



# EnQuest Golden Eagle acquisition





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A proven asset

An attractive acquisition





# An attractive acquisition in the UK North Sea

## Acquisition overview

- Acquiring 26.69% non-operated equity interest in the Golden Eagle area
- Economic effective date 1 January 2021
- Initial consideration is \$325 million
- Contingent consideration payable in H2 2023 of up to \$50 million  
Dependent on average oil price between July 2021 and June 2023
- Financed through combination of a new secured debt facility, interim period post-tax cash flows, an equity raise and existing cash flows
- Shareholder approval required
- Completion expected end September 2021, subject to satisfaction or waiver of various conditions precedent

## Transaction benefits

- Acquisition and associated refinancing structured in c.\$50/bbl oil environment
- Immediate incremental production of c.10 kboepd<sup>1</sup> from low-cost fields with low near-term capital commitments
- c.19 MMboe of net 2P reserves and c.4 MMboe of net 2C resources<sup>1</sup>
- c.\$170 million NPV(10)<sup>1</sup> from accelerating use of EnQuest's tax losses
  - 20% increase in price adds >\$150 NPV(10)<sup>1,2</sup>
- Significant long-term potential; anticipated field life extending into the early 2030's<sup>1</sup>
- Diversifies existing UK North Sea production base
- Low CO2e intensity - 2019: 11.5kg/Boe<sup>3</sup>

<sup>1</sup> Per GCA CPR estimates and oil price assumptions of: 2021: \$51/bbl, 2022: \$54/bbl, 2023: \$57/bbl, 2024+: \$60/bbl

<sup>2</sup> Excludes impact of contingent consideration

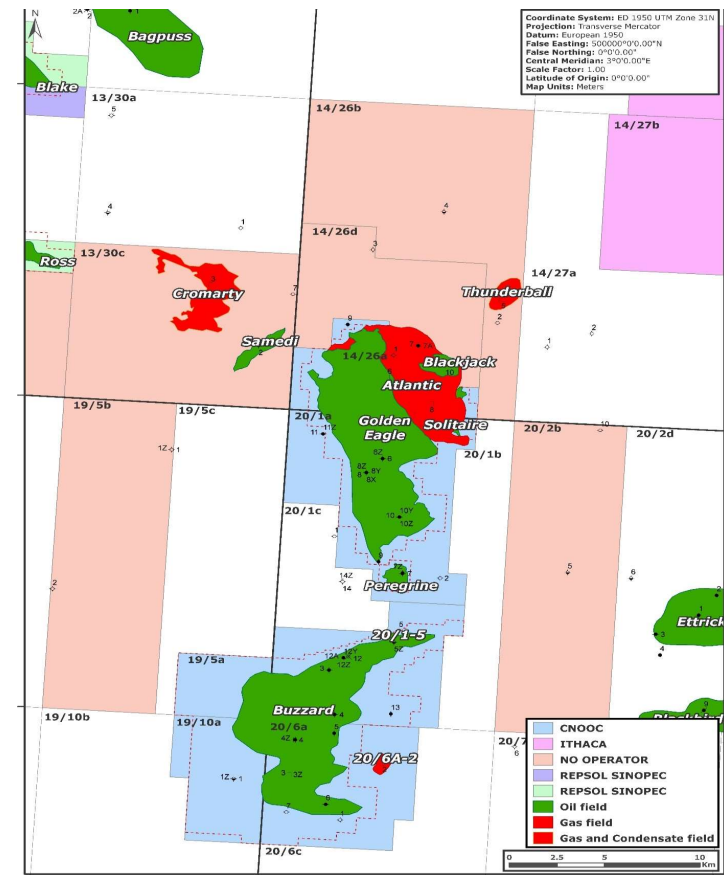
<sup>3</sup> Suncor actuals

## Mid-life asset with a well understood subsurface

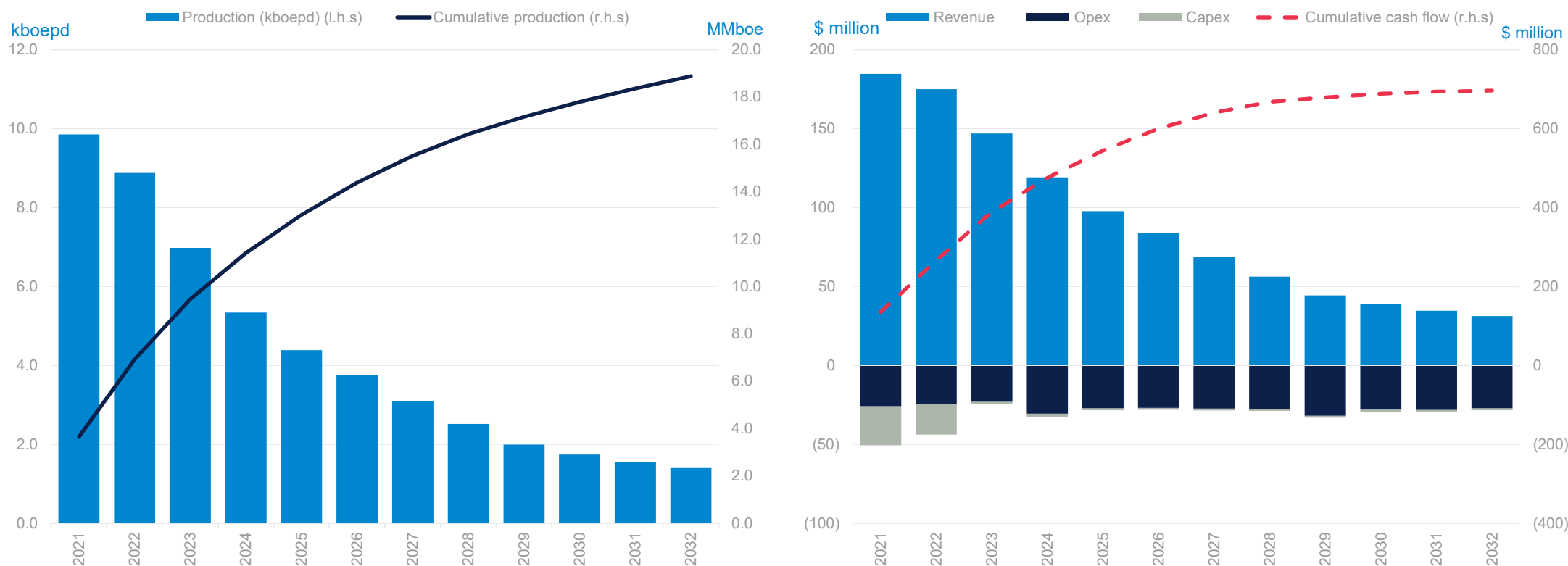
### Golden Eagle Area Development comprises three fields; Golden Eagle, Solitaire and Peregrine

- Gas lifted production with reservoir pressure support through water injection via platform and subsea wells
- Golden Eagle Area: 18 wells
  - 15 wells at Golden Eagle, 2 Peregrine producer wells and 1 Solitaire producer well
  - 4 well infill campaign completed in 2021; Delivered below budget
- Base production remains strong with high uptime; infill well production ahead of expectations<sup>1</sup> excluding the impact of the successfully completed planned shutdown
- c.19 MMboe 2P reserves expected to be produced from well stock post current infill campaign
- Sweet, low-acid, light-oil (36° API) from two prolific reservoirs: Punt and Burns
- Excellent database available acquired through 4D surveys and extensive E&A and development campaigns

<sup>1</sup> EnQuest estimates



# Net production and pre-tax cash flow profile<sup>1</sup>



<sup>1</sup> Per GCA CPR estimates based on Proved + Probable case and oil price assumptions of: 2021: \$51/bbl, 2022: \$54/bbl, 2023: \$57/bbl, 2024+: \$60/bbl



## A transformed company, enhanced by Golden Eagle acquisition

### Production focused on the lowest cost assets

- Core assets of Magnus, Kraken, GKA and Scolty/Crathes and PM8/Seligi
- Golden Eagle expected to add c.10kboed at completion

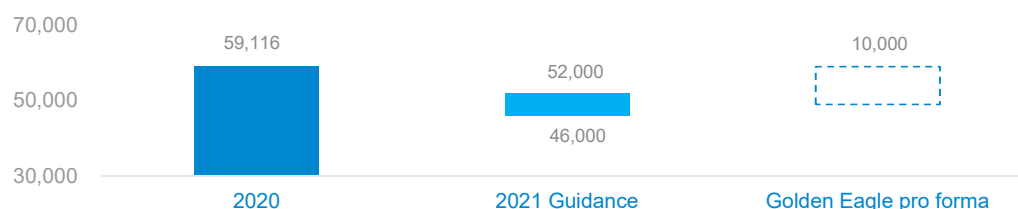
### Group unit opex c.\$15/Boe

- 2021 Golden Eagle unit opex expected at c.\$7/Boe<sup>1</sup>

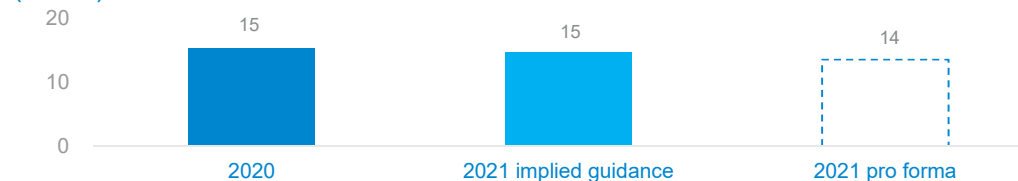
### Material reserves and resources

- Existing 2P reserves of 189 MMboe; Golden Eagle expected to add c.10%
- Existing 2C resources up 61% to 279 MMboe: Bressay (c.115 MMboe) Magnus and Kraken (c.35 MMboe each) and Malaysia (c.87 MMboe)

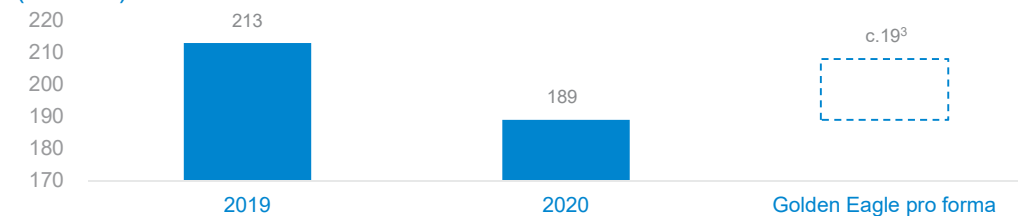
#### Net production<sup>2</sup> (Boepd)



#### Unit opex (\$/Boe)



#### 2P reserves (MMboe)



<sup>1</sup> Per GCA CPR estimates and oil price assumptions of: 2021: \$51/bbl, 2022: \$54/bbl, 2023: \$57/bbl, 2024+: \$60/bbl

<sup>2</sup> Net working interest

<sup>3</sup> At 1 January 2021



## A simplified capital structure

# Acquisition financing



## Acquisition financing

### Acquisition financing arrangements

- Agreed a new RBL facility
- Interim period post-tax cash flows from 1 January 2021
- \$50 million equity raise through a Firm Placing and Open Offer
- Existing cash

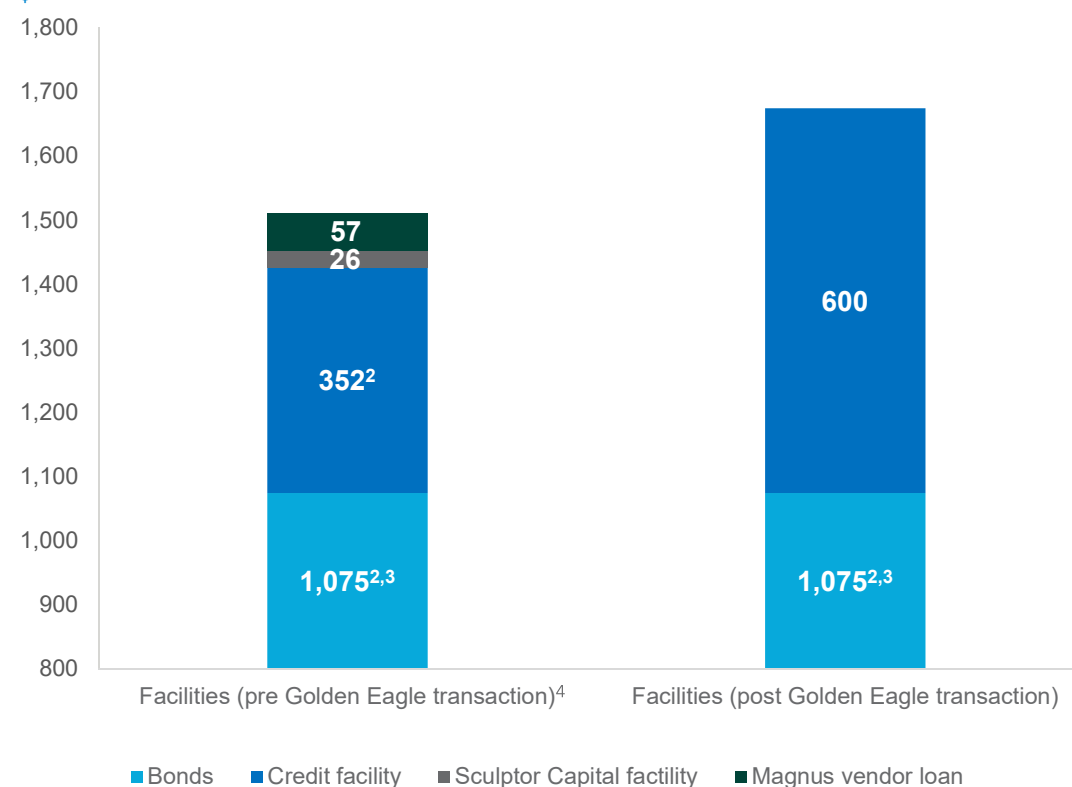
Key milestones	Progress/Expected timeline
RBL facility	Completed
Launch and prospectus publication	30 June
Open Offer period	30 June – 22 July
Results of Open Offer announced	23 July
General meeting for shareholder approvals	23 July
Admission and commencement of dealings	08.00 am on 26 July 2021
Regulatory and joint venture approvals - No pre-emption rights	Q3 2021
Expected Transaction close	End Q3 2021

## Available facilities<sup>1</sup>

### A simplified capital structure

- New RBL of \$600 million agreed with initial coupon of 4.25%; agreement incentivises refinance of high yield bonds
- RBL will be used to fully repay existing RCF, the Magnus vendor loan and Sculptor Capital facility and part finance the Golden Eagle acquisition
- RBL amortisation structured so the loan is repaid in full by June 2023 in the event the high yield bond is not refinanced ahead of this time

\$ million



<sup>1</sup> Total available facilities includes an SVT working capital facility which is guaranteed by BP but not shown in the analysis    <sup>2</sup> Includes PIK

<sup>3</sup> Retail bond denominated in GBP and converted at an exchange rate of 1.30 GBP:USD    <sup>4</sup> Projected outstanding balance at end June-21

# Principal terms and conditions of the capital raise

## Terms and conditions

- Use of proceeds: To part finance the acquisition of the 26.69% non-operated equity interest in the Golden Eagle Area, in line with the 4 February announcement
- Structure:
  - Firm Placing, Placing and Open Offer
  - Securities offered on the London Stock Exchange
- Certainty of financing:
  - Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu, has irrevocably committed to participate in the Placing and Open Offer
  - Backstop second lien loan facility provided by Amjad Bseisu and Signal Alpha
- Geographic restrictions: Regulation S offering – not available within the United States; the Open Offer is not available in Sweden
- Expected timetable:
  - Launch and prospectus publication: 30 June
  - Open Offer period: 30 June – 22 July
  - Open offer results announcement: 23 July
  - General Meeting: 23 July
  - Admission of new shares: 8 a.m. 26 July
- Sole Global Coordinator: J.P. Morgan Cazenove

## Summary

## Summary



## Acquiring a high-class, low-cost UK North Sea asset



### Deliver

- Immediate incremental production of c.10 kboepd
- Low unit opex: 2021 estimated at c.\$7/Boe<sup>1</sup>
- Low near-term capital commitments
- Strong safety record and low emissions intensity



### De-lever

- c.\$170 million NPV(10)<sup>1</sup>, accelerating use of EnQuest's tax losses
- RBL structured to be repaid by end June 2023<sup>2</sup>



### Grow

- c.19 MMboe of 2P reserves; c.4 MMboe 2C resources<sup>1</sup>

<sup>1</sup> Per GCA CPR estimates and oil price assumptions of: 2021: \$51/bbl, 2022: \$54/bbl, 2023: \$57/bbl, 2024+: \$60/bbl

<sup>2</sup> Effective if the high yield bond has not been refinanced ahead of June 2023



Thank you



# Appendix





# A clear purpose and strategy with a focused business model

## Purpose

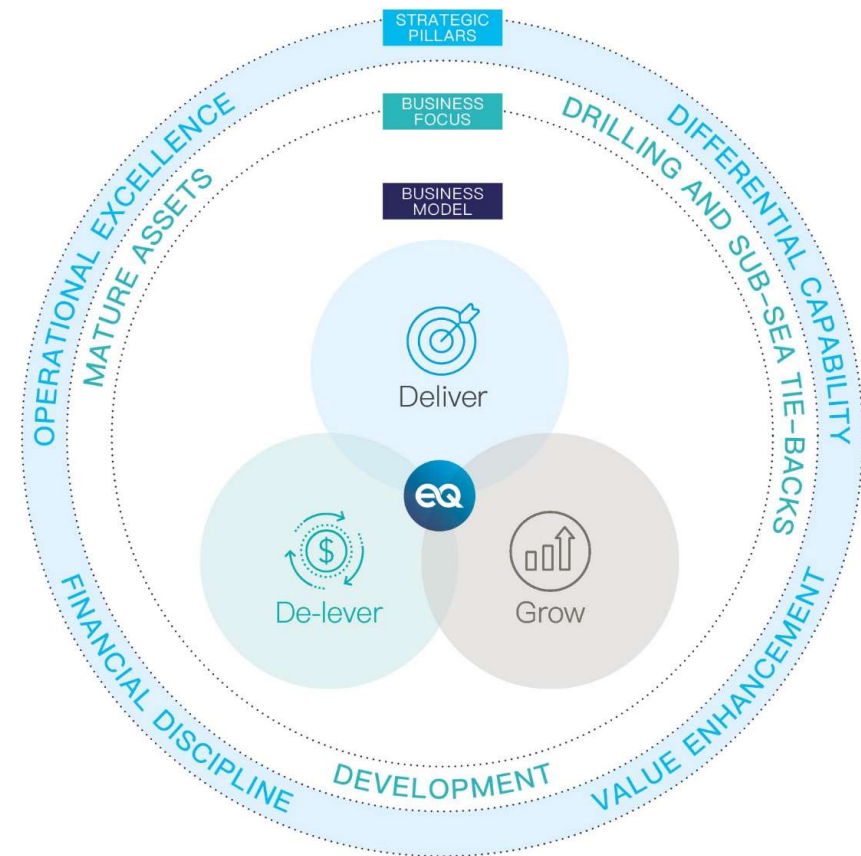
- Providing creative solutions through the energy transition

## Strategic vision

- To be the operator of choice for maturing and underdeveloped hydrocarbon assets

## Focused business model

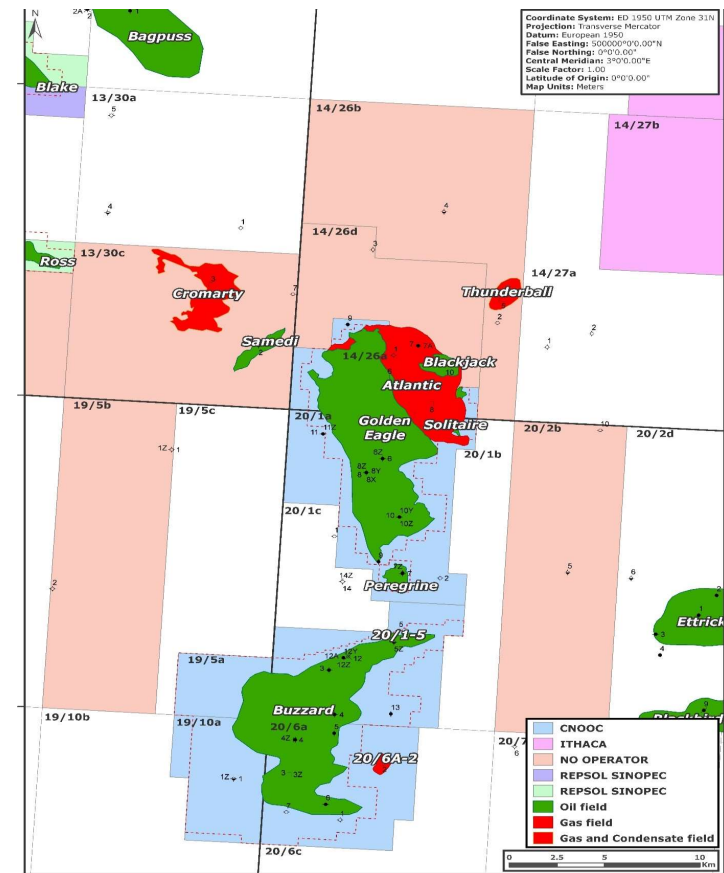
- A production and development led E&P business
- Utilises EnQuest's core strengths
- Value-accretive portfolio opportunities continue to be assessed



# Golden Eagle area overview

## Highlights

- Discovered in 2007, first oil in 2014
- Strong joint venture partnership
  - CNOOC: 36.54% (operator)
  - NEO Energy: 31.56%
  - Suncor Energy: 26.69%
  - ONE DYAS: 5.21%
- Standalone processing facility consisting of a wellhead platform and a production, utilities and quarters platform
- High-quality sweet, low-acid, light oil (36° API) from two prolific reservoirs: Punt & Burns
- Potential growth opportunities to increase recoverable reserves and extend field life





## Facilities summary

### Production, utilities and quarters (PUQ) platform with bridge linked wellhead platform (WP)

- PUQ and WP are each supported by 4 steel leg substructures
- PUQ topsides weight 16,400 t, WP topsides weight 6,300 t
- 2x 32.75 MW dual-fuel power turbines
- Sulphate Removal Package for water injection
- Super Duplex pipework for process fluids
- WP has 21 slots with 5 available
- 14" Oil Export pipeline to Flotta terminal via Claymore
- 6" Gas Export pipeline to SAGE via Ettrick PLEM



Processing	Design Nameplate
Oil	76 kbopd
Produced Water	90 kbwpd
Total Liquids	114 kbopd
Gas Compression	42 mmscfd
Total Water Injection	142 kbwpd



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