, that would otherwise be required to be passed at a meeting of Additional Noteholders satisfying the special quorum in accordance with the provisions of the Trust Deed, and shall for all purposes take effect as an Extraordinary Resolution passed at a meeting of Additional Noteholders duly convened and held.

These provisions permit defined majorities to bind all Additional Noteholders including Additional Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Additional Notes also provide that the Trustee may, without the consent of the Additional Notes, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Additional Notes that any Event of Default or potential Event of Default (as defined in the Terms and Conditions of the Notes) shall not be treated as such or (iii) the substitution of another company as principal debtor under any Additional Notes in place of the Issuer, in the circumstances described in Condition 11 of the Terms and Conditions of the Notes.

#### *Change of law*

The Conditions of the Additional Notes are based on English law in effect as at the date of issue of the relevant Additional Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Additional Notes.

#### *Taxation*

Potential purchasers and sellers of the Additional Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the country where the Additional Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available in relation to the tax treatment of financial instruments such as the Additional Notes. Potential investors are advised not to rely upon the tax summary contained in this Listing Document but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Additional Notes. This investment consideration has to be read in connection with the taxation sections of this Listing Document.

*Because the Additional Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer*

The Additional Notes will, upon issue, be represented by a global note (the "**Global Note**") that will be deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg (the "**Common Depository**"). Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Note. Additional Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Additional Notes are in global form, the payment obligations of the Issuer under the Additional Notes will be discharged upon such payments being made by or on behalf of the Issuer to or to the order of the nominee for the Common Depository. A holder of a beneficial interest in Additional Notes must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Additional Notes. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note.

#### ***The proposed financial transactions tax may negatively affect Additional Noteholders or the Issuer***

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transactions tax ("**FTT**") in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Additional Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Additional Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Additional Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The European Commission were expected to present draft legislation for consideration by the participating Member States by the end of 2016, but this has not yet been published. The FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Additional Notes are advised to seek their own professional advice in relation to the FTT.

#### **Risks relating to holding CREST Depository Interests**

*CREST Depository Interests are separate legal obligations distinct from the Notes and holders of CREST Depository Interests will be subject to provisions outside the Notes*

Holders of CDIs ("**CDI Holders**") will hold or have an interest in a separate legal instrument and will not be holders of the Additional Notes in respect of which the CDIs are issued (the "**Underlying Notes**"). The rights of CDI Holders to the Additional Notes are represented by the relevant entitlements against CREST Depository Limited (the "**CREST Depository**") which (through CREST International Nominees Limited (the "**CREST Nominee**")) holds interests in the Additional Notes. Accordingly, rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians. The enforcement of rights under the Additional Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Additional Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Additional Notes held in clearing systems are not held in special purpose accounts and are fungible

with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll (as defined herein). Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual (as defined herein) and the CREST Rules (as defined herein) contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of, and returns received by, CDI Holders may differ from those of holders of Additional Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the "**CREST Deed Poll**") and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Additional Notes through the CREST International Settlement Links Service. Potential investors should note that none of the Issuer, the Trustee and the Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

For further information on the issue and holding of CDIs see the section entitled "*Clearing and Settlement*" in this Listing Document.

## DOCUMENTS INCORPORATED BY REFERENCE

The following information should be read in conjunction with the information appearing elsewhere in, or incorporated by reference in, this Listing Document. The following documents, which have been previously published or are published simultaneously with the Listing Document and have been approved by the FCA or filed with it, shall be deemed to be incorporated in, and to form part of, this Listing Document:

- (a) the following sections of the Equity Prospectus 2016:

<b>Equity Prospectus 2016</b>	<b>Page References:</b>
<b>Risk Factors</b>	20 to 50
<b>Part 2 (Information on the Group)</b>	
"1. Introduction" .....	90
"2. Business overview" .....	90 to 92
"3. Strengths" .....	92 to 97
"4. Strategy" .....	97 to 99
"5. The Group's Operations and Assets" .....	99
"6. Summary of historical reserves, resources and operating data" .....	100 to 101
"7. Production and development" .....	100 to 112
"8. Operated development assets" .....	113 to 115
"9. Competition" .....	115
"10. Business Arrangements" .....	115 to 118
<b>Part 9 (Additional Information)</b>	
"2. Incorporation and Registered Office" .....	178
"4.1 Objects" .....	181
"6.3 Senior Managers" .....	188
"6.4 Profiles of the Senior Managers" .....	188 to 189
"10. Corporate Governance" .....	194
"10.1 Board of Directors" .....	194
"10.4 Nomination Committee" .....	195
"12. Other Directorships" .....	197 to 198
"17. Subsidiaries, Investments and Principal Establishments" .....	209
"18.5 Agreements relating to EnQuest's assets" .....	212 to 224

- (b) the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2016 and 2015 together, in each case, with the independent auditor's report thereon as set out on pages 91 to 147 of the Issuer's Annual Report 2016 (the "**2016 Annual Report**") and pages 83 to 144 of the Issuer's Annual Report 2015 (the "**2015 Annual Report**"); and

- (c) the following sections of the Issuer's Annual Report 2016:

<b>Issuer's Annual Report 2016</b>	<b>Page References:</b>
<i>Production results 2016 graph</i>	5
<i>Key performance indicators table</i>	9
<i>EnQuest oil and gas reserves and resources at 31 December 2016</i>	19
<i>Operating review</i>	20-29

Such documents shall be incorporated in and form part of this Listing Document, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Listing Document to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Listing Document. Any documents themselves incorporated by reference in the documents incorporated by reference in this Listing Document shall not form part of this Listing Document. Non-incorporated parts of any document are either not relevant for the investor or are covered elsewhere in this Listing Document.

Copies of documents incorporated by reference in this Listing Document may be obtained (without charge) from the registered office of the Issuer at 5th Floor, Cunard House, 15 Regent Street, London SW1Y 4LR, the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and at the Issuer's website at <http://www.enquest.com>.

## TERMS AND CONDITIONS OF THE ADDITIONAL NOTES

*The following is the text of the general terms and conditions of the £500,000,000 Euro Medium Term Note Programme of the Issuer under which the Existing Notes were originally issued (the "**General Terms and Conditions**"). The terms and conditions of the Additional Notes are comprised of the General Terms and Conditions set out on pages 30 to 54 of this Listing Document, as completed by the Final Terms of the Additional Notes set out on pages 55 to 57 of this Listing Document. The terms and conditions of the Additional Notes, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing the Notes. All capitalised terms that are not defined in these General Terms and Conditions will have the meanings given to them in the Final Terms of the Additional Notes. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be, if any. References in the General Terms and Conditions to "Notes" are to the Additional Notes, as applicable.*

### General Terms and Conditions

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the ("**Trust Deed**") dated 24 January 2013 (as amended or supplemented from time to time) between the Issuer and U.S. Bank Trustees Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 24 January 2013 has been entered into in relation to the Notes between the Issuer, the Trustee, Elavon Financial Services Limited as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Calculation Agent(s)**". Copies of the Trust Deed, the Agency Agreement and the High Yield Notes Trust Deed (as defined below) are available for inspection by Noteholders during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 125 Old Broad Street, London EC2N 1AR) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

#### 1. **Form, Denomination and Title**

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon.

The Issuer may, from time to time without the consent of the Noteholders or Couponholders, create and issue additional notes ("**Additional Notes**") in respect of any Series pursuant to and in accordance with Condition 5A which Additional Notes shall be consolidated and form a single series with the then outstanding Notes of such Series. Additional Notes will have the same terms and conditions in all respects as the Notes of such Series, except that interest on Additional Notes will accrue from (and including) the PIK Interest Payment Date on which such Additional Notes are issued rather than from the relevant Issue Date of the Notes already in issue. In respect of a Series of Notes, upon the issuance of Additional Notes in respect thereof, references to Notes shall be deemed to include a reference to Additional Notes, and "**Notes**" shall be construed accordingly.

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2.3, each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2. **No Exchange of Notes and Transfers of Registered Notes**

### 2.1 **No Exchange of Notes**

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

### 2.2 **Transfer of Registered Notes**

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

### 2.3 **Exercise of Options or Partial Redemption in Respect of Registered Notes**

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

## 2.4 **Delivery of New Certificates**

Each new Certificate to be issued pursuant to Conditions 2.2 or 2.3 shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6.6) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this condition 2.4, "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

## 2.5 **Transfers Free of Charge**

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

## 2.6 **Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6.4, (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date.

## 3. **Status of the Notes**

The Notes and the Coupons relating to them constitute (subject to Condition 4.1) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4.1, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

## 4. **Covenants**

### 4.1 **Negative Pledge**

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

### 4.2 **Restricted Shareholder Payments**

The Issuer shall not make a Restricted Shareholder Payment unless or until, in respect of any Series of Notes, the Issuer has redeemed such Notes pursuant to Condition 6.5 in a principal amount equal to the aggregate principal amount of any Additional Notes issued prior to the making of such Restricted Shareholder Payment.

The Issuer shall, prior to making any payment or taking any other action which constitutes a Restricted Payment, deliver to the Trustee a Directors' Certificate certifying that such payment or action is not

prohibited by this condition 4.2. The Trustee shall be entitled to rely absolutely on such certificate as conclusive evidence thereof without any liability to any person.

If the High Yield Notes are redeemed, purchased and cancelled in full prior to the Maturity Date, the covenant under this condition 4.2 shall continue to apply notwithstanding such redemption, purchase and cancellation as if the High Yield Notes Trust Deed remained in full force and effect until such time as the Issuer may (in its absolute discretion) propose an amendment to these Conditions to give effect to the commercial intention of this condition 4.2 (such amendment to be approved by an Extraordinary Resolution of the Noteholders) and such amendment is implemented.

The Trustee shall not be responsible for monitoring or ascertaining whether or not the Issuer has made a Restricted Shareholder Payment or Restricted Payment and assumes no liability to any person as a result thereof. The Trustee shall be entitled to assume that the Issuer has made no such payment unless and until the Trustee shall have received express notice to the contrary.

#### 4.3 **Financial Information**

- (a) As soon as they may become available, but in any event within four months of its most recent financial year-end, the Issuer shall send to the Trustee a copy of its audited Consolidated Financial Statements for such financial year, together with the report thereon of the Issuer's independent auditors; and
- (b) within two months of the end of the first half of each financial year, the Issuer shall send to the Trustee a copy of its unaudited Consolidated Financial Statements for such period.

#### 4.4 **Definitions**

In these Conditions:

**"Consolidated Financial Statements"** means the Issuer's audited annual consolidated financial statements or its unaudited semi-annual consolidated financial statements, as the case may be, including the relevant accounting policies and notes to the accounts and in each case prepared in accordance with IFRS from time to time;

**"Directors' Certificate"** means a certificate signed on behalf of the Issuer by two directors of the Issuer;

**"Group"** means the Issuer and its Subsidiaries for the time being;

**"High Yield Notes"** means the Issuer's US\$677,482,000 7 per cent PIK Toggle Senior Notes with a scheduled maturity in 2022 (ISIN: XS1517932585, Common Code: 151793258), together with any additional notes issued by the Issuer from time to time in payment of capitalised interest or additional amounts on the High Yield Notes;

**"High Yield Notes Trust Deed"** means the Trust Deed constituting the High Yield Notes dated 21 November 2016 and made between, among other, the Issuer and Deutsche Bank Trust Company Americas in force as at the issue date of the High Yield Notes;

**"IFRS"** means the generally accepted accounting practice and principles applicable to the business the Issuer conducts, currently International Financial Reporting Standards;

**"Relevant Indebtedness"** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

**"Restricted Payment"** means any payment or other action which is defined or designated as a "Restricted Payment" under or for the purposes of the High Yield Notes Trust Deed;

**"Restricted Shareholder Payment"** means a Restricted Payment other than any such payment or other action that is expressly permitted for the purposes of section 4.6(d) of the High Yield Notes Trust Deed; and

"**Subsidiary**" means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 as amended.

5. **Interest and other Calculations**

5.1 **Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date subject to Condition 5A. The amount of interest payable shall be determined in accordance with Condition 5.6.

5.2 **Interest on Floating Rate Notes:**

- (a) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date subject to Condition 5A. The amount of interest payable shall be determined in accordance with Condition 5.6. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (b) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (c) *Rate of Interest:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(i) **ISDA Determination**

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (i), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) the Floating Rate Option is as specified hereon;
- (B) the Designated Maturity is a period specified hereon; and
- (C) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(ii) **Screen Rate Determination**

(A) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations;

(B) if the Relevant Screen Page is not available or if, sub-paragraph (A)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub paragraph (A)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(C) if paragraph (B) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last

preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

### 5.3 **Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6.2(a)).

### 5.4 **Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this condition 5 to the Relevant Date (as defined in Condition 8).

### 5.5 **Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding**

- (a) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5.2 above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (b) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (c) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

### 5.6 **Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

### 5.7 **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts**

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early

Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5.2(b), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee in its sole discretion otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

#### 5.8 **Determination or Calculation by Trustee**

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) but in each case without liability to any person for so doing and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

#### 5.9 **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**"Business Day"** means:

- (a) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (b) in the case of euro, a day on which the TARGET System is operating (a **"TARGET Business Day"**); and/or
- (c) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **"Calculation Period"**):

- (a) if **"Actual/Actual"** or **"Actual/Actual – ISDA"** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (b) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (c) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (e) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (f) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (g) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

- (h) if "**Actual/Actual-ICMA**" is specified hereon,
- (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (ii) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

**"Determination Period"** means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

**"Determination Date"** means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

**"Euro-zone"** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

**"Interest Accrual Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

**"Interest Amount"** means:

- (a) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(b) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified hereon;

**"Interest Determination Date"** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

**"Interest Period"** means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date;

**"Interest Period Date"** means each Interest Payment Date unless otherwise specified hereon;

**"ISDA Definitions"** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

**"Rate of Interest"** means the rate of interest (whether in cash or in kind) payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

**"Reference Banks"** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent;

**"Reference Rate"** means the rate specified as such hereon;

**"Relevant Screen Page"** means such page, section, caption, column or other part of a particular information service as may be specified hereon;

**"Specified Currency"** means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

**"TARGET System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

#### 5.10 **Calculation Agent**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior written approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

#### 5A **Additional Notes**

(a) **PIK Interest Rate**

If PIK Interest is specified hereon, payment of interest on the Notes will be subject to this condition 5A.

Subject to Condition 5A(c), on each Interest Payment Date in respect of which the Cash Payment Condition is satisfied, interest shall be payable in cash in accordance with Condition 5.1 or Condition 5.2 (as the case may be). For each Interest Payment Date in respect of which the Cash Payment Condition is not satisfied (each such Interest Payment Date, a "**PIK Interest Payment Date**"), interest shall not be payable in cash and each Note will bear interest ("**PIK Interest**") at a rate equal to the PIK Interest Rate, calculated by reference to its principal amount. The amount of PIK Interest payable shall be determined in accordance with Condition 5 and this condition 5A.

PIK Interest accrued in respect of each relevant Interest Period ending on a PIK Interest Payment Date shall, unless such PIK Interest Payment Date is also the due date for redemption or repayment of the Notes, be satisfied upon presentation and surrender of the relevant Coupon(s) (in the case of Bearer Notes) or the relevant Certificate(s) (in the case of Registered Notes) by the issuance of Additional Notes to the holders of the Notes on the relevant PIK Interest Payment Date in an aggregate principal amount equal to the PIK Interest accrued on such Note in respect of the Interest Period ending on such PIK Interest Payment Date.

Where Notes are to be redeemed or repaid pursuant to these Conditions, any PIK Interest accrued on such Notes from the Interest Payment Date immediately preceding the due date for redemption or repayment up to such due date for redemption or repayment shall be payable in cash in the Specified Currency or Specified Currencies of the relevant Notes to be redeemed or repaid.

The aggregate principal amount of Additional Notes to be issued to each holder on a PIK Interest Payment Date will be delivered by reference to the aggregate principal amount of Notes held by such holder on the relevant PIK Interest Payment Date, provided that, for as long as the Notes represented by a Global Note (in the case of Bearer Notes) or a Global Certificate (in the case of Registered Notes), the aggregate principal amount of Additional Notes to be issued on a PIK Interest Payment Date shall be determined by reference to the aggregate principal amount of Notes represented by such Global Note or Global Certificate (as the case may be).

Fractions of an Additional Note will not be issued and any Additional Notes to be issued pursuant to these Conditions, either to a particular holder in circumstances where the Notes are not represented by a Global Note or Global Certificate or in respect of the Global Note or Global Certificate where the Notes are represented thereby, shall (if necessary) be rounded down to the nearest minimum Specified Denomination of Additional Notes in accordance with (where the Notes are represented by a Global Note or Global Certificate) the rules and procedures of the relevant clearing systems.

Where the Notes are represented by a Global Note (in the case of Bearer Notes) or Global Certificate (in the case of Registered Notes), any Additional Notes will be represented by a further global note in bearer form without Coupons (in the case of Bearer Notes) or a further global certificate in registered form (in the case of Registered Notes), which shall be delivered to the Common Depository on or before the relevant PIK Interest Payment Date, and references in these Conditions to the Global Note or Global Certificate (as the case may be) shall be deemed to include any and all such further global notes or global certificates. Where the Notes are not represented by a Global Note or Global Certificate, any Additional Notes to be issued to a holder will be delivered to such holder upon presentation by such Noteholder of the Notes held by it on the relevant PIK Interest Payment Date at the specified office of any Paying Agent outside the United States (in the case of Bearer Notes) or at the specified office of any Transfer Agent or the Registrar (in the case of Registered Notes) at any time on or after the relevant PIK Interest Payment Date, provided that such date of presentation is a Business Day in the place of the specified office of the relevant Paying Agent or Transfer Agent or the Registrar (as the case may be).

The Trustee shall not be responsible for monitoring or ascertaining whether or not the Cash Payment Condition (or any component thereof) is or will be satisfied and assumes no liability to any person as a result thereof.

In these Conditions:

The "**Cash Payment Condition**" will be satisfied in respect of an Interest Payment Date (as determined by the Issuer) if (i) the average of the Daily Brent Oil Prices during the period of six calendar months immediately preceding the Cash Payment Condition Determination Date is equal to or above US\$65.00; and (ii) as at the relevant Cash Payment Condition Determination Date, no payment "Event of Default" (as defined in the Revolving Credit Facilities Agreement) under the Revolving Credit Facilities Agreement has occurred and is continuing (which shall include, for the avoidance of doubt, any such event of default arising as a result of the aggregate amount of the loans and letters of credit outstanding thereunder exceeding the aggregate commitments under the Revolving Credit Facilities applicable at such time);

"**Cash Payment Condition Determination Date**" means, in respect of any Interest Payment Date, the date which falls one calendar month prior to such Interest Payment Date, except that if such date is not a Business Day, the Cash Payment Condition Determination Date shall be the immediately preceding Business Day;

"**Daily Brent Oil Price**" means the end of day daily Dated Brent Future published by Platts (or such equivalent price that may replace the dated Brent price from time to time);

"**PIK Interest Rate**" means the rate of interest that is either specified as such or calculated in accordance with the provisions hereon;

"**Revolving Credit Facilities**" means senior, secured revolving credit and letter of credit facilities made available to, among others, the Issuer under the Revolving Credit Facilities Agreement; and

"**Revolving Credit Facilities Agreement**" means the senior, secured revolving credit and letter of credit facilities agreement between, among other, the Issuer and BNP Paribas as facility agent and security trustee dated 6 March 2012, as amended, restated and supplemented from time to time,

#### 5.11 Notice

The Issuer shall notify the Trustee and the Paying Agent in writing and the Noteholders in accordance with Condition 16 not less than ten Business Days prior to a PIK Interest Payment Date of the aggregate outstanding principal amount of the Notes, as increased by the Additional Notes.

#### 5.12 Disapplication of PIK Interest

This condition 5.12 shall cease to apply upon the earlier of:

- (a) the date on which the Revolving Credit Facilities are repaid in full from cash generated from operations of the Group; and
- (b) the date on which the Revolving Credit Facilities are refinanced on open market terms which are commercially acceptable to the Issuer and permit the Issuer to disapply this condition 5.12 and payment in cash of all interest accruing under the Notes from (and including) the next following Interest Payment Date.

The Issuer shall notify the Trustee and the Paying Agent in writing and the Noteholders in accordance with Condition 16 as soon as reasonably practicable following the occurrence of any such event and interest on (and following) the next Interest Payment Date shall be payable in cash.

Without prejudice to the first paragraph of this condition 5.12, so long as any Note or Coupon remains outstanding, the Issuer shall use its reasonable efforts to refinance the Revolving Credit Facilities (as an alternative to repayment from cash generated from operations of the Group) on open market terms which are commercially acceptable to the Issuer and permit the Issuer to disapply this condition 5.12 and payment in cash of all interest accruing under the Notes from (and including) the next following Interest Payment Date.

## 6. **Redemption, Purchase and Options**

### 6.1 **Final Redemption**

- (a) Unless previously redeemed, purchased and cancelled as provided below and subject as provided in Conditions 6.1(a) or 6.1(c), each Note shall be finally redeemed on the Original Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount), together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions.
- (b) The Issuer may elect, at any time, by written notice to the Trustee, the Paying Agent and the Noteholders in accordance with Condition 16 to extend the final maturity of the Notes (an "**Optional Maturity Extension**"), in which case each Note shall, unless previously redeemed, purchased and cancelled or extended pursuant to an Automatic Maturity Extension as provided below, be finally redeemed on the Optional Extended Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount), together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions.
- (c) If the Revolving Credit Facilities are not repaid or refinanced in full prior to 15 October 2020, the maturity of the Notes will be extended (an "**Automatic Maturity Extension**") irrespective of an Optional Maturity Extension and each Note shall, unless previously redeemed, purchased and cancelled as provided below, be finally redeemed on the Automatic Extended Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount), together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions. The Revolving Credit Facilities shall not, for the purposes of this condition 6.1(c), be deemed to have been repaid or refinanced in full where such repayment is by way of an amendment and extension of the Revolving Credit Facilities.

In these Conditions, the "**Maturity Date**" means the Original Maturity Date, the Optional Extended Maturity Date or the Automatic Extended Maturity Date (as the case may be).

### 6.2 **Early Redemption:**

- (a) *Zero Coupon Notes:*
  - (i) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Conditions 6.3, 6.4, 6.6 or 6.7 or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
  - (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
  - (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Conditions 6.3, 6.4, 6.6 or 6.7 or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5.3.

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (b) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Conditions 6.3, 6.4, 6.6 or 6.7 or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

### 6.3 **Redemption for Taxation Reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6.2 above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this condition 6.3, the Issuer shall deliver to the Trustee a Directors' Certificate stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

### 6.4 **Redemption at the Option of the Issuer**

If Call Option is specified hereon, the Issuer may, unless either an Exercise Notice or a Change of Control Put Event Notice has been given pursuant to Condition 6.6 or 6.7, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6.2 above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this condition.

If Make-whole Amount is specified hereon as the Optional Redemption Amount, the Optional Redemption Amount per Note shall be equal to the higher of the following, in each case together with interest accrued to but excluding the Optional Redemption Date(s):

- (a) the nominal amount of the Note; and
- (b) the nominal amount of the Note multiplied by the price (as reported in writing to the Issuer and the Trustee by an independent financial adviser acting as expert (the "**Financial Adviser**") appointed by the Issuer and approved in writing by the Trustee) expressed as a percentage (rounded to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up)) at which the Gross Redemption Yield on the Notes on the Determination Date is equal to the Gross Redemption Yield at the Quotation Time specified hereon on the Determination Date specified hereon of the Reference Bond specified hereon (or, where the Financial Adviser advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such Reference Bond is not appropriate for such purpose, such other government stock as such Financial Adviser may recommend) plus any applicable Redemption Margin specified hereon.

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum

Redemption Amount to be redeemed specified hereon. Any notice of redemption given under this condition 6.4 will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 6.3.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Issuer may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

The Trustee shall be entitled to rely on any advice of the Financial Adviser pursuant to this condition without liability to any person and without further enquiry or evidence and such advice shall be binding on all parties.

In this condition:

**"Gross Redemption Yield"** means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Issuer and the Trustee by the Financial Adviser.

#### 6.5 **Redemption at par at the Option of the Issuer**

If Par Call Option is specified hereon, the Issuer may, unless either an Exercise Notice or a Change of Control Put Event Notice has been given pursuant to Condition 6.6 or 6.7 (as the case may be), on giving not less than 15 nor more than 30 days' irrevocable notice to Noteholders (or such other notice period as may be specified hereon) redeem all or some of the Notes at any time at their principal amount outstanding in an amount equal to the aggregate amount of PIK Interest paid on such Notes through the issuance of Additional Notes (less the principal amount of all Notes redeemed prior to the date fixed for redemption pursuant to this condition 6.5) up to the date fixed for redemption, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Issuer may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

#### 6.6 **Redemption at the Option of Noteholders**

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6.2 above)), together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

#### 6.7 **Redemption Following Change of Control**

If Change of Control Put Option (as defined below) is specified hereon and a Change of Control Put Event occurs, the holder of any such Note will have the option (a **"Change of Control Put Option"**) (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6.3 or 6(d) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Change of

Control Put Date (as defined below) at its principal amount together with interest accrued to (but excluding) the Change of Control Put Date.

A "**Change of Control Put Event**" will be deemed to occur if any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (each such event being, a "**Change of Control**").

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall, and at any time upon the Trustee having actual notice thereof the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a Bearer Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "**Change of Control Put Period**") of 30 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Change of Control Put Notice**"). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Change of Control Put Period (the "Change of Control Put Date"), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 14) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this condition 6.7 shall be treated as if they were Notes.

To exercise the Change of Control Put Option, the holder of a Registered Note must deposit the Certificate evidencing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly signed and completed Change of Control Put Notice obtainable from the Registrar or any Transfer Agent within the Change of Control Put Period. No Certificate so deposited and option so exercised may be withdrawn without the prior consent of the Issuer. Payment in respect of any Certificate so deposited will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this condition 6.7, the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Change of Control Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the

remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred or may occur, and, until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

## 6.8 **Purchases**

The Issuer and its Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

## 6.9 **Cancellation**

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be held and resold or be surrendered for cancellation at the discretion of the Issuer, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered for cancellation, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 7. **Payments and Talons**

### 7.1 **Bearer Notes**

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 7.5(e)) or Coupons (in the case of interest, save as specified in Condition 7.5(b)), as the case may be, at the specified office of any Paying Agent outside the United States, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

#### (a) **Registered Notes:**

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by transfer to the account denominated in such currency, with a Bank of the holder appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

### 7.2 **Payments in the United States**

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar

restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

### 7.3 **Payments subject to Laws**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

### 7.4 **Appointment of Agents**

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (vi) at least one Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

### 7.5 **Unmatured Coupons and unexchanged Talons:**

- (a) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (b) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (c) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (d) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (e) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears

interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

#### 7.6 Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

#### 7.7 Non-Business Days

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

- (a) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (b) (in the case of a payment in euro) which is a TARGET Business Day.

#### 8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons and all issues of Additional Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts or, in the case of Additional Notes, issue further Additional Notes as shall result in receipt by the Noteholders and Couponholders of such amounts or, as the case may be, the number of Additional Notes as would have been received by them had no such withholding or deduction been required, except that no such additional amounts or, as the case may be, no such further Additional Notes shall be payable with respect to any Note or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having or having had, directly or indirectly, some personal or business connection with the United Kingdom other than the mere holding of the Note or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts or, as the case may be, Additional Notes on presenting it for payment on the thirtieth day; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly

withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

#### 9. **Prescription**

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

#### 10. **Events of Default**

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to its being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

- (a) **Non-Payment:** default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee; or
- (c) **Cross-Acceleration and Cross-Default:** (A) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in (A), (B) or (C) of this paragraph (iii) have occurred, and is continuing, equals or exceeds £15,000,000 or its equivalent, or (D) an "Event of Default" (as defined therein) occurs under the High Yield Notes; or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process enforcing a judgment is levied or enforced against a material part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 30 days unless such distress, attachment, execution or other such process is subject to a bone fide dispute being brought by the Issuer; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) and in any such case is not discharged or stayed within 30 days; or

- (f) **Insolvency:** the Issuer or any of its Material Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or, in the opinion of the Trustee, a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries; or
- (g) **Winding-up:** an administrator is appointed an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries, or the Issuer or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of the Issuer's Subsidiaries or for the purposes of a bona fide disposal for full value on an arm's length basis of all or substantially all of the business or operations of the Issuer or, as the case may be, the Material Subsidiary the proceeds have been reinvested in the Group; or
- (h) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done; or
- (i) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed,

provided that in the case of any event as is specified in any of paragraphs (ii), (iv), (v), (viii) or (ix) and, in relation of a Material Subsidiary of the Issuer only, (vi) or (vii), the Trustee shall have certified in writing to the Issuer that in its opinion such event is materially prejudicial to the interests of the Noteholders.

"**Material Subsidiary**" means any Subsidiary:

- (a) whose profits before interest, taxation and exceptional or extraordinary items (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total net assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the consolidated profits before interest, taxation and exceptional or extraordinary items, or, as the case may be, the consolidated total net assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest accounts (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; provided that in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer and its Subsidiaries relate, the reference to the latest audited financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first mentioned financial statements as if such Subsidiary had been shown in such financial statements by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Issuer after consultation with the Issuer; or
- (b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (x) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (y) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee

Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of subparagraph (a) above.

A Directors' Certificate stating that a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Noteholders.

## **11. Meetings of Noteholders, Modification, Waiver and Substitution**

### **11.1 Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that (i) a resolution in writing signed by or (ii) consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

### **11.2 Modification of the Trust Deed**

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

### **11.3 Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed, the conditions set out in the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes.

In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

#### 11.4 **Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in this condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

#### 12. **Enforcement**

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings, steps or actions unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

#### 13. **Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

As further specified in the Trust Deed, the Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely without liability to any person for so doing on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

#### 14. **Replacement of Notes, Certificates, Coupons and Talons**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in Luxembourg (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

#### 15. **Further Issue**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes)

or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed or any deed supplemental to it. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16. **Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this condition.

17. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. **Governing Law**

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

## FINAL TERMS OF THE ADDITIONAL NOTES

Final Terms dated 15 February 2017

### EnQuest PLC

Issue of £5,424,998 7.00 per cent. Extendable PIK Toggle Notes due 15 April 2022  
(to be consolidated and form a single series with the existing £155,000,000 7.00 per cent.  
Extendable PIK Toggle Notes originally due 15 February 2022, as extended to 15 April 2022)  
under the £500,000,000  
Euro Medium Term Note Programme

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the third supplemental trust deed dated 21 November 2016 made between the Issuer and U.S. Bank Trustees Limited.

1	(a)	Series Number:	1
	(b)	Tranche Number:	3
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated, form a single Series and be interchangeable for trading purposes with the Issuer's existing £155,000,000 7.00 per cent. Extendable PIK Toggle Notes originally due 15 February 2022, as extended to 15 April 2022 (ISIN: XS0880578728; Common Code: 088057872), (the " <b>Existing Notes</b> ") issued in two tranches on 15 February 2013 and 2 December 2013, upon admission of the Notes to the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's electronic order book for retail bonds.  Upon issue, the Notes will have a temporary ISIN of XS1570009347. Once admission to the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's electronic order book for retail bonds has taken effect, the Notes will have the same ISIN as the Existing Notes of XS0880578728..
2		Specified Currency or Currencies:	Pounds Sterling ("£")
3		Aggregate Nominal Amount:	
	(a)	Series:	£160,424,998
	(b)	Tranche:	£5,424,998
4		Issue Price:	Not Applicable
5	(a)	Specified Denominations:	£1
	(b)	Calculation Amount:	£1
6	(a)	Issue Date:	15 February 2017
	(b)	Interest Commencement Date:	15 February 2017
7	(a)	Original Maturity Date:	15 April 2022, subject to extension in accordance with Condition 6(a)

	(b)	Optional Extended Maturity Date:	15 April 2023
	(c)	Automatic Extended Maturity Date:	15 October 2023
8		Interest Basis:	7.00 per cent. Fixed Rate
9		Redemption:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
10		Change of Interest Basis:	Not Applicable
11		Put/Call Options:	Issuer Call Option Par Call Option Change of Control Put Option
12	(a)	Status of the Notes:	Senior
	(b)	Date of Board/Committee approval for issuance of Notes obtained:	6 October 2016

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

13		Fixed Rate Note Provisions	Applicable
	(a)	Rate(s) of Interest:	7.00 per cent. per annum payable semi-annually in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	15 February and 15 August in each year, from and including 15 August 2017, up to and including the Maturity Date
	(c)	Fixed Coupon Amount(s):	£0.035 per Calculation Amount
	(d)	Broken Amount(s):	Not Applicable
	(e)	Day Count Fraction:	Actual/Actual (ICMA)
	(f)	Determination Dates:	15 February and 15 August in each year
	(g)	PIK Interest:	Applicable
	(h)	PIK Interest Rate:	7.00 per cent. per annum payable semi-annually in arrear
14		<b>Floating Rate Note Provisions</b>	Not Applicable
15		<b>Zero Coupon Note Provisions</b>	Not Applicable

**PROVISIONS RELATING TO REDEMPTION**

16		Notice periods for Condition 6(c):	Minimum period: 30 days Maximum period: 60 days
17		Issuer Call Option (Condition 6(d)):	Applicable
	(a)	Optional Redemption Date(s):	At any time, in accordance with Condition 6(d)
	(b)	Optional Redemption Amount(s):	Make-Whole Amount

	(i)	Condition 6(b) applies:	Not Applicable
	(ii)	Make-Whole Amount:	Applicable
	(iii)	Quotation Time:	11.00 a.m. (London time)
	(iv)	Determination Date:	The second business day in London prior to the relevant Optional Redemption Date
	(v)	Reference Bond:	4.00 per cent. United Kingdom Government Treasury Stock due 7 March 2022
	(vi)	Redemption Margin:	0.50 per cent.
	(c)	If redeemable in part:	Not Applicable
	(d)	Notice period:	Minimum period: 15 days Maximum period: 30 days
18		<b>Par Call Option (Condition 6(dd)):</b>	Applicable
19		<b>Investor Put Option (Condition 6(e)):</b>	Not Applicable
20		<b>Change of Control Put Option (Condition 6(f)):</b>	Applicable
21		<b>Final Redemption Amount:</b>	£1 per Calculation Amount
22		<b>Early Redemption Amount</b> payable on redemption for taxation reasons or on event of default:	£1 per Calculation Amount

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

23		Form of Additional Notes:	
	(a)	Form:	Registered Notes:  Registered Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg  CREST Depository Interests ("CDIs") representing the Notes may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited ("CREST")
	(b)	New Global Note:	No
24		Additional Financial Centre(s):	Not Applicable
25		Talons for future Coupons to be attached to Definitive Notes in bearer form:	No

## DESCRIPTION OF THE SUBORDINATION AGREEMENT

On 5 November 2014, the Issuer, the Trustee and certain subsidiaries of the Issuer as the Guarantors entered into the first supplemental trust deed (the "**First Supplemental Trust Deed**") pursuant to which each Guarantor granted an unconditional and irrevocable guarantee in respect of the Existing Notes (each, a "**Notes Guarantee**") on a subordinated basis. The Notes Guarantees are subject to the terms of the Subordination Agreement. The Trustee acceded to the Subordination Agreement on 5 November 2014. The obligations of the Guarantors under the Notes Guarantees extend to the Additional Notes.

### *Overview of the Subordination Agreement*

The Existing Notes Guarantees rank *pari passu* with the High Yield Notes Guarantees and are subordinated in right of payment to outstanding claims of certain senior creditors of the Guarantors..

Pursuant to the Trust Deed and the Subordination Agreement, the Existing Notes Guarantees:

- (a) are each a direct, unconditional and irrevocable, joint and several guarantee by the Guarantor to the Trustee (for itself and on behalf of the Noteholders) of the payment of principal and interest payable under the Notes and all other monetary obligations of the Issuer to the Noteholders or the Trustee under the Trust Deed in respect of the Notes and any additional amounts payable pursuant to Condition 8 (Taxation) of the Notes;
- (b) are subordinated in right of payment to all existing and future senior obligations of the Guarantors, including under the RCF;
- (c) rank *pari passu* in right of payment with all existing and future senior subordinated obligations of the Guarantors, including the High Yield Notes Guarantees;
- (d) are senior in right of payment to all future obligations of the Guarantors that are expressly contractually subordinated to the Notes Guarantees and the High Yield Notes Guarantees; and
- (e) are effectively, subordinated to all existing and future secured obligations of the Guarantors (including under the Senior Facilities), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Notes Guarantees on an equal and rateable or senior basis.

The following is a summary of the key features of the Subordination Agreement. In respect of the Additional Notes, the Notes Creditors refers to the Trustee, and the Notes Issuer refers to the Issuer (both as defined below). In this section of the Listing Document:

**"Debt Documents"** refers to (among others) each of the Senior Finance Documents and the Notes Documents;

each member of the Group (excluding any Notes Issuer) that is a borrower or guarantor under the Debt Documents is referred to as a **"Debtor"** and are collectively referred to as the **"Debtors"**;

**"Group"** refers to all of the Issuer's subsidiaries for the time being but, for the avoidance of doubt, not the Issuer itself;

**"Liabilities"** refers to (among others) all present and future liabilities and obligations at any time of a Debtor to a creditor under the Debt Documents, both actual and contingent and whether incurred solely or jointly or as principal or surety or in any capacity, together with any of the following matters relating to or arising in respect of those liabilities and obligations:

- any refinancing, novation, deferral or extension;
- any claim for breach of representation, warranty or undertaking or an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within the definition of "Liabilities";
- any claim for damages or restitution; and

- any claim as a result of any recovery of any Debtor of a payment to a creditor on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings;

"**Notes Creditors**" refers to the Trustee on its own behalf and on behalf of the holders of the Notes;

"**Notes Documents**" refers to each of the Subordination Agreement, the Notes, the Notes Guarantees, the Trust Deed, the High Yield Notes, the High Yield Notes Guarantees and the indenture dated 9 April 2014 governing the High Yield Notes (the "**High Yield Note Indenture**");

"**Notes Issuer**" refers to the Issuer (in its capacity as issuer of the Notes and the High Yield Notes) and any of its wholly-owned subsidiaries which may in the future issue bonds or notes and on-lend the proceeds of such issuance to Issuer; and

"**Senior Finance Documents**" refers to (among others) the Subordination Agreement, the RCF, certain hedging agreements and other documents evidencing the Senior Liabilities (as defined below).

#### *Ranking and Priority*

The Subordination Agreement provides that the Liabilities owed by the Debtors to the Senior Creditors under the Senior Finance Documents (the "**Senior Liabilities**") and the Liabilities owed by the Guarantors to the Notes Creditors under the Notes Documents (the "**Notes Guarantee Liabilities**") will rank in right and priority of payment in the following order:

- *first*, the Senior Liabilities *pari passu* and without any preference between them; and
- *second*, the Notes Guarantee Liabilities, *pari passu* and without preference between them.

The parties to the Subordination Agreement have agreed that the Liabilities owed by any Notes Issuer to the Notes Creditors under the Notes Documents, certain amounts owed to the Trustee or the trustee under the High Yield Notes Indenture (the "**High Yield Notes Trustee**") under the Notes Documents and certain security enforcement and preservation costs relating to the High Yield Notes or the Notes (if any) are senior obligations (and are therefore not Notes Guarantee Liabilities) and the Subordination Agreement does not purport to rank, postpone and/or subordinate any of them in relation to any other liability.

#### *Permitted Payments*

Until the Senior Discharge Date (as defined below), the Subordination Agreement only permits Debtors to pay any amounts due to the Notes Creditors with respect to the Notes Guarantee Liabilities if:

- no Stop Notice (as defined below) is outstanding and no Senior Payment Default (as defined below) has occurred and is continuing; and
- the requisite consent of the Senior Facility Creditors has been obtained; or
- the payment is of:
  - costs, commissions, taxes, fees payable to administrative service providers in connection with any consent process (provided that no portion of such fees may be payable to, or received by, the Noteholders or the holder of the High Yield Notes) and expenses incurred in respect of (or reasonably incidental to) the Notes Documents (or any of them);
  - additional amounts payable as a result of the tax gross-up provisions relating to the Notes Guarantee Liabilities and amounts in respect of currency indemnities in the Notes Documents;
  - any amount not exceeding US\$2,250,000 (or its equivalent in other currencies) in aggregate in any twelve-month period; or

- the principal amount of the liabilities in respect of the Notes or the High Yield Notes on or after the final maturity date thereof (provided that such maturity date is the date so stated in the Trust Deed or the High Yield Notes Indenture (respectively) in its original form).

The "**Senior Discharge Date**" means the date on which all Senior Liabilities have been fully and finally discharged to the satisfaction of the relevant Representative (as defined below) and the Senior Creditors are under no further obligations to provide financial accommodation to any Debtor under any Senior Finance Document.

A "**Senior Payment Default**" refers to a default arising by reason of a failure by a Notes Issuer to pay on the due date any amount payable by them in connection with any of the Senior Finance Documents other than an amount not exceeding US\$1 million (or its equivalent in any currency).

The agent representative (the "**Representative**") of the Senior Facility Creditors (in accordance with the underlying facility documentation) may serve a notice (a "**Stop Notice**") to the Trustee or (as the case may be) the High Yield Notes Trustee specifying that an event of default (other than a Senior Payment Default) under the Senior Facility is outstanding and suspend the payment of any Notes Guarantee Liabilities (subject to the exception described above) until the earliest of:

- the date on which such relevant event of default is waived, remedied or cured in accordance with the relevant document, is no longer continuing or otherwise ceases to exist;
- the date falling 179 days after the date of receipt by the Trustee or (as the case may be) the High Yield Notes Trustee of the Stop Notice;
- the date on which the Senior Liabilities owed to the relevant Senior Creditors under the Senior Finance Documents under which such event of default occurred have been fully and finally discharged and the relevant Senior Creditors are under no further obligation to provide financial accommodation to any Debtor under any Senior Finance Document;
- the date on which the Representative that served the Stop Notice cancels such Stop Notice;
- if a Standstill Period (as defined below) is already in effect, the date on which the aforementioned Standstill Period expires; and
- the date on which the Trustee or (as the case may be) the High Yield Notes Trustee takes any Enforcement Action that is permitted under the Subordination Agreement.

Each Stop Notice is to be issued within 60 days of receipt of notice of such default, only one notice may be served within any 360 day period, not more than one such notice may be served in respect of the same event or set of circumstances and no such notice may be served in respect of an event of default which has been notified to the relevant Representative at the time at which an earlier Stop Notice was issued.

Notwithstanding the foregoing, the Notes Issuer is not prevented from making a payment from its own assets if such payment is in respect of any of its obligations under the Notes or the High Yield Notes in respect of which such Stop Notice has been delivered and such payment is not financed by a payment to such Notes Issuer by a member of the Group which is prohibited as described in this section (*Permitted payments*).

#### *Turnover – by the Notes Creditors*

The Subordination Agreement provides that if, at any time prior to the Senior Discharge Date, a Notes Creditor (subject to certain limited exceptions, including in respect of the Trustee and the High Yield Notes Trustee) receives or recovers a payment or distribution of, on account of or in relation to any Notes Guarantees Liabilities which is not a permitted payment under the Subordination Agreement, it will, in relation to receipts and recoveries from a Notes Guarantor:

- hold the received or recovered amount on trust for the Representative;

- promptly notify the Representative of such receipt or recovery and request that the Representative confirm the amount of Senior Liabilities outstanding under the relevant Senior Finance Document; and
- pay or distribute such amounts to the Representatives for application in accordance with the terms of the Senior Finance Documents.

#### *Turnover – by the Representatives*

The Subordination Agreement provides that, if the Representative collects, receives or recovers any amounts in following the taking of any Enforcement Action by the Trustee (in respect of the Notes) or the High Yield Notes Trustee (in respect of the High Yield Notes) and, after the Senior Discharge Date, the Representative continues to hold any such amounts so collected, received or recovered, the Representative shall promptly pay all such amounts to the relevant trustee for application in accordance with the terms of the Notes Documents (or pro rata to the relevant representatives of any debt ranking *pari passu* with the Notes and the High Yield Notes).

#### *General*

The Subordination Agreement contains provisions dealing with:

- the incurrence of future debt that will allow (i) certain agents with respect to the creditors of senior debt to accede to the Subordination Agreement and benefit from, and be subject to, the provisions described above (including, for the avoidance of doubt, as creditors in respect of Senior Liabilities) and (ii) certain trustees with respect to the creditors of debt ranking *pari passu* with the Notes and the High Yield Notes to accede to the Subordination Agreement and have the same rights and obligations as the Trustee and the High Yield Notes Trustee;
- when the Trustee, the High Yield Notes Trustee or any other representative of any debt ranking *pari passu* with the Notes and the High Yield Notes (a "**Notes Trustee**") may (i) demand, sue, prove and give receipt for any Guarantors' Notes Guarantees Liabilities; (ii) collect and receive all distributions on, or on account of, any Guarantors' Notes Guarantees Liabilities; and (iii) file claims, take proceedings and do other things to recover any Guarantors' Notes Guarantees Liabilities;
- the circumstances in which any Notes Trustee may (and, in the case of the Trustee, on instruction of the Noteholders given in accordance with the Trust Deed), by giving at least 10 Business Days' notice to the Representative, at any time when a Stop Notice is outstanding and any Enforcement Action has been taken by or on behalf of a Senior Creditor, require the transfer to it or all (and not part) of the rights and obligations in respect of the Senior Liabilities (subject to certain conditions);
- when a Notes Trustee will be required, pursuant to any Enforcement Action taken in relation to the Senior Finance Documents, to release any guarantees given by the Guarantors;
- notwithstanding any other provision of the Subordination Agreement, no Notes Trustee shall have any obligation to take any action under the Subordination Agreement unless it is indemnified and/or secured to its satisfaction in respect of all costs, expenses and liabilities which it would in its opinion thereby incur (together with any associated VAT); and
- customary protections, entitlements and exemptions from liability for Notes Trustees all as further set out in the Subordination Agreement.

#### *Governing Law*

The Subordination Agreement is governed by and construed in accordance with English law.

## DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

### 1. *Summary of the High Yield Notes*

The following description of the High Yield Notes is based on their terms and conditions in effect as at the date of this document.

On 21 November 2016, pursuant to a scheme of arrangement, the Issuer completed an issue of \$677,482,000 7.00 per cent. PIK Toggle Senior Notes, due 2022 (the "**High Yield Notes**") in exchange for the Issuer's previously outstanding \$650,000,000 7 per cent. senior notes due 15 April 2022. Under the terms of the High Yield Notes Indenture, the Issuer may, from time to time, issue up to a principal aggregate amount of \$304,931,617 of additional high yield notes. On 15 April 2017, the Issuer issued \$18,969,496 of additional high yield notes which are consolidated and form a single series with the High Yield Notes in issue.

The High Yield Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF. The High Yield Notes are not eligible for settlement in The Depository Trust Company.

#### (a) *Redemption options*

At any time on or after 15 April 2017, the Issuer may redeem all or part of the High Yield Notes by paying the specified redemption price.

If the Issuer undergoes certain events defined as constituting a change of control, each holder may require the Issuer to repurchase all or a portion of its High Yield Notes at 101 per cent. of their principal amount, plus accrued and paid interest, if any. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all of the High Yield Notes.

#### (b) *Maturity Date*

The High Yield Notes have a scheduled maturity date of 15 April 2022, which can be extended at the option of the Issuer, at any time, to 15 April 2023. The scheduled maturity date of 15 April 2022 will be automatically extended to 15 October 2023 if the RCF is not repaid or refinanced in full prior to 15 October 2020.

#### (c) *Interest rate*

The High Yield Notes accrue a fixed coupon of 7 per cent. per annum payable semi-annually in arrear on 15 April and 15 October of each year, commencing 15 April 2017. Interest under the High Yield Notes is only payable in cash on an interest payment date if the Cash Payment Condition has been met. The Cash Payment Condition in the High Yield Notes will cease to apply (and thereafter all payments of interest will be made in cash) upon the earlier of: (A) the repayment in full of the RCF from cash generated from assets of the Group; or (B) the repayment or refinancing in full of the RCF on terms that enable the disapplication of the Cash Payment Condition and future interest on the High Yield Notes and the Notes to be paid in cash. If the Cash Payment Condition is not satisfied in respect of an interest payment date, interest will not be paid in cash on that interest payment date and will be capitalised and satisfied by the issue of additional High Yield Notes to holders of the High Yield Notes outstanding at such time.

#### (d) *Key features of the High Yield Notes*

The High Yield Notes limit, among other things, the ability of the Issuer and its restricted subsidiaries to:

- incur additional debt and issue guarantees and preferred stock;
- make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- repay or redeem subordinated debt or share capital;
- create or incur certain liens;

- impose restrictions on the ability of the Issuer's restricted subsidiaries to pay dividends or other payments to the Issuer or any of its other restricted subsidiaries;
- make certain investments or loans;
- sell, lease or transfer certain assets, including shares of any restricted subsidiary of the Issuer;
- guarantee certain types of other indebtedness of the Issuer or its restricted subsidiaries without also guaranteeing the Notes;
- expand into unrelated businesses;
- merge or consolidate with other entities; and
- enter into certain transactions with affiliates.

(e) *Restriction on certain payments to shareholders (and their affiliates)*

The High Yield Notes also have a cross default provision so that an event of default under the Notes will also give rise to an event of default under the High Yield Notes.

(f) *Subordination provisions*

The High Yield Notes are guaranteed by the Guarantors. Each High Yield Note Guarantee is a senior subordinated obligation of the respective High Yield Note Guarantor; subordinated in right of payment to all existing and future senior obligations of that High Yield Note Guarantor, including, where applicable, such High Yield Note Guarantor's obligations under the RCF; *pari passu* in right of payment with all existing and future senior subordinated obligations of that High Yield Note Guarantor; senior in right of payment to all future obligations of that High Yield Note Guarantor that are expressly contractually subordinated to that High Yield Note Guarantee; and effectively subordinated to all existing and future secured obligations of that High Yield Note Guarantor (including under the RCF, where applicable), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Note Guarantees on an equal and ratable or senior basis. The High Yield Note Guarantees will be subject to release under certain circumstances.

## 2. ***Summary of the Senior Secured Term And Revolving Credit Facility Agreement***

(a) *Overview*

EnQuest PLC (the "**Company**") and certain of its subsidiaries entered into an up to \$1,700,000,000 senior secured term and revolving credit facility agreement dated 6 March 2012 (as amended or as amended and restated from time to time including pursuant to amendment and restatement deeds dated 30 October 2013 and 29 January 2014) (the "**Original Credit Agreement**"). The parties to the Original Credit Agreement agreed to amend and restate the Original Credit Agreement on 17 November 2016, putting in place an up to \$1,200,000,000 senior secured term and revolving credit facility agreement (the "**Amended and Restated Credit Agreement**") and hereinafter referred to as the "Credit Agreement".

The other parties to the Credit Agreement include BNP Paribas (as fronting bank, facility agent, account bank and security trustee) and the Bank of Nova Scotia (as technical and modelling bank).

(b) *Borrowers and guarantors*

Each of the following companies is both a borrower and a guarantor under the Credit Agreement: the Company, EnQuest Heather, EnQuest Heather Leasing Limited, EnQuest ENS Limited, EnQuest Norge AS, EnQuest Britain Limited, EnQuest Energy Limited, EQ Petroleum Sabah Ltd, EnQuest Production Limited, EnQuest NWO Limited and EnQuest Global Limited.

Each of the follow companies is a Guarantor but not a Borrower: EnQuest Dons Leasing Limited, EQ Petroleum Production Malaysia Ltd, NSIP (GKA) Limited, Stratic UK Holdings Limited, EnQuest UKCS Limited, EnQuest Global Services Ltd, EnQuest Thistle Limited, EnQuest Marketing and Trading Limited and NorthWestOctober Limited. A mechanism is included in the Credit Agreement to

enable certain of the Company's subsidiaries to accede as additional borrowers or additional guarantors with respect to the Credit Agreement, subject to certain conditions.

(c) *Security*

The Original Credit Agreement was secured by way of (i) first ranking and second ranking English law share charges over the shares of EnQuest Heather Limited, EnQuest Heather Leasing Limited, EnQuest ENS Limited, EnQuest Britain Limited, EnQuest Energy Limited, EQ Petroleum Sabah Ltd, EnQuest Production Limited and EnQuest NWO Limited; (ii) a first ranking English law share charge over the shares of EnQuest Global Limited; (iii) first ranking and second ranking floating charges over the Company, EnQuest Heather, EnQuest Heather Leasing Limited, EnQuest ENS Limited, EnQuest Energy Limited, EQ Petroleum Sabah Ltd, EnQuest Production Limited and EnQuest NWO Limited; (iv) a first ranking floating charge over EnQuest Global Limited and EnQuest Britain Limited; and (v) first ranking Norwegian law security consisting of a share pledge over the shares of EnQuest Norge AS, an account charge by EnQuest Norge AS, a general assignment agreement by EnQuest Norge AS, a charge over machinery and plant and a factoring agreement by EnQuest Norge AS. This security remains in place.

The Company granted additional security during the restructuring: (i) fixed security over the Company's interest in intercompany balances owed to it by any member of the Group; and (ii) fixed security over the Company's shares in EnQuest Marketing and Trading Limited, NSIP (GKA) Limited and Grove Energy Limited. EnQuest Britain Limited and EnQuest Global Limited granted fixed charges over long-term intercompany balances, and EnQuest Global Limited granted a share charge over its shares in EP Petroleum Production Malaysia. EnQuest Britain Limited granted a share charge over its shares in EnQuest Dons Leasing Limited.

(d) *Commitments*

The Credit Agreement provides a multicurrency term and revolving credit facility, the aggregate commitments of which are \$1,125 million for the term loan facility (the "**Tranche A Commitment**") and \$75 million in respect of the revolving credit facility (the "**Tranche B Commitment**"). There is no longer an accordion feature pursuant to which the Company could request an increase in the aggregate commitments.

Tranche A Commitment can be utilised in US dollars only. Tranche B may be utilised by way of issuances of letters of credit in US dollars or pounds sterling.

The Credit Agreement provides an amortisation schedule in respect of the Tranche A Commitment starting on 21 November 2016 and running up to the final maturity date.

(e) *Guarantees*

Each of the Guarantors confirmed in the amendment and restatement that the guarantees provided by the guarantors under the Original Facility Agreement continued in full force and effect. Each of the Guarantors guarantees all amounts payable to the Finance Parties (as defined in the Credit Agreement) by any Borrower in connection with the Credit Agreement.

(f) *Reduction and repayment*

The Aggregate Commitments reduce to zero on 1 October 2021.

The Borrowers must repay amounts such that: (i) the aggregate dollar amount of the Tranche A Loans does not exceed the Total Tranche A Commitments; (ii) the aggregate dollar amount of the Tranche B Utilisations does not exceed the Total Tranche B Commitments; (iii) the amount outstanding does not exceed the Maximum Available Amount; and (iv) the aggregate dollar amount of the face value of all outstanding letters of credit does not at any time exceed \$50,000,000.

Each loan must be repaid on the last day of the relevant interest period relating thereto (which, subject to certain exceptions, may be one, three or six months or any other period agreed between us and the agent), subject to a netting mechanism against amounts drawn on such date. Amounts repaid by a borrower in respect of the Tranche B Commitments may be re-borrowed, subject to certain exceptions.

The Company must build up cash cover in respect of outstanding letters of credit as the final maturity date under the Credit Agreement approaches as follows: 25 per cent. of the outstanding utilisations by way of letters of credit from 12 months before final maturity date, 50 per cent. of the outstanding utilisations by way of letters of credit from 9 months before final maturity date, 75 per cent. of the outstanding utilisations by way of letters of credit from 6 months before final maturity date and 100 per cent. of the outstanding utilisations by way of letters of credit from 3 months before final maturity date.

(g) *Prepayment*

The Credit Agreement includes customary prepayment events and rights related to defaulting lenders, change of control events, taxes and increased costs. In addition, subject to certain notice requirements or break fees (if any), a Borrower may voluntarily cancel the available commitments or prepay amounts outstanding without penalty or premium, at any time in whole or in part.

(h) *Interest and fees*

Outstanding loans and letters of credit under the term loan facility and the revolving credit facility that in aggregate exceed the Group's Reserve and Resource Base Value ("**RRBV**"), which is fixed at \$890,700,000, have super senior status and benefit from an interest rate of LIBOR (subject to a minimum of zero) plus 5.25 per cent. per annum in cash and (with the balance to be added to the PIK amount (as described below) every six months) 3.75 per cent. per annum PIK (the "**PIK Margin**").

Outstanding loans and letters of credit under the term loan facility and the revolving credit facility up to the RRBV and the PIK Amount (as defined below) have senior status and benefit from an interest rate of LIBOR (subject to a minimum of zero) plus 4.75 per cent. per annum in cash. LIBOR shall not apply to letters of credit and on certain letters of credit (being Performance LCs, as defined in the Credit Agreement), only 50 per cent. of the applicable margin will apply.

The PIK amount (the "**PIK Amount**") applies as follows:

- (i) in respect of any utilisation to which a PIK Margin applies, the PIK Margin shall accrue on that utilisation and shall be capitalised and be added to the PIK Amount on each 30 June and 31 December; and
- (ii) the PIK Amount Interest (being 900 bps) shall accrue on the PIK Amount and shall be capitalised and added to the PIK Amount on each 30 June and 31 December.

The borrowers are required to pay a commitment fee on available but unutilised commitments under the Credit Agreement and each letter of credit requested by it.

(i) *Representations and warranties*

The Credit Agreement includes certain customary representations and warranties, subject to certain exceptions and appropriate materiality qualifications.

(j) *Covenants*

The Credit Agreement includes certain restrictive covenants, subject to certain agreed exceptions, such as:

- (i) no acquisitions by a member of the Group without the consent of the Lenders whose commitments aggregate at least 66 $\frac{2}{3}$  per cent. of the Aggregate Commitments (the "**Majority Lenders**"), other than acquisitions post 1 February 2018, provided that an updated Liquidity Test is delivered to the satisfaction of the Majority Lenders and the Joint Technical Banks shall be given access to the appropriate information to be able to risk and comment on such Liquidity Test;
- (ii) no disposals by a member of the group of a petroleum asset without Majority Lenders consent;

- (iii) existing £1 billion basket for financial indebtedness under bonds to be maintained, provided that proceeds from further bond issuances shall be applied to prepay the term facility and revolving facility;
- (iv) bond exchange offers or other forms of bond refinancing shall not be permitted while any amount is outstanding under the Credit Agreement; and
- (v) no exploration and appraisal expenditure to be incurred by a member of the Group other than expenditure on appraisal wells in relation to existing producing assets for the purpose of improving the performance of that asset.

The Credit Agreement requires each Borrower and Guarantor (and in certain cases, certain other key companies that are neither borrowers nor guarantors) to observe certain affirmative covenants, subject to certain exceptions.

(k) *Financial covenants*

The Group must be able to comply with:

- (i) the Leverage Ratio (the ratio of consolidated net financial indebtedness to EBITDA) as set out for each period in the Credit Agreement, which will be tested on a quarterly basis on and from 30 June 2017; and
- (ii) the Finance Charges Cover Ratio (the ratio of EBITDA to forecast finance charges). On each test reference date on and from 31 January 2018 (in respect of the prior scheduled test date), the Group must ensure that the ratio of EBITDA to finance charges as forecast for the period of 12 months following such scheduled test date, is not less than 7.5:1.0.

The Group is also subject to liquidity testing. For the period prior to 31 December 2017 this includes:

- (i) management case quarterly liquidity testing, based on management assumptions other than in relation to the price deck applicable to petroleum prices which will be the historic average forward curve oil price ("FWCs") of the past 15 consecutive days for each remaining year until maturity minus a 10 per cent. discount;
- (ii) available liquidity (unrestricted cash plus undrawn commitments) at the end of each month shall not fall below:
  - (A) US\$50 million for the period from 1 January 2017 to 30 June 2017;
  - (B) US\$40 million from 1 July 2017 to 30 November 2017; and
  - (C) US\$50 million from 1 December 2017 to 31 December 2017;
- (iii) short-term cash flow forecast to trigger an event of default if it demonstrates a shortfall (being a negative balance after deducting restricted cash), to be based on management assumptions, other than in relation to the price deck applicable to petroleum prices which will be the FWCs of the past 15 consecutive days for the relevant period (with no discount); and
- (iv) joint technical banks quarterly liquidity testing. This is for information only, will not trigger an event of default, will cover the life of the loan including the amount due at maturity and will employ the same price deck as the management case but otherwise be based on assumptions of the joint technical banks.

Following 31 January 2017, on each test reference date and each interim test date (or within five Business Days ending on such date) the Group must demonstrate to the satisfaction of the Majority Lenders that the Group has sufficient funds available to meet all liabilities of the Group when due and payable for the period. The assumptions will include a price deck of historic average FWCs of the past 15 consecutive days for each remaining year until maturity (minus a 10 per cent. discount). The test will cover the life of the loan plus one year, and will include 75 per cent. of the amount due on the final

maturity date (to be increased to 100 per cent from 1 January 2020) provided that no event of default will arise if the Liquidity Test demonstrates that such amount can be repaid from cash flow after debt service in one year after the final maturity date.

(l) *Events of Default*

The Credit Agreement sets out certain events of default, the occurrence of which would allow the senior lenders (if the Majority Lenders so direct) to cancel their commitments or declare that all or part of the loans, together with accrued interest and other amounts outstanding are immediately due and payable and/or payable immediately on demand and/or declare that full cash cover in respect of each letter of credit is immediately due and payable. The events of default include, among other events and subject in certain cases to grace periods, thresholds and other qualifications:

- (i) non-payment of amounts due and payable under a finance document;
- (ii) breach of financial covenants or other obligations;
- (iii) inaccuracy of a representation in any material respect when made or deemed to be repeated;
- (iv) certain other cross defaults in respect of indebtedness equal to or in excess of \$10 million (or equivalent in other currencies);
- (v) insolvency or insolvency proceedings;
- (vi) enforcement of security securing debt or attachment of assets;
- (vii) cessation of business;
- (viii) invalidity or unlawfulness of the finance documents or certain project documents;
- (ix) any Borrower or Guarantor ceasing to be wholly owned by the Company;
- (x) nationalisation or expropriation (or announcement of intent in respect thereof) of all or any part of any petroleum asset or any oil and gas or revenues derived therefrom in a manner which would result in a material adverse change;
- (xi) any litigation, arbitration or administrative proceeding is commenced before any court, arbitral body or agency which is likely to be adversely determined and, if adversely determined would reasonably be likely in respect of any Borrower or Guarantor to have a material adverse effect; and
- (xii) material adverse change.

(m) *Super-Senior Hedging*

The Company and other members of the Group can enter into certain super senior hedging transactions, which benefit from super-senior status ranking equally with the outstanding loans and letters of credit under the Credit Agreement that in aggregate exceed the RRBV.

## PROVISIONS RELATING TO THE NOTES WHEN IN GLOBAL FORM

### 1. Issue of Additional Notes

The Global Certificate representing the Additional Notes will be delivered on or prior to Issue Date to the Common Depositary.

Delivery of the Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each account holder with a nominal amount of Additional Notes equal to the pro rata proportion that such account holder's interest in the Existing Notes as at the "record date" bears to the aggregate principal amount of Existing Notes then in issue.

### 2. Relationship of Account Holders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system ("**Alternative Clearing System**") as the holder of a Note represented by the Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such holder of the underlying registered certificates in respect of each amount so paid.

### 3. Exchange

#### 3.1 Permanent Global Certificates

The following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by the Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.1(i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

### 4. Amendment to Conditions

The Global Certificate contains provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Listing Document. The following is a summary of certain of those provisions:

#### 4.1 Payments

All payments in respect of Notes represented by the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

#### 4.2 Meetings

The holder of a Note represented by the Global Certificate shall (unless the Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders. All holders of Notes are entitled to one vote in respect of each £1.00 in principal amount of the Notes comprising such Noteholder's holding, whether or not represented by the Global Certificate.

#### 4.3 Issuer's Option

In the event that any option of the Issuer is exercised in respect of some but not all of the Notes, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

#### 4.4 Trustee's Powers

In considering the interests of Noteholders while any Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Notes and may consider such interests as if such accountholders were the holders of the Notes represented by the Global Certificate.

#### 4.5 Events of Default

Following any declaration that the Notes (or any proportion of them) represented by the global Certificate is to become due and repayable in the circumstances described in Condition 10 and the acquisition of direct rights, the Global Certificate representing the Notes and the corresponding entry in the register kept by the Registrar will become void as to the Notes. However, no such election may be made in respect of the Notes represented by the Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

#### 4.6 Notices

So long as the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to the holders of the Notes may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Certificate.

### 5. Electronic Consent and Written Resolution

While the Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for

whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

#### 6. **Crest Depository Interests**

Investors may also hold interests in the Additional Notes indirectly through the issuance of CDIs issued, held, settled and transferred through CREST, representing interests in the relevant Additional Notes in respect of which the CDIs are issued (the "**Underlying Notes**"). CDIs are independent securities distinct from the Additional Notes, constituted under English law and transferred through CREST and will be issued by the CREST Depository pursuant to the CREST Deed Poll. See "*Clearing and Settlement*" for more information regarding holding CDIs.

## **USE OF PROCEEDS**

The Additional Notes are being issued by the Issuer to satisfy its obligation of payment of interest under, and in accordance with the Terms and Conditions of, the Existing Notes and therefore the net proceeds of the issue of the Additional Notes will be zero.

## DESCRIPTION OF THE ISSUER

The Issuer was incorporated and registered in England and Wales on 29 January 2010 under the name EnQuest PLC as a public company limited by shares under the Companies Act 2006 with the registered number 7140891. The principal legislation under which the Issuer operates is the Companies Act 2006. The Issuer's registered office is at 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR.

The Issuer's objects and purposes are unrestricted in its Articles of Association. The Issuer is an independent oil and gas production and development company whose current activities are primarily focused on the United Kingdom Continental Shelf (the "UKCS"). The Issuer was originally incorporated to acquire the UKCS assets and operations of Lundin Petroleum AB and Petrofac Limited..

The issued share capital of the Issuer is £57,969,943.55 divided into 1,159,398,871 Ordinary Shares of 5 pence each (all of which were fully paid or credited as fully paid). The Issuer does not hold any shares in treasury.

*Further information about the Issuer is incorporated by reference from the Issuer's Annual Report 2016 which updates certain information set out in the Equity Prospectus 2016. See further "Documents Incorporated by reference".*

### Directors and Committees

#### Directors

The current Directors and their functions are as follows:

<i>Name</i>	<i>Position</i>	<i>Date appointed to the Board</i>
Amjad Bseisu	Chief Executive	22 February 2010
Jock Lennox	Chairman	22 February 2010
Philip Holland	Non-Executive Director	1 August 2015
Helmut Langanger	Senior Independent Director	16 March 2010
Philip Nolan	Non-Executive Director	1 August 2012
Jonathan Swinney	Chief Financial Officer	29 March 2010
Carl Hughes	Non-Executive Director	1 January 2017

The business address of each of the Directors (in such capacity) is 15 Regent Street, London, United Kingdom, SW1Y 4LR.

It is expected that Neil McCulloch, Chief Operating Officer, be appointed as an Executive Director on 25 May 2017 at the 2017 AGM.

#### Conflicts

There are no potential conflicts of interest between each of the Directors' duties to the Issuer and their respective private interests and any other duties.

#### Profiles of the Directors

The business experience and principal business activities outside of EnQuest of each of the Directors are as follows:

##### *Amjad Bseisu (Chief Executive)*

Amjad Bseisu holds a BSc Honours degree in Mechanical Engineering and an MSc and D.ENG degree in Aeronautical Engineering. From 1984 to 1998, Amjad worked for the Atlantic Richfield Company

(ARCO), eventually becoming president of ARCO Petroleum Ventures and ARCO Crude Trading Inc. In 1998 Amjad founded and was the chief executive of Petrofac Energy Developments International Limited, the operations and investment business for Petrofac Limited, which organically grew an upstream and midstream oil and gas business in South East Asia, the UK and North America. In 2010 Amjad formed EnQuest plc having previously been a founding non-executive chairman of Serica Energy plc and director of Stratic Energy Corporation.

Other principal external appointments include chairman of the World Economic Forum Independent Oil and Gas Community, British Business Ambassador for Energy, non-executive chairman of Enviromena Power Systems, a private company and the leading developer of solar services in the Middle East, and chairman of the Amjad and Suha Bseisu charity foundation.

Amjad is also a member of the Nomination Committee.

***Jock Lennox (Chairman)***

Jock Lennox holds a law degree and in 1980 qualified as a chartered accountant with Ernst & Young LLP. He is a member of the Institute of Chartered Accountants of Scotland. In 1988 Jock became a partner at Ernst & Young LLP. In his time at Ernst & Young LLP Jock gained a wide range of experience working with multi-national clients, including projects in many countries and a secondment to Seattle, US in the early 1980s. He held a number of leadership positions in the UK and globally. Jock retired from Ernst & Young LLP in 2009.

Other principal external appointments include non-executive director of Barratt Developments plc, Dixons Carphone plc and A&J Mucklow Group plc. He is a senior independent director of Hill & Smith Holdings plc and a trustee of the Tall Ships Youth Trust.

Jock is also chairman of the Nomination Committee.

***Philip Holland (Non-Executive Director)***

Philip Holland holds a BSc in Civil Engineering from Leeds University as well as an MSc in Engineering and Construction Project Management from Cranfield School of Management. Philip has extensive experience in managing large scale oil and gas projects around the globe. In 1980 Philip joined Bechtel Corporation, where for over 20 years he managed major oil and gas projects in a wide range of international locations. In 2004 Philip joined Shell as vice president of projects, Shell Global Solutions International. In 2009 Philip became executive vice-president in Downstream Projects in Shell's newly formed Projects and Technology Business. In 2010 he was appointed as project director for Shell Development Kazakhstan's Kashagan Phase 2 Project, and subsequently the Shell/QP Al Karaana Petrochemicals Project. Since 2013 he has operated as an independent project management consultant.

Philip is also the chairman of the Risk Committee and a member of the Remuneration Committee.

***Helmut Langanger (Senior Independent Director)***

Helmut Langanger holds an MSc degree in Petroleum Engineering and an MA in Economics. Between 1974 and 2010, Helmut was employed by OMV, Austria where he was a reservoir engineer until 1980. From 1981 to 1985, Helmut was an evaluation engineer for the technical and economic assessment of international E&P ventures, and from 1985 to 1989 he held the position of vice-president, planning and economics for E&P and natural gas projects. In 1989 Helmut was appointed as senior vice-president of international E&P and in 1992 became senior vice-president of E&P for OMV's global operations. From 2002 Helmut was the group executive vice-president for E&P, OMV until he retired in 2010. During his tenure, Helmut was in charge of 14 countries and production increased from 80,000 barrels per day to 320,000 barrels per day.

Other principal external appointments include non-executive director of Schoeller Bleckmann Oilfield Equipment A.G. (Austria), Serinus Energy Inc. (formerly Kulczyk Oil Ventures Inc.) (Poland and Canada) and MND (Czech Republic).

Helmut is also chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee.

### ***Philip Nolan (Non-Executive Director)***

Philip Nolan holds a BSc and PhD in Geology and has an MBA from the London Business School. Philip spent 15 years with BP working in the UK, the US, Australia and Southeast Asia. He was responsible for acquisition and disposals for BP Exploration worldwide and was managing director of Interconnector, UK which built and continues to operate the gas pipeline between Bacton and Zeebrugge. He joined BG plc where he was the chief executive of Transco, which runs the UK gas pipeline network, and sat as an executive member of the board of directors of BG plc. On demerger from BG, Philip was the chief executive of the Lattice Group, a FTSE 100 company. Subsequently, Philip became the chief executive of eircom, the national Irish telecommunications company.

Philip is chairman of the John Laing Group plc, an international infrastructure developer and investor with operations in the UK, Europe, Australia, New Zealand, Canada and North America. He is also chairman of the Ulster Bank and Affinity Water Limited. He is a non-executive director of Providence Resources plc, an Irish oil explorer.

Philip is also a member of the Remuneration Committee, a member of the Audit Committee and a member of the Risk Committee.

### ***Jonathan Swinney (Chief Financial Officer)***

Jonathan Swinney qualified as a chartered accountant with Arthur Andersen in 1992 and is a member of the Institute of Chartered Accountants of England and Wales. Jonathan qualified as a solicitor in 1997 and trained at Cameron McKenna LLP, joining the acquisition finance team upon qualification. In 1998 Jonathan joined Credit Suisse First Boston working within the corporate broking team. Jonathan later moved to Lehman Brothers where he advised on a wide range of transactions and in 2006 he became a managing director within the corporate broking team. Jonathan joined Petrofac Limited in April 2008 as head of mergers and acquisitions for the Petrofac Group and left in 2010 to join EnQuest plc.

### ***Carl Hughes (Non-Executive Director)***

Carl Hughes holds an MA in Philosophy, Politics and Economics, is a Fellow of the Institute of Chartered Accountants in England and Wales, and is a Fellow of the Energy Institute. Carl joined Arthur Andersen in 1983, qualified as a chartered accountant and became a partner in 1993. Throughout his professional career he specialised in the oil and gas, mining and utilities sectors, becoming the head of the UK energy and resources industry practice of Andersen in 1999 and subsequently of Deloitte in 2002. When Carl retired from the partnership of Deloitte in 2015 he was a vice chairman, senior audit partner and leader of the firm's energy and resources business globally. Carl is a trustee and member of council of the Energy Institute; a member of the development board of St Peter's College, Oxford; a member of the General Synod of the Church of England and the finance committee of the Archbishops' Council; and vice chairman of the board of finance of the Diocese of Southwark.

Carl is also chairman of the Audit Committee and a member of the Remuneration Committee and a member of the Risk Committee.

### **Audit Committee**

As required by the UK Corporate Governance Code (the 'Code'), the Audit Committee is exclusively comprised of Non-Executive Directors, these are: Carl Hughes (Chairman), Helmut Langanger and Philip Nolan. Jock Lennox stepped down as Chairman of the Audit Committee on 8 September 2016 when he was appointed Chairman of the Company. He remained a member of the Committee until Carl Hughes joined on 1 January 2017. Philip Nolan acted as interim Chairman of the Committee from 8 September 2016 to 31 December 2016.

### **Remuneration Committee**

The Remuneration Committee currently comprises four Non-Executive Directors, all of whom are considered independent. Members are Helmut Langanger (Chairman), Philip Holland, Philip Nolan and Carl Hughes. Carl Hughes joined the Committee on 1 January 2017.

### **Risk Committee**

The Risk Committee currently comprises three independent Non-Executive Directors and one Senior Manager. Members are Philip Holland (Chairman), Philip Nolan, Carl Hughes and Neil McCulloch. Carl Hughes joined the Committee on 1 January 2017.

### **Major Shareholders**

So far as the Issuer is aware, the following persons (other than the Directors and Senior Managers) had notifiable interests in three per cent of the issued share capital of the Issuer.

<b>Shareholder</b>	<b>Ordinary Shares held</b>	<b>Percentage of issued Ordinary Share capital</b>
Aberforth Partners LLP	103,907,001	8.96
Double A Limited <sup>(1)</sup>	103,141,033	8.90
Baillie Gifford & Co Limited	86,557,768	7.47
Aberdeen Asset Management Group	60,947,213	5.26
Swedbank Robur Fonder AB	48,917,170	4.22
Hargreaves Lansdown Asset Mgmt	35,339,268	3.05

Note (1): Double A Limited is a company beneficially owned by the extended family of Amjad Bseisu.

The Issuer is not aware of any person who could exercise, directly or indirectly, jointly or severally, control over the Issuer nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Issuer.

## DESCRIPTION OF THE GUARANTORS

### EnQuest Britain Limited ("EBL")

#### *Overview*

EBL was incorporated in England and Wales on 8 September 1998 under the name Intercede 1359 Limited as a private company limited by shares with company registration number 3628497. On 10 December 1998, it changed its name to DNO Britain Limited and on 20 February 2004 to Lundin Britain Limited. On 13 May 2010, EBL changed its name to its current name. EBL is governed by the Companies Act 2006. Its registered office is Cunard House 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom.

As set out in clause 3 of EBL's memorandum of association, the objects and purposes of EBL are to, amongst others, carry on any trade or business which can in the opinion of the board of directors be advantageously carried on in connection with or ancillary to any of the businesses of EBL and to advance or lend money with or without security and to guarantee the performance of the contracts or obligations or the repayment of capital, principal, interest or premiums payable on any securities or debentures of any company.

EBL's principal activity is to act as a holding company of the Group and to provide manpower and contracting and procurement services. EBL is an intermediate holding company for the Group and its wholly owned UK oil and gas exploration and production subsidiaries. EBL is also the Group's finance company acting as centralised lender and deposit taker as well as providing all treasure and risk management service to Group Companies.

EBL is a wholly owned subsidiary of the Issuer. EBL is the sole shareholder of two of the Guarantors, EnQuest ENS Limited and EnQuest Heather Limited. In addition, EBL holds direct or indirect investments in the following companies: EnQuest UK limited; EnQuest Dons Leasing Limited (dormant); EnQuest Energy Limited; EnQuest Production Limited; EnQuest Thistle Limited; EnQuest UKCS Limited; Stratic UK Holdings Limited; and EnQuest Heather Leasing Limited.

The issued share capital of EBL amounts to £15,211,604.00 divided into 15,211,604 ordinary shares of £1.00 each.

#### *Administration and Management*

The directors of EBL and their significant principal outside activities are as follows:

<b>Name</b>	<b>Position held</b>	<b>Significant principal outside activities</b>
Paul Euan Massie	Director	–
Neil James McCulloch	Director	–
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited
Rebecca Brown	Director	–

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EBL by its directors and their private interests or other duties.

#### *Corporate Governance*

EBL complies with the corporate governance regime applicable under the laws of England and Wales. EBL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

## **EnQuest ENS Limited ("EEL")**

### ***Overview***

EEL was originally incorporated in England and Wales on 29 October 2007 under the name Canamens Energy North Sea Limited as a private company limited by shares with company registration number 6411750. On 10 February 2012, it changed its name to its current name. EEL is governed by the Companies Act 2006. Its registered office is Cunard House 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom.

As set out in clause 3 of its memorandum of association, the objects of EEL are, amongst others, to carry on business as a general commercial company and to do all such things as are incidental or conducive to the carrying on of any trade or business; and to lend money to any company and to give all kinds of indemnities and either with or without the company receiving any consideration for giving any such guarantee.

EEL's principal activity is the exploration, extraction and production of hydrocarbons. The company identifies, acquires and subsequently exploits oil and gas reserves primarily in North Sea.

EEL is a wholly owned subsidiary of EnQuest Britain Limited. The Issuer is its ultimate parent company.

The issued share capital of EEL amounts to £100 divided into 100 ordinary shares of £1.00 each.

### ***Administration and Management***

The directors of EEL and their significant principal outside activities are as follows:

<b>Name</b>	<b>Position held</b>	<b>Significant principal outside activities</b>
Paul Euan Massie	Director	–
Neil James McCulloch	Director	–
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited
Rebecca Brown	Director	–

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EEL by its directors and their private interests or other duties.

### ***Corporate Governance***

EEL complies with the corporate governance regime applicable under the laws of England and Wales. EEL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

## **EnQuest Global Limited ("EGL")**

### ***Overview***

EGL was incorporated in England and Wales on 10 April 2013 as a private company limited by Shares with company registration number 8482753. EGL is governed by the Companies Act 2006. Its registered office is Cunard House, 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom.

The company's objects are unrestricted. EGL is an intermediate holding company for the Group. The Issuer is the immediate and ultimate parent company of EGL. EGL is the sole shareholder of two of the Guarantors, EnQuest NWO Limited and EQ Petroleum Sabah Ltd. In addition, EGL has investment in the following subsidiaries EQ Petroleum Production Malaysia Limited, EnQuest Norge AS, EnQuest Global Services Ltd.

The issued share capital of EGL amounts to £42,193,600 divided into 42,193,600 ordinary shares of £1.00 each.

### ***Administration and Management***

<b>Name</b>	<b>Position held</b>	<b>Significant principal outside activities</b>
Faysal Essam Hamza	Director	–
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited
Andrew Michael Watt	Director	–

### ***Corporate Governance***

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EGL by its directors and their private interests or other duties.

### ***Corporate Governance***

EGL complies with the corporate governance regime applicable under the laws of England and Wales. EGL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

## **EnQuest Heather Leasing Limited ("EHLL")**

### ***Overview***

EHLL was incorporated in England and Wales on 15 November 2011 as a private company limited by Shares with company registration number 07848449. EHLL is governed by the Companies Act 2006. Its registered office is Cunard House 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom.

The company's objects are unrestricted. EHLL's principal activity is to act as a leasing entity for the Group. EHLL is a wholly owned subsidiary of EnQuest Heather Limited. The Issuer is the ultimate parent company.

The issued share capital of EHLL amounts to £100 divided into 100 ordinary shares of £1.00 each.

### ***Administration and Management***

<b>Name</b>	<b>Position held</b>	<b>Significant principal outside activities</b>
Paul Euan Massie	Director	–
Neil James McCulloch	Director	–
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited
Rebecca Brown	Director	–

### ***Corporate Governance***

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EHLL by its directors and their private interests or other duties.

### ***Corporate Governance***

EHLL complies with the corporate governance regime applicable under the laws of England and Wales. EHLL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

## **EnQuest Heather Limited ("EHL")**

### ***Overview***

EHL was incorporated in England and Wales on 21 September 1992 under the name Yearrare Limited as a private company limited by shares with company registration number 02748866. On 9 December 1992, EHL changed its name to Unocal Britain Limited. On 2 July 1997, it changed its name to DNO Heather Limited and on 20 February 2004 to Lundin Heather Limited. On 6 May 2010, the company adopted its current name. EHL is governed by the Companies Act 2006. Its registered office is Cunard House, 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom.

As set out in its memorandum of association, the object of the company is to carry on business as a general commercial company and, amongst others, to enter into guarantees, contracts of indemnity and suretyships of all kinds and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any company.

The principal activity of EHL is exploration, extraction and production of hydrocarbons in the UK. EHL is the sole shareholder of EnQuest Heather Leasing Limited. In addition, EHL has investments in the following subsidiaries: EnQuest Thistle Limited; EnQuest Dons Limited; EnQuest UKCS Limited; and Stratic UK Holdings Limited. The Issuer is the ultimate parent company.

The issued share capital of EHL is £9,705,000 divided into 9,705,000 ordinary shares of £1.00 each.

### ***Administration and Management***

<b>Name</b>	<b>Position held</b>	<b>Significant principal outside activities</b>
Paul Euan Massie	Director	–
Neil James McCulloch	Director	–
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited
Rebecca Brown	Director	–

### ***Corporate Governance***

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EHL by its directors and their private interests or other duties.

### ***Corporate Governance***

EHL complies with the corporate governance regime applicable under the laws of England and Wales. EHL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

## **EnQuest NWO Limited ("ENL")**

### ***Overview***

ENL was incorporated in England and Wales on 22 April 2013 as a private company limited by shares with company registration number 08497436. ENL is governed by the Companies Act 2006. Its registered office is Cunard House, 5th Floor, 15 Regent Street, London, SW1Y 4LR, United Kingdom.

The company's objects are unrestricted. ENL's principal activity is the explanation, development and operation of oil and gas production facilities in the United Kingdom.

EnQuest Global Limited is the immediate parent company of ENL. The Issuer is the ultimate parent company.

The issued share capital of ENL amounts to £100 divided into 100 ordinary shares of £1.00 each.

### ***Administration and Management***

<b>Name</b>	<b>Position held</b>	<b>Significant principal outside activities</b>
Richard Patrick Hall	Director	Fathom Systems Group Limited Radico Energy Solutions Limited HF Consultants Pty Ltd
Faysal Essam Hamza	Director	-
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited
Andrew Michael Watt	Director	-

### ***Corporate Governance***

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to ENL by its directors and their private interests or other duties.

### ***Corporate Governance***

ENL complies with the corporate governance regime applicable under the laws of England and Wales. ENL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

## **EQ Petroleum Sabah Ltd ("EPSL")**

### ***Overview***

EPSL was originally incorporated in England and Wales on 1 April 2010 under the name NIO Petroleum (Sabah) Limited as a private company limited by shares with company registration number 07211014. On 21 March 2014, EPSL changed its name to EQ Malaysia Ltd. On 2 July 2014, EPSL changed its name to EPSL. EPSL is governed by the Companies Act 2006. Its registered office is 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR, United Kingdom.

The company's objects are unrestricted. EPSL's principal activity is exploration, extraction and production of hydrocarbons in the United Kingdom. EPSL is a wholly owned subsidiary of EnQuest Global Limited, another Guarantor. The Issuer is the ultimate parent company.

The issued share capital of EPSL amounts to £1.00 (one ordinary share of £1.00) and US\$4,250,000 (divided into 4,250,000 ordinary shares of US\$1.00 each).

### ***Administration and Management***

<b><u>Name</u></b>	<b><u>Position held</u></b>	<b><u>Significant principal outside activities</u></b>
Faysal Essam Hamza	Director	-
John Morrish Penrose	Director	-
Stefan John Ricketts	Director	The Offshore Pollution Liability Association Limited
Andrew Michael Watt	Director	-

### ***Corporate Governance***

The business address of the directors is Cunard House, 5th Floor, 15 Regent Street, London, United Kingdom, SW1Y 4LR. No potential conflicts of interest exist between any duties owed to EPSL by its directors and their private interests or other duties.

### ***Corporate Governance***

EPSL complies with the corporate governance regime applicable under the laws of England and Wales. EPSL falls within the Issuer's Audit Committee, described in the section entitled "*Description of the Issuer*".

## CLEARING AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg and/or CREST currently in effect. Investors wishing to use the facilities of any of the clearing systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. None of the Issuer, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### **Notes**

The Notes issued to holders will initially be represented by the Global Certificate without interest coupons attached. The Global Certificate will be deposited with the Common Depository or an alternative clearing system and registered in the name of a common nominee of the relevant clearing system(s). Transfers of interests in the Global Certificates will be made in accordance with the normal operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the alternative clearing system. The Global Certificate deposited with the Common Depository or common safekeeper, as the case may be, on behalf of Euroclear and Clearstream, Luxembourg will have an ISIN and a Common Code.

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

### **CREST Depository Interests**

Following their delivery into Euroclear and/or Clearstream, Luxembourg, interests in the Notes may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the Underlying Notes. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of the CREST Nominee in the Underlying Notes. Pursuant to the CREST Manual (as defined below), Notes held in global form by the Common Depository or common safekeeper may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities distinct from the Notes, constituted under English law and may be held and transferred through CREST.

Interests in the Underlying Notes will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Notes by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the corresponding CDIs and transfer of an

interest in such Underlying Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will not require a separate listing on the Official List maintained by the UK Listing Authority.

Prospective subscribers for Notes represented by CDIs are referred to Section 3 (Crest International Manual) of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll in the form contained in Section 3 of the CREST Manual executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service. The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (a) CDI Holders will not be the legal owners of the Underlying Notes or have a direct beneficial interest in the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.
- (b) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.
- (c) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
- (d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST manual issued by Euroclear UK & Ireland (including the CREST International Manual dated 14 April 2008) as amended, modified, varied or supplemented from time to time (the "**CREST Manual**") and the CREST Rules (the "**CREST Rules**") (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (e) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository as issuer of the CDIs.
- (f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from the CREST website from time to time (at the date of this Listing Document, being at [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)).

- (g) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.
- (h) Potential investors should note that none of the Issuer, the Trustee and the Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

## TAXATION

The following is a general description of certain United Kingdom tax considerations relating to the Additional Notes. It does not purport to be a complete analysis of all tax considerations relating to the Additional Notes, whether in those countries or elsewhere. Prospective purchasers of the Additional Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Additional Notes and receiving payments of interest, principal and/or other amounts under the Additional Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

The issue of the Additional Notes should be treated for the purposes of income tax and corporation tax for UK individuals and corporate investors as a payment of interest at the time of issue and the amount of such payment will be the market value of the Additional Notes at that time. Individual taxpayers who are resident in the UK for tax purposes are generally subject to taxation in respect of interest income on an arising basis. For their purposes the interest will be treated as arising at the time the Additional Notes are issued. Other holders of Additional Notes (such as corporate holders of Additional Notes) are not generally subject to tax on an arising basis and different rules will apply. The tax position of any holder of Additional Notes will depend on their own individual circumstances and certain categories of holders of Additional Notes to whom specific tax regimes or exemptions apply may be treated differently. Overseas investors may be subject to taxation in their jurisdiction of residence. Any UK or overseas holder of Additional Notes in doubt as to his or her tax position should consult his/her own professional advisers without delay.

### Withholding

The Additional Notes issued will constitute "quoted Eurobonds" provided they carry a right to interest and are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange.

Whilst the Additional Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom tax.

Interest on the Additional Notes may also be paid by the Issuer without withholding or deduction on account of United Kingdom income tax where, at the time the payment is made, the Issuer reasonably believes either:

- (a) that the person beneficially entitled to the income in respect of which the payment is made is either within the charge to United Kingdom corporation tax as regards the payment of interest or is a partnership, each partner of which is a person or body mentioned in section 936 of the ITA or is within the charge to United Kingdom corporation tax as regards the payment of interest; or
- (b) that the payment is made to one of the bodies or persons set out in sections 935 or 936 of the ITA,

provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the relevant above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Additional Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax provided the term of the Additional Notes is less than 365 days and those Additional Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 365 days.

In all other cases, an amount must generally be withheld from payments of interest on the Additional Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to

such relief as may be available following a direction to the contrary by HMRC pursuant to the provisions of any applicable double taxation treaty or any other exemption which may apply.

### **The proposed financial transactions tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transactions tax ("**FTT**") in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Additional Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Additional Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The European Commission were expected to present draft legislation for consideration by the participating Member States by the end of 2016, but this has not yet been published. The FTT proposal remains subject to negotiation between participating Member. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Additional Notes are advised to seek their own professional advice in relation to the FTT.

## **SELECTED FINANCIAL INFORMATION**

The tables below set out selected financial information of the Issuer from the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2016 and 31 December 2015 which are incorporated by reference in this Listing Document. The selected financial information should be read in conjunction with the financial statements.

**Group Statement of Comprehensive Income for the financial years ended 31 December 2016 and 31 December 2015 (audited)**

	2016			2015		
	Business performance	Re-measurements and exceptional items	Reported in year	Business performance	Re-measurements and exceptional items	Reported in year
	US\$'000	US\$'000		US\$'000	US\$'000	
Revenue and other operating income .....	849,627	(51,504)	798,123	906,582	1,932	908,514
Cost of sales.....	(653,518)	(2,848)	(656,366)	(733,408)	(15,130)	(748,538)
<b>Gross profit/(loss) .....</b>	<b>196,109</b>	<b>(54,352)</b>	<b>141,757</b>	<b>173,174</b>	<b>(13,198)</b>	<b>159,976</b>
Exploration and evaluation expenses.....	(68)	(776)	(844)	(325)	(9,059)	(9,384)
Impairment reversal/ (charge) to investments.....	-	48	48	-	(566)	(566)
Net impairment reversal/ (charge) to oil and gas assets .....	-	147,871	147,871	-	(1,224,463)	(1,224,463)
Negative goodwill.....	-	-	-	-	-	-
Loss on disposal of land and buildings .....	-	-	-	-	(8,473)	(8,473)
Loss on disposal of intangible oil and gas assets .....	-	(16,178)	(16,178)	-	(2,264)	(2,264)
General and administration expenses .....	(10,890)	-	(10,890)	(14,371)	(3,611)	(17,982)
Other income .....	51,936	31,506	83,442	15,431	1,936	17,367
Other expenses.....	(9)	(118)	(127)	-	(29,635)	(29,635)
<b>Profit/(loss) from operations before tax and finance income/(costs) .....</b>	<b>237,078</b>	<b>108,001</b>	<b>345,079</b>	<b>173,909</b>	<b>(1,289,333)</b>	<b>(1,115,424)</b>
Finance costs .....	(122,232)	(7,043)	(129,275)	(176,384)	(50,097)	(226,481)
Finance income.....	1,440	-	1,440	964	-	964
<b>Profit/(loss) before tax .....</b>	<b>116,286</b>	<b>100,958</b>	<b>217,244</b>	<b>(1,511)</b>	<b>(1,339,430)</b>	<b>(1,340,941)</b>
Income tax .....	5,224	(37,256)	(32,032)	129,328	452,128	581,457
<b>Profit/(loss) for the year attributable to owners of the parent .....</b>	<b>121,510</b>	<b>63,702</b>	<b>185,212</b>	<b>127,817</b>	<b>(887,302)</b>	<b>(759,484)</b>
<b>Other comprehensive income for the year, after tax:</b>						
Items that may be reclassified to profit or loss .....						
Cash flow hedges reclassified to profit or loss.....			(239,565)			(244,445)
Cash flow hedges reclassified to balance sheet .....			278			-
Fair value gains/(losses) on cash flow hedges .....			(29,048)			356,540
Deferred tax on cash flow hedges.....			134,177			(37,283)
Available for sale financial assets .....			-			-
Total other comprehensive income for the year.....			(134,158)			74,812
<b>Total comprehensive income for the year, attributable to owners of the parent .....</b>			<b>51,054</b>			<b>(684,672)</b>
<b>Earnings per share.....</b>	US\$		US\$	US\$		US\$
Basic.....	0.149		0.227	0.165		(0.980)
Diluted.....	0.145		0.221	0.165		(0.980)

**Group Balance Sheet as at 31 December 2016 and 31 December 2015 (audited)**

	2016 US\$'000	2015 US\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment.....	2,963,446	2,436,672
Goodwill .....	189,317	189,317
Intangible oil and gas assets .....	50,332	46,530
Investments .....	171	123
Deferred tax assets .....	206,742	138,525
Other financial assets .....	23,429	15,262
	3,433,437	2,826,429
<b>Current assets</b>		
Inventories.....	74,985	67,629
Trade and other receivables.....	202,666	351,873
Current tax receivables.....	925	3,666
Cash and cash equivalents .....	174,634	269,049
Other financial assets .....	39,342	258,692
	492,552	950,909
<b>TOTAL ASSETS</b>	3,925,989	3,777,338
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital.....	208,639	113,433
Merger reserve .....	662,855	662,855
Cash flow hedge reserve.....	41	134,199
Share-based payment reserve .....	(6,602)	(11,995)
Retained earnings .....	(46,081)	(231,293)
<b>TOTAL EQUITY</b>	818,852	667,199
<b>Non-current liabilities</b>		
Borrowings.....	1,052,075	907,073
Bonds .....	855,739	870,281
Obligations under finance lease.....	-	-
Provisions.....	584,266	686,577
Trade and other payables	42,587	-
Other financial liabilities .....	19,767	7,684
Deferred tax liabilities .....	15,027	59,198
	2,569,461	2,530,813
<b>Current liabilities</b>		
Borrowings.....	49,601	10,150
Bonds .....	-	12,319
Provisions	30,041	-
Trade and other payables .....	410,261	543,518
Obligations under finance leases .....	-	36
Other financial liabilities .....	44,274	9,169
Current tax payable .....	3,499	4,134
	537,676	579,326
<b>TOTAL LIABILITIES</b>	3,107,137	3,110,139
<b>TOTAL EQUITY AND LIABILITIES</b>	3,925,989	3,777,338

**Group Statement of Cash Flows for the financial years ended 31 December 2016 and 31 December 2015  
(audited)**

	2016 US\$'000	2015 US\$'000
<b>Cash Flow from Operating Activities</b>		
Profit/ (loss) before tax.....	217,244	(1,340,941)
Depreciation.....	3,930	7,017
Depletion.....	241,879	302,687
Exploration costs impaired and written off.....	776	9,059
Net impairment (reversal)/charge to oil and gas assets.....	(147,871)	1,224,463
Loss on disposable land and buildings .....	-	8,473
Write down of receivable .....	-	4,350
Write down of inventory .....	-	13,598
Loss on disposal of intangible oil and gas assets .....	16,178	2,264
Impairment (reversal)/charge to investments.....	(48)	566
Negative goodwill .....	-	-
Share-based payment charge .....	8,452	5,701
Change in deferred consideration .....	(4,056)	2,307
Change in surplus lease provision .....	(23,025)	26,560
Change in decommissioning provision .....	(1,627)	-
Hedge accounting deferral.....	(2,456)	(119,055)
Amortisation of option premiums.....	(31,210)	(111,572)
Unrealised loss/(gain) on financial instruments.....	53,088	(3,906)
Unrealised exchange gains .....	(51,867)	(15,030)
Net finance (income)/ expense .....	127,835	225,517
<b>Operating profit before working capital changes .....</b>	<b>407,222</b>	<b>242,058</b>
Decrease/(increase)in trade and other receivables .....	26,579	(76,429)
(Increase)/decrease in inventories.....	(7,356)	10,085
(Decrease)/ increase in trade and other payables .....	(18,198)	45,980
<b>Cash generated from operations .....</b>	<b>408,247</b>	<b>221,694</b>
Cash received on sale of financial instruments.....	(14,541)	29,571
Decommissioning spend.....	(6,355)	(5,342)
Income taxes paid.....	(7,890)	(1,370)
<b>Net cash flows from operating activities .....</b>	<b>379,461</b>	<b>244,553</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment.....	(601,696)	(806,965)
Purchase of intangible oil and gas assets .....	(8,928)	(19,600)
Proceeds from disposal of land and buildings .....	-	68,425
Proceeds from disposal of intangible oil and gas assets .....	1,466	7,065
Acquisitions .....	-	(3,000)
Prepayment of finance leases .....	-	-
Interest received .....	422	419
<b>Net cash flows from investing activities .....</b>	<b>(608,736)</b>	<b>(753,656)</b>
<b>FINANCING ACTIVITIES</b>		
Gross proceeds from issue of shares.....	101,628	-
Share issue and debt restructuring costs paid .....	(21,152)	-
Shares purchased by Employee Benefit Trust .....	(3,059)	-
Proceeds from bank facilities .....	174,997	736,058
Repayment of bank facilities.....	(10,150)	(48,491)
Proceeds from bond issue.....	-	-
Repayment of obligations under finance leases .....	(35)	(35)

	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Interest paid .....	(83,207)	(76,120)
Other finance costs paid .....	(9,842)	(15,191)
<b>Net cash flows from financing activities</b> .....	<b>149,180</b>	<b>596,221</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(80,095)</b>	<b>87,118</b>
Net foreign exchange on cash and cash equivalents .....	(9,385)	(1,510)
Cash and cash equivalents at 1 January .....	257,540	171,932
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b> .....	<b>168,060</b>	<b>257,540</b>
Reconciliation of cash and cash equivalents.....		
Cash and cash equivalents per cashflow statement.....	168,060	257,540
Restricted cash .....	6,574	11,509
Cash and cash equivalents per balance sheet.....	174,634	269,049

## GENERAL INFORMATION

### 1. Authorisation

The issue of the Additional Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 6 October 2016.

The giving of the Notes Guarantees was duly authorised by resolutions of the Boards of Directors of each of the Guarantors each dated 10 November 2016.

### 2. Listing

Applications have been made for the Additional Notes to be admitted to the Official List of the UKLA and to be admitted to trading on the ORB of the regulated market of the LSE.

It is expected that official listing and admission to trading will be granted on or about 27 April 2017. Estimated total expenses in connection with the Issue is expected to be £25,000.

### 3. Clearing Systems

The Additional Notes will be represented by the Global Certificate. The Additional Notes will be deposited with a common depository or common safekeeper for Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system, with interests in such global securities being traded in the relevant clearing system(s). Investors may also hold interests in the Additional Notes indirectly through Euroclear UK & Ireland Limited through the issuance of CDIs.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L 1855 Luxembourg.

### 4. No Significant or Material Adverse Change

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2016.

There has been no material adverse change in the prospects of the Issuer, the Guarantors or the Group since 31 December 2016.

### 5. Litigation

Save as disclosed in "*Commitments and contingencies*" on page 134 of the 2016 Annual Report, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and/or the Guarantors are aware) during the 12 months preceding the date of this Listing Document which may have or have had in the recent past, a significant effect on the financial position or profitability of the Issuer, the Guarantors and/or the Group.

### 6. Documents Available

For the period of 12 months following the date of this Listing Document, copies of the following documents will be available, during business hours on any weekday (public holidays excepted), for inspection at the registered office of the Issuer:

- (i) the memorandum and articles of association of the Issuer and the Guarantors;
- (ii) the audited consolidated annual financial statements of the Issuer for each of the years ended 31 December 2015 and 31 December 2016, together with the audit reports prepared in connection therewith;
- (iii) a copy of this Listing Document, together with any supplement to this Listing Document;
- (iv) the Trust Deed;

- (v) the First Supplemental Trust Deed;
- (vi) the second supplemental trust deed dated 5 May 2015;
- (vii) the third supplemental trust deed dated 21 November 2016;
- (viii) the Agency Agreement;
- (ix) the creditor accession undertaking to the Subordination Agreement dated 5 November 2014;
- (x) the amendment agreement to the Subordination Agreement dated 5 November 2014; and
- (xi) the Subordination Agreement.

This Listing Document (and all the documents incorporated by reference in this Listing Document) will be published on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

## 7. Auditors

The auditors of the Issuer for each of the financial years ended 31 December 2016 and 31 December 2015 were Ernst & Young LLP, of 1 More London Place, London SE1 2AF, United Kingdom, which are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

## 8. Financial Statements

Copies of the latest annual report and the consolidated accounts of the Issuer may be obtained, and copies of the Trust Deed, the Agency Agreement and the Subordination Agreement, will be available for inspection at the specified offices of the Paying Agent during business hours on any weekday (public holidays excepted), so long as any of the Notes is outstanding. Although the Issuer publishes both consolidated and non-consolidated accounts, the non-consolidated accounts do not provide significant additional information as compared to the consolidated accounts.

The consolidated accounts of the Issuer for the years ended 31 December 2016 and 31 December 2015 contained in this document do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the Issuer for the financial year ended 31 December 2015 has been delivered to the Registrar of Companies in England and Wales and statutory accounts for the financial year ended 31 December 2016 are expected to be delivered following the Issuer's annual general meeting which is to be held on 25 May 2017. The report of the Issuer's auditors contained the following statement: "To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed".

An overview of the basis for the presentation of financial information in this Listing Document is set out below.

The financial statements included in this Listing Document comprise:

- the audited consolidated financial statements for the Issuer as at and for the year ended 31 December 2015, together with the audit report thereon, the notes thereto and the comparable financial statements as at and for the year ended 31 December 2014 (the "**2015 Financial Statements**"); and
- the audited consolidated financial statements for the Issuer as at and for the year ended 31 December 2016, together with the audit report thereon, the notes thereto and the comparable financial statements as at and for the year ended 31 December 2015 (the "**2016 Financial Statements**").

Each of the 2015 Financial Statements and the 2016 Financial Statements have been audited by Ernst & Young LLP ("**E&Y**") as independent auditors in accordance with International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board in the United Kingdom as stated in the unqualified audit reports included therein. Each of the 2015 Financial Statements and the 2016

Financial Statements have been prepared in accordance with IFRS as adopted by the European Union and applied in accordance with the Companies Act 2006.

Unless otherwise indicated, the financial information in this Listing Document has been expressed in US dollars. The Issuer prepares its consolidated financial statements in US dollars.

Any reference in this Listing Document to "**2014**", "**2015**" or "**2016**" or any other year is, unless otherwise indicated, a reference to the 12 months ended on 31 December of that year.

**9. Interests Material to the Issue**

As far as each of the Issuer and each of the Guarantors is aware, no person, other than the Issuer and the Guarantors, involved in the issuance of the Additional Notes has an interest material to the issue.

**10. Third Party Information**

Where information in this Listing Document has been sourced from third parties, this information has been accurately reproduced, and as far as each of the Issuer and the Guarantors is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

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