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Proposed Acquisition of Magnus and Drilling of Two Magnus Wells Funded by a £107m Rights Issue and Proposed Exercise of Thistle Option

7 September 2018

EnQuest PLC ("**EnQuest**" or "**the Company**"), an independent oil and gas production and development company listed on the London and Stockholm stock exchanges (ENQ.L and ENQ.ST), is pleased to announce its proposal to exercise certain options relating to the Magnus field, and the Thistle and Deveron fields (the "**Magnus Transaction**" and the "**Thistle Transaction**" respectively) (together, the "**Proposed Transactions**"). The Magnus Transaction and drilling of two infill development wells in the Magnus field (the "**Magnus Infill Wells**") will be funded through a Rights Issue, raising approximately £107 million (approximately \$138 million gross proceeds), (the "**Rights Issue**").

Background

As outlined in the 24 January 2017 announcement regarding the acquisition of its initial 25% interest in the Magnus field, EnQuest retained the option (the "**Magnus Option**") to acquire from BP the remaining 75% interest in the Magnus field along with an increase in its stakes in the Sullom Voe Terminal ("**SVT**") (to 15.1%), Ninian Pipeline System (to 18.0%) and Northern Leg Gas Pipeline (to 41.9%) (together, the "**75% Interests**"). The option is exercisable at any time after 1 July 2018 until 15 January 2019.

The consideration for the exercise of the Magnus Option is \$300 million (plus or minus customary adjustments) base consideration, and the entry into a cash flow sharing arrangement whereby EnQuest

and BP share the net cash flow generated by the 75% Interests on a 50:50 basis (subject to a cap of \$1 billion received by BP). \$100 million of the base consideration, to be funded by the rights issue, will be payable in cash by EnQuest with the remainder funded as a non-recourse loan from BP and repaid out of net cash flow generated by the 75% Interests. The economic date of the Magnus Transaction is 1 January 2017 (the "Economic Date"). Therefore, on completion of the Magnus Transaction, cash flows from the 75% Interests since the Economic Date will be reclassified as accruing to EnQuest's account and reduce the base consideration and accordingly the amount of the BP vendor loan.

EnQuest successfully drilled and completed the M-62 and M-63 wells during the 2018 infill campaign. This has given the Company confidence on its ability to drill low cost wells targeting un-swept areas of the Magnus field and has significantly improved the Company's subsurface understanding of the field. As a result, the Company intends to raise an additional \$27 million to fund the development of the Canute and T10/T11 Magnus Infill Wells which will target separate areas of the field with the targets defined from both analytical and reservoir simulation studies. These wells are expected to add, in aggregate, c.5.8 MMbbls of 2P reserves and c.3,500 Bopd of production.

In January 2018, EnQuest announced that it had entered into an agreement with BP whereby it would receive \$30 million in exchange for paying BP an amount equal to 4.5% of BP's decommissioning costs of the Thistle and Deveron fields, subject to a cap of £57 million. The Company was also granted the option, exercisable up to and including 30 January 2019, to receive a further \$20 million from BP in exchange for undertaking the management of the physical decommissioning activities for Thistle and Deveron and increasing its payment obligation to 7.5% of BP's decommissioning costs, with an increased cap of £99 million (the "**Thistle Option**").

The Magnus Transaction and the Thistle Transaction are both expected to complete in the fourth quarter of 2018. Completion of the Magnus Option is subject to the satisfaction or waiver of various conditions precedent, including the approval of the transaction by the Company's shareholders by ordinary resolution and receipt of customary regulatory and third party consents. In the event that the Magnus Option does not complete, the Board will consider how best to return the net proceeds of the Rights Issue to Shareholders. The Thistle Transaction is not conditional on the Rights Issue or the Magnus Transaction and, subject to the passing without amendment of the relevant resolution at the General Meeting, it is intended that the Company will exercise the Thistle Option even if the Rights Issue and the Magnus Transaction do not proceed.

Highlights and transaction rationale

- 3 for 7 rights issue at a price of 21 pence per New Ordinary Share.
- The completion of the Magnus Option is expected to add:
 - approximately 60 MMboe of 2P reserves (equating to approximately 30% of the Company's reserve base as at 1 January 2018);
 - approximately 10 MMboe of 2C resources (equating to approximately 6% of the Company's resource base as at 1 January 2018); and
 - approximately \$500 million of additional net present value to the Company on a proven and probable reserves basis
- The Proposed Transactions complement the Company's existing strategy to be the operator of choice for maturing and underdeveloped hydrocarbon assets

- BP's confidence in EnQuest taking over the operatorship of Magnus underlines EnQuest's capabilities as an asset life extension expert
- As an existing operator of three facilities adjacent to Magnus, there is potential for the Company to benefit from economies of scale and build on efficiency programmes at SVT, increasing predictability of cost and extending facility life
- EnQuest believes that the innovative net cash flow sharing structure of the Magnus Transaction could become a template for transferring maturing assets
- EnQuest expects the Magnus Infill Wells to have a payback period within two years, with internal rates of return in excess of 100%

EnQuest CEO Amjad Bseisu said:

"The opportunity to add around \$500 million of additional net present value to the Group and an additional 60 MMboe of 2P reserves through the exercise of the Magnus option, is compelling. Our view of Magnus as a high-quality asset has been enhanced since acquiring our initial 25% interest through the successful completion of two infill wells and the application of our asset life extension expertise. We have also identified two further infill wells, both of which have very strong returns, to drill in 2019. The acquisition will provide additional cash flows to further facilitate the reduction of the Group's debt."

Summary details of the Rights Issue

3 for 7 Rights Issue of 508,321,844 New Ordinary Shares at an Issue Price of 21 pence per share

The Rights Issue is intended to raise gross proceeds of approximately £107 million (approximately \$138 million) and approximately £103 million (\$133 million) net of expenses and funds provided to the EnQuest Employee Benefit Trust ("EBT") to take up its entitlement.

The Issue Price represents an 45.6% discount to the Closing Price of 39 pence per Ordinary Share on 6 September 2018 (being the last Business Day before the announcement of the terms of the Rights Issue) and a 37% discount to the theoretical ex-rights price of 33 pence per Ordinary Share calculated by reference to the Closing Price on 6 September 2018.

Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu, and trustees of the EnQuest EBT, which together currently own 154,769,489 Ordinary Shares, representing approximately 13.0% of the issued ordinary share capital of the Company, have irrevocably undertaken to take up their entitlement to New Ordinary Shares in full.

Publication of the combined prospectus and circular

A copy of the combined Class 1 circular and prospectus dated 7 September 2018 (the "**Prospectus**"), containing further details of the acquisition and Rights Issue and containing notice convening the General meeting (to be held at 9.00 a.m. on 1 October 2018) will be sent to qualifying shareholders as soon as practicable today. The Prospectus will also available be made available on the website of EnQuest plc: <http://www.enquest.com>

Today the Company also announces its 2018 Unaudited Interim Financial Statements which are available on the website of EnQuest plc: <http://www.enquest.com/>

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Presentation to Analysts and Investors

A presentation to analysts and investors will be held at 09:30 today - London time. The presentation and Q&A will also be accessible via an audio webcast, available on the investor relations section of the EnQuest website at www.enquest.com. A conference call facility will also be available at 09:30 on the following numbers:

Conference call details:

UK: +44 (0)330 336 9126 USA: +1 929 477 0448 Confirmation Code: EnQuest

Notes to editors:

This announcement has been determined to contain inside information.

Summary information on EnQuest

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

end of June 2018, EnQuest had interests in 20 UK production licences and was the operator of 18 of these licences.

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

EnQuest is replicating its model in the UKCS by targeting previously underdeveloped assets in a small number of other maturing regions; complementing its operations and utilising its deep skills in the UK North Sea. In which context, EnQuest has interests in Malaysia where its operated assets include the PM8/Seligi Production Sharing Contract and the Tanjong Baram Risk Services Contract. As of 31 December 2017, the Company had net 2P reserves of 210 MMboe and net contingent resources of 164 MMboe. The reserve life of its assets as at 31 December 2017 was 17 years.

The Magnus field

The Magnus field is in the northernmost part of the UK North Sea and straddles Blocks 211/12a and 211/7a, both governed by UK Licence P193. The Blocks were originally awarded to BP in the 4th Offshore Licencing Round in 1972 and their Development Phase commenced in 1978. The term was originally for 40 years and expired on 16 March 2018 but a Deed of Amendment has been executed by the UK Oil and Gas Authority (OGA) on 12 March 2018 to allow the term of the License to be extended and for production from the field to continue.

EnQuest is currently operator with a 25% working interest, the remainder being held by BP.

EnQuest current trading and future prospects

On 7 September 2018, the Company released its 2018 Unaudited Interim Financial Statements.

- The Company generated business performance revenue of \$548.3 million (2017: \$294.8 million) and EBITDA of \$311.9 million (2017: \$151.0 million) for the six-month period ended 30 June 2018. This increase in revenue and EBITDA was driven by higher production volumes and market prices, partially offset by the impact of hedging. The Company's unit cash operating costs were \$22.6/bbl (2017: \$24.9/bbl),
- The Company's average daily production on a working interest basis was up 45.9%, averaging 53,990 Boepd in the six months to end June 2018; full year 2018 guidance of 50,000 Boepd to 58,000 remains unchanged

Background to and reasons for the Proposed Transactions

The Board believes that the Proposed Transactions complement the Company's existing strategy to be the operator of choice for maturing and underdeveloped hydrocarbon assets. In the UK, this is aligned with the UK Government's Maximising Economic Recovery strategy. The Group has confidence in its demonstrable ability to maximise value from late life assets with significant remaining resource potential.

The key benefits of the Magnus Transaction are:

- EnQuest will add 2P reserves equivalent to almost 30% of its 2P reserves as at 1 January 2018, material growth potential and over \$500 million of additional net present value to the Company on a proven and probable reserves basis
- Through operatorship and holding a significant equity interest, EnQuest is better able to shape the development plan of an asset and therefore has a significant degree of control over the timing and magnitude of capital expenditures at that asset which contributes to the Company's effort to deliver sustainable growth
- EnQuest has gained valuable experience as the operator of Magnus since acquiring the 25% Interests in December 2017, which makes it well placed to develop the asset further by building on existing operating efficiencies
- Magnus is a good quality reservoir with large volumes in place, providing opportunities for infill drilling and the revitalisation of wells. The Board believes that BP's confidence in EnQuest taking over the operatorship of Magnus underlines EnQuest's capabilities as an asset life extension expert.
- EnQuest has a track record of successful integration of acquisition assets, such as Magnus and the GKA fields in the UK and its PM8/Seligi and Tanjong Baram assets in Malaysia
- As an existing operator of three facilities adjacent to Magnus, there is potential for the Company to benefit from economies of scale and build on efficiency programmes at SVT, increasing predictability of cost and extending facility life
- The Board also believes that the innovative transaction net cash flow sharing structure of the Magnus Transaction can become a template for transferring maturing assets

The key benefits of the Thistle Transaction are:

- The Thistle Transaction aligns the interests of the parties involved in the production and decommissioning phases at the Thistle and Deveron fields, reflecting the industrial logic for the operator to undertake the decommissioning of these assets
- As per the Company's announcement on 31 January 2018, EnQuest's current estimate of its exposure to decommissioning costs is lower than the \$20 million cash being received which the Board believes makes the Thistle Transaction an attractive financial prospect for the Company

Details of the Rights Issue

The Company is proposing, subject to certain conditions, to issue in aggregate 508,321,844 New Ordinary Shares through the Rights Issue, raising gross proceeds of approximately £107 million (approximately \$138 million).

- Upon completion of the Rights Issue, the New Ordinary Shares will represent approximately 30% of the Enlarged Issued Share Capital and the Existing Ordinary Shares will represent approximately 70% of the Enlarged Issued Share Capital
- The Rights Issue is an opportunity for Qualifying Shareholders to apply for, in aggregate, 508,321,844 New Ordinary Shares pro rata to their current holdings at the Issue Price of 21 pence per New Ordinary Share, payable in full on acceptance by no later than 11.00 a.m. on 19 October 2018
- The Issue Price represents an 45.6% discount to the Closing Price of 39 pence per Ordinary Share on 6 September 2018 (being the last Business Day before the announcement of the terms

of the Rights Issue) and a 37% discount to the theoretical ex-rights price of 33 pence per Ordinary Share calculated by reference to the Closing Price on 6 September 2018

- A reference Swedish Krona Issue Price is expected to be announced on 25 September 2018

The Company has agreed to customary lock-up arrangements covering the six-month period following the settlement of the Rights Issue.

The preceding summary should be read in conjunction with the full text of this announcement and its appendices, together with the Prospectus which is expected to be published later today.

Irrevocable undertakings

Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu, currently owns 103,141,033 Ordinary Shares, representing approximately 8.7% of the issued ordinary share capital of the Company, and has irrevocably undertaken to take up its entitlement to New Ordinary Shares in full. Double A Limited has also agreed to vote in favour of the Resolutions.

The trustees of the EnQuest Employee Benefit Trust (EBT), which currently owns 51,628,456 Ordinary Shares, representing approximately 4.4% of the issued ordinary share capital of the Company, have irrevocably undertaken to take up in full its entitlement under the Rights Issue in respect of the Unallocated Shares held in the EnQuest EBT, subject to and to the extent that the Company and/or another member of the Group provides the Trustees with sufficient funds to do so. The Trustees have also agreed to vote and/or procure the vote of all of its holdings of Unallocated Shares in favour of the Resolutions in accordance with the terms of the EBT Deed.

Expected timetable of principal events (All UK time unless otherwise noted)

Latest time and date for transfers of Ordinary Shares between CREST and the VPC system prior to the Record Date	6.00 p.m. on 24 September 2018
Announcement of the Swedish Krona Issue Price	7.00 a.m. on 25 September 2018
Ex entitlement date for the Swedish Rights Issue	25 September 2018
Record Date for entitlements under the Rights Issue	6.00 p.m. on 26 September 2018
Latest time and date for receipt of General Meeting Forms of Proxy or submission of proxy votes electronically	9 a.m. on 27 September 2018

General Meeting

9.00 a.m. on 1 October 2018

Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders only)	1 October 2018 ^[1]
LSE Admission of the New Ordinary Shares, nil paid and admission of the Swedish Subscription Rights on NASDAQ Stockholm	8.00 a.m. on 2 October 2018

^[1] As soon as possible following the General Meeting.

Dealings in New Ordinary Shares, nil paid, commence on the London Stock Exchange and dealings in the Swedish Subscription Rights commence on NASDAQ Stockholm **8.00 a.m. on 2 October 2018**

Ordinary Shares marked "ex-rights" by the London Stock Exchange 8.00 a.m. on 2 October 2018

Nil Paid Rights credited to stock accounts in CREST (Qualifying CREST Shareholders only) 8.00 a.m. on 2 October 2018

Nil Paid Rights and Fully Paid Rights enabled in CREST as soon as practicable after 8.00 a.m. on 2 October 2018

Subscription rights, as set out in the Pre-Printed Issue Account Statements, are credited to the VP Accounts of Qualifying Swedish Directly Registered Shareholders and, pursuant to the procedures of the relevant nominee, to the nominee accounts of Qualifying Swedish Nominee Registered Shareholders as soon as practicable after 9.00 a.m. on 2 October 2018

Recommended latest time and date for requesting withdrawal of Nil Paid Rights or Fully Paid Rights from CREST 4.30 p.m. on 15 October 2018

Subscription period of Swedish Rights Issue ends **16 October 2018**

Recommended latest time and date for depositing renounced Provisional Allotment Letters, nil paid or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account 3.00 p.m. on 16 October 2018

Latest time and date for splitting Provisional Allotment Letters, nil paid or fully paid 3.00 p.m. on 17 October 2018

Latest time and date for acceptance, payment in full and registration of renounced Provisional Allotment Letters **11.00 a.m. on 19 October 2018**

Results of Rights Issue to be announced by 8.00 a.m. on 22 October 2018

Dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange and New Ordinary Shares credited to CREST stock accounts (uncertificated holders only) 8.00 a.m. on 22 October 2018

Expected date of despatch of definitive share certificates for New Ordinary Shares in certificated form on or around 30 October 2018

Stockholm Admission on or around 31 October 2018

Dealings in New Ordinary Shares, fully paid, commence (for normal settlement) on NASDAQ Stockholm and New Ordinary Shares credited to VP Accounts of subscribers and, where applicable their nominees on or around 31 October 2018

Expected date of completion of Thistle Transaction Q4 2018

Recommendation

The Board considers the Magnus Transaction, the Thistle Transaction and the Rights Issue to be in the best interests of the Company and its Shareholders as a whole. The Directors currently intend to vote in favour of the Resolutions to be proposed at the General Meeting in respect of their own beneficial holdings of Ordinary Shares amounting to 104,859,452 Ordinary Shares and 8.8% of the total number of votes available to be cast at the General Meeting. Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu, has irrevocably undertaken to vote in favour of the Resolutions in respect of its Ordinary Shares amounting to 103,258,316 Ordinary Shares and 8.7% of the total number of votes available to be cast at the General Meeting. Accordingly, the Board unanimously recommends shareholders to vote in favour of the Resolutions to be proposed at the General Meeting.

IMPORTANT NOTICE

This announcement has been issued by and is the sole responsibility of EnQuest. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may or should be placed by any person for any purpose whatsoever on the information contained in this announcement or on its accuracy or completeness. The information in this announcement is subject to change.

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The Prospectus is not, subject to certain exceptions, available (through the website or otherwise) to Shareholders and prospective investors in the United States, Australia, Canada, Japan and the Republic of South Africa (each an "Excluded Territory"). Neither the content of EnQuest's website nor any website accessible by hyperlinks on EnQuest's website is incorporated in, or forms part of, this announcement. The Prospectus will provide further details of the securities referred to in this announcement that are being offered pursuant to the Rights Issue.

This announcement does not contain or constitute an offer to sell or the solicitation of an offer to purchase securities to any person with a registered address in, or who is resident in, any Excluded Territory or in any jurisdiction in which such an offer or solicitation is unlawful. None of the securities referred to in the announcement have been or will be registered under the relevant laws of any state, province or territory in any Excluded Territory. Subject to certain limited exceptions, none of these materials will be released, published, distributed or forwarded in or into any Excluded Territory.

This announcement does not contain or constitute an offer for sale or the solicitation of an offer to purchase securities in the United States. The securities referred to in this announcement have not been and will not

be registered under the Securities Act of 1933, as amended (the "Securities Act") or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from or in a transaction not subject to the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of securities in the United States.

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This announcement has been prepared in accordance with English law, the EU Market Abuse Regulation and the Disclosure Guidance Rules and Transparency Rules of the Financial Conduct Authority and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

The distribution of this announcement into jurisdictions other than the United Kingdom may be restricted by law, and, therefore, persons into whose possession this announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdiction. In particular, subject to certain exceptions, this announcement, the Prospectus (once published) and the Provisional Allotment Letters should not be distributed, forwarded to or transmitted in or into the United States or any other Excluded Territory.

Recipients of this announcement and/ or the Prospectus should conduct their own investigation, evaluation and analysis of the business, data and property described in this announcement and/or if and when published the Prospectus. This announcement does not constitute a recommendation concerning any investor's options with respect to the Rights Issue. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. The contents of this announcement are not to be construed as legal, business, financial or tax advice. Each investor or prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

Notice to all investors

J.P. Morgan Securities plc (which conducts its investment banking activities in the United Kingdom as J.P. Morgan Cazenove, "J.P. Morgan Cazenove"), which is authorised by the Prudential Regulatory Authority ("PRA") and regulated in the UK by the Financial Conduct Authority ("FCA") and the PRA, is acting exclusively for the Company and no one else in connection with the contents of this announcement, the Rights Issue, the Proposed Transactions, Admission or any other matters referred to in this announcement and will not regard any other person (whether or not a recipient of this announcement) as a client in relation to the Rights Issue, the Proposed Transactions, Admission or any other matters referred to in this announcement and will not be responsible for providing the protections afforded to its clients nor for giving advice in relation to the contents of this announcement, the Rights Issue, the Proposed Transactions, Admission or any other matter or arrangement referred to in this announcement.

Merrill Lynch International ("BofA Merrill Lynch"), which is authorised by the PRA and regulated in the UK by the FCA and the PRA, is acting exclusively for the Company and no one else in connection with the contents of this announcement, the Rights Issue, Admission or any other matters referred to in this announcement and will not regard any other person (whether or not a recipient of this announcement) as its respective clients in relation to the Rights Issue, Admission or any other matters referred to in this announcement and will not be responsible for providing the protections afforded to its respective clients nor for giving advice in relation to the contents of this announcement, the Rights Issue, Admission or any other matter or arrangement referred to in this announcement.

Save for the sponsor's responsibilities of J.P. Morgan Cazenove under the FSMA, none of BofA Merrill Lynch, J.P. Morgan Cazenove or any of their respective affiliates assumes any responsibility for the accuracy, completeness or verification, or concerning any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Rights Issue. No representation or warranty, express or implied, is made by BofA Merrill Lynch, J.P. Morgan Cazenove or any of their respective affiliates as to the accuracy, completeness or verification of the information set forth in this announcement and nothing contained in this announcement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Each of BofA Merrill Lynch, J.P. Morgan Cazenove and their respective affiliates accordingly disclaims to the fullest extent permitted by applicable law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to herein) which they might otherwise have in respect of this announcement or any such statement.

No person has been authorised to give any information or to make any representations other than those contained in this announcement and the Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by EnQuest or J.P. Morgan Cazenove or BofA Merrill Lynch. Subject to the Listing Rules, the Prospectus Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the issue of this announcement shall not, in any circumstances, create any implication that there has been no change in the affairs of EnQuest since the date of this announcement or that the information in it is correct as at any subsequent date.

J.P. Morgan Cazenove and BofA Merrill Lynch and their respective affiliates, acting as investors for their own accounts, may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the New Ordinary Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise. Accordingly, references in the Prospectus to the New Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, J.P. Morgan Cazenove and BofA Merrill Lynch and any of their respective affiliates acting as investors for their own accounts. Except as required by applicable law or regulation, J.P. Morgan Cazenove and BofA Merrill Lynch do not propose to make any public disclosure in relation to such transactions.

The Joint Bookrunners and their respective affiliates have from time to time engaged in, and may in future engage in, various commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with the Company. They have received and will receive customary fees and commissions for these transactions and services. In addition, an affiliate of BofA Merrill Lynch and an affiliate of J.P. Morgan Cazenove are SFA Lenders (as defined herein) and each such affiliate may have performed its own credit analysis on the Company. The Company does not intend to use proceeds from the Rights Issue to repay bank debt.

Cautionary statement regarding forward-looking statements

This announcement may contain certain forward-looking statements, beliefs or opinions, with respect to the financial condition, results of operations and business of EnQuest and the Group.

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". The words "believe," "estimate," "target," "anticipate," "expect," "could," "would," "intend," "aim," "plan," "predict," "continue," "assume," "positioned," "may," "will," "should," "shall," "risk" their negatives and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. An investor should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company's or the Group's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions investors that forward-looking statements are not guarantees of future performance and that its actual results of operations and financial condition, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained in this announcement and/or information incorporated by reference into this announcement. In addition, even if the Company's or the Group's results of operation, financial position and growth, and the development of the markets and the industry in which the Group operates, are consistent with the forward-looking statements contained in this announcement, these results or developments may not be indicative of results or developments in subsequent periods. The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue.

Past performance of the Company cannot be relied on as a guide to future performance. As a result, you are cautioned not to place undue reliance on such forward-looking statements. A variety of factors may cause the Company's or the Group's actual results to differ materially from the forward-looking statements contained in this announcement. Forward-looking statements speak only as of their date and the Company, its parent and subsidiary undertakings, the subsidiary undertakings of such parent undertakings, J.P. Morgan Cazenove and BofA Merrill Lynch and any of such persons' respective directors, officers, employees, agents, affiliates or advisers expressly disclaim any obligation to supplement, amend, update or revise any of the forward-looking statements made herein, except where it would be required to do so under applicable law.

You are advised to read this announcement and the Prospectus (once published) in its entirety for a further discussion of the factors that could affect EnQuest's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per share of EnQuest for the current or future financial years would necessarily match or exceed the historical published earnings per share of EnQuest.

APPENDIX–DEFINITIONS

“75 % Interests”	the remaining 75% of the interests which BPEOC held in the Magnus Assets immediately prior to completion of the Magnus SPA;
“Admission”	LSE Admission, Stockholm Rights Admission and Stockholm Admission;
“Announcement”	this announcement made by the Company on 7 September 2018 in relation to the Rights Issue;
“BofA Merrill Lynch”	Merrill Lynch International;
“BPCO”	BP Exploration Company Limited;
“BPEOC”	BP Exploration Operating Company Limited;
“Business Day ”	a day on which each of the London Stock Exchange and the Stockholm Stock Exchange is open for the transaction of business;
“Canada”	Canada, its provinces and territories and all areas under its jurisdiction and political subdivisions thereof;
“certificated” or “ In certificated form”	a share or other security which is not in uncertificated form (that is, not in CREST);
“Closing Price”	the closing, middle market quotation of an Ordinary Share relevant share on any particular day as published in the Daily Official List;
“Company”	the public limited company named EnQuest PLC with company number 07140891 and with registered office address at 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR;
“CREST”	the UK based system for the paperless settlement of trades in listed securities, of which Euroclear UK & Ireland is the operator;
“Daily Official List”	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange;
“Directors”	the directors of the Company
“EBITDA”	EBITDA is calculated on a business performance basis, and is calculated by taking profit/loss from operations before tax and finance income/(costs) and adding back depletion, depreciation, foreign exchange movements and the realized gains/loss on foreign currency derivatives related to capital expenditure;
“EBT”	the EnQuest PLC Employees’ Benefit Trust;
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, the operator of CREST;
“Excluded Territories”	Australia, Canada, Japan, the Republic of South Africa and any other jurisdiction where the extension or

	availability of the Rights Issue (and any other transaction contemplated thereby) would breach applicable law;
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of this document;
“FCA”	the UK Financial Conduct Authority;
“FSMA”	the UK Financial Services and Markets Act 2000 (as amended);
“Fully Paid Rights”	rights to subscribe for the New Ordinary Shares, fully paid;
“General Meeting”	the general meeting of the Company to be held at Ashurst LLP, Broadwalk House, 5 Appold Street, London, EC2A 2AG on 1 October 2018 at 9.00 a.m.;
“Group”	the Company and its subsidiaries and subsidiary undertakings from time to time
“IFRS as adopted by the EU”	International Financial Reporting Standards as adopted by the European Union
“Issue Price”	21 pence per New Ordinary Share;
“Joint Bookrunners”	BofA Merrill Lynch and J.P. Morgan Cazenove;
“J.P. Morgan Cazenove”	J.P. Morgan Securities plc;
“Listing Rules”	the listing rules of the FCA made under Part VI of the FSMA;
“London Stock Exchange”	London Stock Exchange plc;
“LSE Admission”	admission of the New Ordinary Shares (nil paid) to the premium listing segment of the Official List in accordance with the Listing Rules and admission to trading of the New Ordinary Shares (nil paid) on the main market of the London Stock Exchange becoming effective in accordance with the Admission and Disclosure Standards, as the context may require;
“Magnus Call Option Deed”	the call option deed entered into by BPEOC and SPV on 24 January 2017;
“Magnus Option”	the call option granted by BPEOC to SPV under the Magnus Call Option Deed pursuant to which SPV has the option to require BPEOC to sell to SPV, and for SPV to purchase, the 75% ;
“Magnus SPA”	the sale and purchase agreement dated 24 January 2017 between SPV and BPEOC, pursuant to which SPV acquired the 25% Interests;
“Magnus Transaction”	the exercise of the Magnus Option by SPV and the acquisition of the 75% Interests;
“NASDAQ Stockholm”	NASDAQ Stockholm AB’s main market;

“New Ordinary Shares”	the new Ordinary Shares to be issued by the Company pursuant to the Rights Issue;
“Nil Paid Rights”	New Ordinary Shares in nil paid form provisionally allotted to Qualifying Shareholders pursuant to the Rights Issue;
“Notice of General Meeting”	the notice of General Meeting which will be included in the Prospectus;
“Official List”	the Official List maintained by the FCA;
“Ordinary Shares”	the ordinary shares of 5 pence each in the capital of the Company;
“PRA”	the UK Prudential Regulation Authority;
“Pre-Printed Issue Account Statement”	the personalised pre-printed issue account statement being sent to Qualifying Swedish Directly Registered Shareholders for use in connection with the Swedish Rights Issue;
“Pre-Printed Payment Notices”	the personalised payment notice attached to the Pre-Printed Issue Account Statement being sent to Qualifying Swedish Directly Registered Shareholders for use in connection with the Swedish Rights Issue;
“Proposed Transactions”	the Magnus Transaction and the Thistle Transaction;
“Prospectus Directive”	EU Prospectus Directive (2003/71/EC), as amended, and includes any relevant implementing measure in each relevant member state;
“Prospectus Rules”	the Prospectus Rules of the FCA made under Part VI of the FSMA;
“Provisional Allotment Letter”	the personalised Provisional Allotment Letter being sent to Qualifying Non CREST Shareholders (other than certain Overseas Shareholders) for use in connection with the Rights Issue;
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company at the close of business on the Record Date are in uncertificated form other than Qualifying Swedish Shareholders;
“Qualifying Non CREST Shareholders”	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company at the close of business on the Record Date are in certificated form other than Qualifying Swedish Shareholders;
“Shareholders”	members of the Company at the close of business on the Record Date are in certificated form other than Qualifying Swedish Shareholders;
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at 6.00 p.m. on the Record Date;

“Qualifying Swedish Directly”	holders of Existing Ordinary Shares listed on NASDAQ Stockholm in
“Registered Shareholders”	VP Accounts in their own name at the close of business on the Record Date;
“Qualifying Swedish Nominee”	holders of Existing Ordinary Shares registered in the VPC system held
“Registered Shareholders”	with a bank or other nominee at the close of business on the Record Date;
“Record Date”	the close of business on 26 September 2018, or such other record date as is announced by the Company;
“Regulation S”	Regulation S under the US Securities Act;
“Regulatory Information Service”	a regulatory information service that is approved by the FCA and that is on the list of regulatory information service providers maintained by the FCA;
“Resolutions”	the resolutions to be proposed at the General Meeting (and set out in the Notice of General Meeting);
“SFA”	the senior secured term and revolving credit facility dated 6 March 2012, as amended, restated or otherwise modified or varied from time to time including on 17 November 2017, entered into by, among others, EnQuest, as borrower, BNP Paribas, as facility agent, and certain lenders party thereto;
“SPV”	EnQuest NNS Limited;
“Stockholm Admission”	admission of the New Ordinary Shares to trading on NASDAQ Stockholm;
“Stockholm Rights Admission”	admission of the Swedish Subscription Rights to trading on NASDAQ Stockholm;
“Sullom Voe Terminal” or “SVT”	the oil terminal located in the Shetland Islands that receives oil from the Brent and Ninian pipeline systems;
“Swedish Application Form”	the personalised application form attached to the Pre-Printed Issue Account Statement being sent to Qualifying Swedish Directly Registered Shareholders for use in connection with the Swedish Rights Issue;
“Swedish Krona Issue Price”	The Issue Price converted into SEK at the prevailing rate as at 6.00 p.m. on 24 September 2018, such rate and price to be announced on 25 September 2018;
“Swedish Rights Issue”	the offer to Qualifying Swedish Shareholders constituting an invitation to apply for the New Ordinary Shares on the terms and subject to the conditions set out in this document, and in the case of Qualifying Swedish Directly Registered Shareholders, the Pre-Printed Issue Account Statement and the Swedish Application Form;

“the Swedish Subscription Rights”	the right to subscribe for New Ordinary Shares in the Swedish Rights Issue pursuant to the terms and conditions of the Swedish Rights Issue;
“Thistle Transaction”	the exercise of the Thistle Option by SPY;
“UKCS”	United Kingdom Continental Shelf;
“Unallocated Shares”	the 51,628,456 unallocated Ordinary Shares held in the EnQuest EBT;
“VP Account”	an account in the VPC System; and
“VPC System”	the accounts based system for clearing and settlement of securities maintained by Euroclear Sweden AB.