

ENQUEST PLC – CONSENT SOLICITATION Q&As

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the questions and answers ("**Q&As**") set out below and you are therefore required to read this disclaimer carefully before reading or making any other use of the Q&As. By accessing the Q&As, you shall be deemed to have represented to the Issuer, the Trustee and the Tabulation Agent, and any of their respective directors, officers, employees, agents and affiliates, that you are a holder or beneficial owner of the outstanding £155,000,000 5.50 per cent. Notes due 15 February 2022 (the "**Notes**") issued by EnQuest PLC (the "**Issuer**") under its £500,000,000 Euro Medium Term Note Programme.

You are otherwise reminded that the Q&As have been made available to you on the basis that you are a person into whose possession the Consent Solicitation Memorandum and the Q&As may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or resident.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice, including in respect of any tax consequences, immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 as amended (if you are in the United Kingdom) or from another appropriately authorised independent financial adviser (if you are not).

The following Q&As do not purport to be complete and are taken from, and are qualified in their entirety by, the information contained in the Consent Solicitation Memorandum.

Capitalised terms not otherwise defined in these Q&As shall have the same meaning as given to such terms in the Consent Solicitation Memorandum.

These Q&As should be read in conjunction with the relevant sections of the Consent Solicitation Memorandum. A copy of the Consent Solicitation Memorandum can be obtained from the Tabulation Agent, Lucid Issuer Services Limited, at enquest@lucid-is.com or +44 (0)20 7704 0880, for the attention of David Shilson.

A. BACKGROUND TO THE PROPOSAL

1. Which bonds are the subject of the consent solicitation?

The Issuer's outstanding fixed rate £155,000,000 5.50% Notes due 15 February 2022, issued by the Issuer under its £500,000,000 Euro Medium Term Note Programme.

2. What is the Issuer proposing under the Consent Solicitation?

The Issuer is proposing to amend the financial covenants under the terms of the Notes and the trust deed dated 24 January 2013 as amended or supplemented from time to time (the "**Trust Deed**") between the Issuer and U.S. Bank Trustees Limited (the "**Trustee**") constituting the Notes.

Specifically, it is proposing to increase the Leverage Ratio (Net Debt:EBITDA) from 3.0:1.0 to 5.0:1.0 and decrease the ratio of EBITDA to Finance Charges from 4.0:1.0 to 3.0:1.0, for the period beginning the date of execution of a supplemental deed to the Trust Deed (the "**Supplemental Trust Deed**") to and including 31 December 2016. The financial covenants in the Notes will then revert to their current levels from (and including) the Reference Date on 30 June 2017.

The Issuer is also proposing to introduce a "coupon step-up" for the same period of time if the Leverage Ratio is more than its original level of 3.0:1.0, which would increase the rate of interest payable on the Notes from 5.50% to 7.00% for a limited period of time.

The proposals (hereinafter, the "**Proposals**") are set out in more detail in the section entitled "*The Consent Solicitation*" in the Consent Solicitation Memorandum.

3. **What is a coupon step-up?**

A coupon step is an adjustment to a bond's interest rate. The Issuer is proposing an amendment to the terms and conditions of the Notes such that for a limited period of time the coupon would be linked to the Leverage Ratio. Specifically, the coupon would be increased by 1.50% if the Leverage Ratio exceeds 3.0:1.0 during a limited period from (and including) the date of the execution of the Supplemental Trust Deed to (and including) 31 December 2016. The Leverage Ratio will be tested by reference to certain test dates which fall on 30 June and 31 December in each year – these coincide with the Issuer's half-year and full-year financial periods. The Issuer has to report on its compliance with the financial covenants by delivering a certificate to the Trustee around the time it releases its half-yearly or yearly results (usually late-August and mid-April, respectively). If the Issuer certifies to the Trustee that the Leverage Ratio is in excess of 3.0:1.0 on any test date during this limited period, the coupon for the immediately next following interest period will be stepped-up (i.e. increased) from 5.50% to 7.00%. The coupon will then revert to its original level of 5.50% if the Leverage Ratio returns to below 3.0:1.0. The Issuer will also notify Noteholders via an RNS of the applicable coupon for the immediate next following interest period around the same time as it delivers the relevant compliance certificate to the Trustee.

Please refer to the section entitled "*The Consent Solicitation*" in the Consent Solicitation Memorandum for further details of the Proposals, including the coupon step-up under Proposal (b).

4. **How will Noteholders know whether the coupon step-up will apply?**

The Issuer will notify Noteholders of the applicable rate of interest for the immediate next following interest period via RNS shortly after delivery of the relevant compliance certificate by the Trustee.

5. **Will the Notes still have financial covenants if the proposal is accepted?**

Yes, the Proposal is for a temporary increase in the covenant thresholds until 31 December 2016. Financial covenants will still remain during this period but at the new proposed levels.

6. **Why is the Issuer proposing the covenant amendment now?**

The Issuer recently obtained an amendment to its financial covenants under its secured revolving credit facility (the "**RCF**"). It now wants to obtain the same changes to the covenants under the Notes to ensure consistency with equivalent covenants in the RCF. While the Issuer believes that it will be able to operate within the limits imposed by the Group's borrowing, further falls in the oil price or other adverse developments would reduce headroom and therefore, as a prudent and precautionary measure, the Issuer is seeking the amendments to provide flexibility of funding to implement its capital expenditure programme.

Please see the "*Background and Rationale for the Consent Solicitation*" section of the Consent Solicitation Memorandum for further information.

B. **VOTING INFORMATION**

1. **What are the voting thresholds?**

First, a quorum must be present at the initial Meeting to pass the Extraordinary Resolution. A quorum for the initial Meeting shall be two or more Noteholders, including

proxies or representatives, representing a clear majority of the aggregate principal amount of the Notes then outstanding.

To pass the resolution at the initial Meeting, a majority of 75% of the votes cast are required to be in favour of the Extraordinary Resolution. Please note that this is **not** 75% of all Noteholders or 75% of the total outstanding principal amount.

Details of the voting requirements are set out in the "*Procedures for Voting*" section and the Notice in the Annex of the Consent Solicitation Memorandum.

2. **How long do I have to vote?**

The deadline for voting depends on whether you will submit your vote electronically or whether you will vote in person or by proxy at the Meeting.

If you are submitting an electronic Consent Instruction to the Tabulation Agent (via a Clearing System, either directly if you are a Direct Participant or, if you are not a Direct Participant, through a Direct Participant), you must do so by the Voting Deadline, which is 10.00 a.m. on 1 May 2015. Note that if the Notes are held on your behalf, the deadlines and procedures set by the holder may be different from those outlined in the Consent Solicitation Memorandum. You should contact the institution, custodian or nominee holding Notes on your behalf as soon as possible.

A Noteholder who wishes to attend and vote at the Meeting in person must produce a valid voting certificate (or voting certificates) at least 48 hours before the Meeting, issued by the Tabulation Agent. If a Noteholder then wishes to appoint a proxy to vote on its behalf at the Meeting, it must do so at least 24 hours before the Meeting by way of a specific instrument delivered to the Paying Agent. Note that if the Notes are held on your behalf, the deadlines and procedures set by the holder may be different from those outlined in the Consent Solicitation Memorandum. You should contact the institution, custodian or nominee holding Notes on your behalf as soon as possible.

Details of the voting requirements are set out in the "*Procedures for Voting*" section and the Notice of the Initial Meeting in the Annex of the Consent Solicitation Memorandum.

3. **How do I vote?**

If you are:

- (a) a Direct Participant, you may vote by delivering a Consent Instruction with your voting intentions directly to the Tabulation Agent via and in accordance with the relevant Clearing System procedures; or
- (b) a Noteholder whose Notes are held on your behalf by a broker, dealer, commercial bank, custodian, trust company or Direct Participant, you may vote by contacting such entity sufficiently in advance of the Voting Deadline and arranging for such entity to submit the Consent Instruction to the Tabulation Agent via and in accordance with the relevant Clearing System procedures on your behalf; or
- (c) a Noteholder who wishes to attend and vote or otherwise be represented at the Meeting in person, you may vote by providing the Tabulation Agent instructions via the relevant Clearing System to issue a voting certificate or form of proxy, which must be produced to the Paying Agent at least 48 hours before the Meeting. You may then vote at the Meeting; or
- (d) a Noteholder who wishes to vote but not attend the Meeting, you may appoint a proxy to vote on your behalf.

Note that if the Notes are held on your behalf, the deadlines and procedures set by the holder may be different from those outlined in the Consent Solicitation Memorandum. You should contact the institution, custodian or nominee holding Notes on your behalf as soon as possible.

Details of the voting requirements are set out in the "*Procedures for Voting*" section and the Notice in the Annex of the Consent Solicitation Memorandum.

4. **Can I transfer my Notes after I have submitted a Consent Instruction?**

Once the Clearing System receives the instruction, the Notes will be blocked in accordance with standard practices of the relevant Clearing System. Noteholders are required to instruct the relevant Clearing System to block the Notes as part of the voting procedures.

Please see the section of the Consent Solicitation Memorandum entitled "*The Consent Solicitation*", under the heading "*Procedures for Voting*" and "*Restrictions on Transfer and Revocation*" for more details.

5. **Once I have submitted my Consent Instruction, can I change my mind?**

If you have submitted a Consent Instruction with the Tabulation Agent, you may deliver or procure delivery of instructions to revoke this by no later than the Revocation Deadline, which is 10.00 a.m. 1 May 2015. Further details on the revocation process can be found in the section of the Consent Solicitation Memorandum entitled "*The Consent Solicitation*", under the sub-heading "*Restrictions on Transfer and Revocation*".

6. **What happens if the required quorum is not obtained at the Meeting?**

The Meeting will be adjourned, but Consent Instructions will still remain valid. If the adjourned Meeting is inquorate, the Meeting will be dissolved. Details of the Meeting can be found in the Consent Solicitation Memorandum under the heading "*The Meeting*" in the section "*The Consent Solicitation*", or in the Notice in the Annex of the Consent Solicitation Memorandum.

7. **Where can I get more information?**

Documents relating to the Consent Solicitation can be obtained from the Issuer's website at www.enquest.com/investors/retail-bond.aspx.

Requests for information in relation to the Consent Solicitation should be directed to the Issuer's Financial Advisers, Evercore and Numis, at either swag.ganguly@evercore.com or +44 (0)20 7653 6199 for the attention of Swag Ganguly (in the case of Evercore); or m.dyson@numis.com or +44 (0)20 7260 1351 for the attention of Michael Dyson (in the case of Numis).

Requests for copies of the Consent Solicitation Memorandum and information in relation to the procedures for submission of a Consent Instruction should be directed to the Tabulation Agent at enquest@lucid-is.com or +44 (0)20 7704 0880, for the attention of David Shilson.

8. **How do I vote if I hold Notes through CREST?**

If you hold your Notes as a CREST Depository Interest (CDI) through CREST, you should contact the nominee promptly and instruct or make arrangements with such nominee to vote in accordance with the customary procedures of the relevant Clearing System. This is outlined in the section entitled "*Voting and Quorum*" in the Notice, which can be found at the Annex to the Consent Solicitation Memorandum.

9. **How do I vote if I am a Direct Participant?**

If you are a Direct Participant, you may deliver a Consent Instruction with your voting intentions through the relevant Clearing System to the Tabulation Agent. This must be done before the Voting Deadline.

Details of the voting requirements are set out in the "*Procedures for Voting*" section and the Notice in the Annex of the Consent Solicitation Memorandum.

10. **Where can I get a copy of the Consent Solicitation Memorandum?**

Requests for the Consent Solicitation Memorandum should be directed to the Tabulation Agent at enquest@lucid-is.com or +44 (0)20 7704 0880, for the attention of David Shilson.

11. **Do I need to do anything to ensure that a vote at the initial Meeting is valid for the adjourned Meeting?**

Any Consent Instruction received by the Tabulation Agent before the Voting Deadline (and which has not been revoked) will remain valid for the purposes of any adjourned Meeting. You are still advised, however, to contact your nominee institution, custodian or other entity which may be holding Notes on your behalf to ensure that your Consent Instruction remains valid. Note that the deadlines and procedures set by the holder may be different from those outlined in the Consent Solicitation Memorandum and accordingly you should contact the holder as soon as possible.

12. **Am I eligible to participate in the Consent Solicitation?**

If there are any doubts as to your eligibility to participate, we recommend you seek independent legal advice.

13. **What is the quorum requirement for an adjourned Meeting?**

The quorum requirement for an adjourned Meeting is two or more persons present or being proxies or representatives. There is no requirement for a certain amount of outstanding Notes to be held by the Noteholders forming the quorum. This is outlined in the Consent Solicitation Memorandum under the heading "*The Meeting*", which can be found in the section "*The Consent Solicitation*".

14. **Do I need to attend and vote in person?**

No, you can vote by delivering or procuring the delivery of a Consent Instruction with your voting intentions through the relevant Clearing System to the Tabulation Agent before the Voting Deadline. Note that if you vote in favour of the Proposals using this method you will be paid a consent fee.

Further details of the voting requirements are set out in the "*Procedures for Voting*" section and the Notice in the Annex of the Consent Solicitation Memorandum.

15. **What should I do if I am unsure how to vote?**

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice, including in respect of any tax consequences, immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 as amended (if you are in the United Kingdom) or from another appropriately authorised independent financial adviser (if you are not).

C. **FURTHER INFORMATION**

1. **What is the Leverage Ratio?**

The Leverage Ratio is a financial ratio which measures a company's annual income (measured as EBITDA) relative to its last reported net indebtedness. It is used to illustrate for how many periods a company would have to operate, at the same level of income, in order to pay off its current level of debt.

It is calculated as Net Debt divided by EBITDA, where EBITDA stands for Earnings Before Interest, Tax, Depreciation and Amortisation and measures a company's ability to produce income on its operations in a given year. It is calculated as a company's revenue less operating expenses, but not tax, interest on debt, depreciation or amortisation. Net Debt is the total of a company's third party debt obligations, less cash and cash equivalents, and is measured at a particular testing date.

The Leverage Ratio is one of the financial covenants that the Issuer is seeking to amend pursuant to the Proposals. Please see the section entitled "*The Consent Solicitation*" of the Consent Solicitation Memorandum for more information.

2. What is the EBITDA to Finance Charges ratio?

The EBITDA to Finance Charges ratio measures how many times a company's income (measured as EBITDA) is able to cover its annual interest cost. The ratio is calculated as EBITDA divided by a company's annual Finance Charges.

The EBITDA to Finance Charges ratio is one of the financial covenants that the Issuer is seeking to amend pursuant to the Proposals. Please see the section entitled "*The Consent Solicitation*" of the Consent Solicitation Memorandum for more information.

3. When are the financial covenants tested?

The financial covenants under the Notes are tested as at 30 June and 31 December in each year, in respect of the preceding 12 months. The results of the covenant tests are submitted to the Trustee in the form of a compliance certificate shortly after the Issuer reports its results for the financial half year (for the 30 June test date) or the financial year (for the 31 December test date). This usually happens around mid-April and around late-August (respectively).

4. What is a Trustee?

A trustee is a representative of bondholders and, through powers conferred on it through a trust deed, it can require the issuer to comply with the terms of the bond. The Trustee under the Notes is U.S. Bank Trustees Limited and its powers to require the Issuer to comply with the terms of the Notes are conferred on it under the Trust Deed. If the Extraordinary Resolution is approved, the Trustee will be directed by Noteholders to implement the Proposals on behalf of the Noteholders by executing the Supplemental Trust Deed.

5. Who are the other parties to the Consent Solicitation?

The Financial Advisers are Evercore Partners International LLP and Numis Securities Limited who act for and advise the Issuer on the Consent Solicitation.

The Tabulation Agent is Lucid Issuer Services Limited, who perform an administrative role in relation to the Consent Solicitation by making available information provided by the Issuer and administering the mechanical aspects of the process, for example liaising with the Clearing Systems or tabulating votes.

The relevant Clearing Systems are Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*.

The Paying Agent is Elavon Financial Services Limited, UK Branch, who pays the amounts payable to Noteholders under the Consent Solicitation (i.e. the consent fee) on behalf of the Issuer.

You can find contact details for the parties to the Consent Solicitation in the Consent Solicitation Memorandum under the "*Contact Information*" section.

6. What is a consent fee?

A consent fee is a fee offered by the Issuer to Noteholders in return for them approving an amendment to the terms of the Notes. The fee is only received by those Noteholders who vote in favour of the requested amendment. The consent fee proposed by the Issuer is 0.20 per cent of the aggregate principal amount of Notes in respect of which a Consent Instruction is validly received approving the Proposals. The consent fee will only be paid if the Proposals are approved and the Supplemental Trust Deed is duly executed and, if so, will be paid to those entitled to it no later than ten business days after the Extraordinary Resolution is approved. The consent fee is set at the same level paid to the banks under the RCF to amend the Leverage Ratio and EBITDA to Finance Charges Ratio.

Further details on the consent fee can be found in the Consent Solicitation Memorandum under the heading "*Consent Fee*" in the "*The Consent Solicitation*" section.

7. If the Extraordinary Resolution is passed, when will the amendments be implemented?

As outlined in the Notice, which is annexed to the Consent Solicitation Memorandum, the Issuer will give notice of the results of the Meeting as soon as practicable after the Meeting and, in any event within 14 days of the Meeting. The Proposals will be implemented as soon as the Supplemental Trust Deed is executed. It is expected that this will happen shortly after the relevant Meeting approving the Proposals.

8. When and where is the Meeting?

The Meeting will start at 10.00 a.m. (London time) on 5 May 2015 at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London, EC2A 2HA, United Kingdom. A notice convening the Meeting has been given to the Noteholders with the Consent Solicitation Memorandum in the Annex.

9. When will the adjourned Meeting be held?

If applicable, the adjourned meeting will be held at a date and place indicated in a notice of adjournment to be released by the Issuer shortly after adjournment of the initial Meeting.