

European Transparency Directive Disclosure 2016 (Unaudited)

The Reports on Payments to Governments Regulations (UK Regulations) came into force on 1 December 2014 and require UK companies in the extractive sector to publicly disclose payments made to governments in countries where they undertake extractive operations. The regulations implement Chapter 10 of EU Accounting Directive (2013/34/EU).

The payments disclosed, which are on a cash basis, are based on where the obligation for the payment arose (ie at a project or corporate level). However, where a payment or a series of related payments do not exceed £86,000, they are disclosed at a corporate level, in accordance with the UK Regulations.

All of the payments disclosed in accordance with the Directive have been made to national governments, either directly or through a Ministry or Department of the national government, with the exception of the Malaysian payments in respect of production entitlements, supplementary payments, royalties and education commitment payments which are paid to PETRONAS (Petroleum Nasional Berhad, the National Oil Company of Malaysia).

By Licence										
Project/entity name	Licence	Production entitlements		Taxes	Royalties	Licence Fees	Education commitment payment	Research CESS	Supplementary payments	TOTAL
		bbls (000)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Kraken & Kraken North	P1077	-	-	-	-	638	-	-	-	638
Alma & Galia	P1765 & P1825	-	-	-	-	456	-	-	-	456
Heather & Broom	P242 & P902	-	-	-	-	367	-	-	-	367
Greater Kittiwake Area	P351, P73 & P238	-	-	-	-	320	-	-	-	320
Dons (including Ythan & Conrie)	P236, P2145, P1200 & P2137	-	-	-	-	313	-	-	-	313
Scolty & Crathes	P1107 & P1617	-	-	-	-	329	-	-	-	329
Kildrummy	P585	-	-	-	-	131	-	-	-	131
Corporate		-	-	(2,365)	-	464	-	-	-	(1,901)
Total United Kingdom		-	-	(2,365)	-	3,018	-	-	-	653
PM8	PM8 Extension PSC	866	36,297	-	488	-	-	411	2,065	39,261
Tanjong Baram	Tanjong Baram RSC	-	-	-	-	-	100	-	-	100
Corporate		-	-	10,840	-	-	-	-	-	10,840
Total Malaysia		866	36,297	10,840	488	-	100	411	2,065	50,201
Corporate		-	-	(582)	-	-	-	-	-	(582)
Total Norway		-	-	(582)	-	-	-	-	-	(582)
Total Group		866	36,297	7,893	488	3,018	100	411	2,065	50,272

By Government									
Government	Production entitlements		Taxes	Royalties	Licence Fees	Education commitment payment	Research CESS	Supplementary payments	TOTAL
	bbls (000)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
HM Revenue and Customs	-	-	(2,365)	-	-	-	-	-	(2,365)
Department of Energy and Climate Change	-	-	-	-	3,018	-	-	-	3,018
Total United Kingdom	-	-	(2,365)	-	3,018	-	-	-	653
PETRONAS	866	36,297	-	488	-	100	411	2,065	39,361
Malaysian Inland Revenue Board	-	-	10,840	-	-	-	-	-	10,840
Total Malaysia	866	36,297	10,840	488	-	100	411	2,065	50,201
Skatteetaten	-	-	(582)	-	-	-	-	-	(582)
Total Norway	-	-	(582)	-	-	-	-	-	(582)
Total Group	866	36,297	7,893	488	3,018	100	411	2,065	50,272

Production entitlements expressed in barrels

This includes non-cash royalties and amounts paid in barrels of oil or gas out of EnQuest's working interest share of production in a licence. The figures disclosed are produced on an entitlement basis rather than a liftings basis and are valued at the actual price used to determine entitlement. They do not include the Government's or National Oil Company's working interest share of production in a licence.

Taxes

This represents cash tax calculated on the basis of profits including income or capital gains. Income taxes are usually reflected in corporate income tax returns. The cash payment of income taxes occurs in the year in which the tax has arisen or up to one year later. Income taxes also include any cash tax rebates received from the government or revenue authority during the year and excludes fines and penalties. In the UK, taxes also include Petroleum Revenue Tax.

Royalties

This represents cash royalties paid to governments during the year for the extraction of oil or gas. The terms of the royalties are described within our host government contracts and can vary from project to project within one country. Royalties paid in kind have been recognised within the production entitlements category.

Licence fees

This represents total, rather than working interest share of, licence fees, rental fees, entry fees and other consideration for licences and/or concessions paid for access to an area during the year (with the exception of signature bonuses which are captured within bonus payments).

Education commitment payment

This represents the annual education contribution paid to Petronas pursuant to the Tanjung Baram Risk Service Contract.

Supplementary payments

Supplementary payments are required under the PM8 Production Sharing Contract and are based on EnQuest's entitlement to profit oil and profit gas. These payments are made to Petronas.

Research CESS

Research CESS payments are contractual amounts due under the PM8 Production Sharing Contract, and are based on EnQuest's entitlement to production. These payments are made to Petronas.

Bonus payments and dividends

There were no bonus or dividend payments during the year.