

European Transparency Directive Disclosure 2018 (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 are based on where the obligation for the payment arose (i.e. at a project or corporate level). However, where a payment or a series of related payments do not exceed £86,000 (US\$110,000), 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, research CESS and education commitment payments which are paid to PETRONAS (Petroliam Nasional Berhad, the National Oil Company

By licence										
Project/entity name	Licence	Production entitlements		Taxes	Royalties	Licence fees	Education commitment payment	Research CESS	Supplementary payments	TOTAL
		kboe	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Kraken	P1077	-	-	-	-	1,064	-	-	-	1,064
Alma & Galia	P1765 & P1825	-	-	-	-	624	-	-	-	624
Heather & Broom	P242 & P902	-	-	-	-	407	-	-	-	407
Greater Kittiwake Area	P351, P73 & P238	-	-	-	-	162	-	-	-	162
Dons (incl. Ythan & Conrie)	P236, P1200 & P2137	-	-	-	-	475	-	-	-	475
Thistle & Deveron	P475	-	-	-	-	138	-	-	-	138
Scolty & Crathes	P1107 & P1617	-	-	-	-	458	-	-	-	458
Kildrummy	P585	-	-	-	-	148	-	-	-	148
Magnus	P193	-	-	-	-	205	-	-	-	205
Other licences where payments > £86k		-	-	-	-	-	-	-	-	-
Corporate		-	-	4,686	-	197	-	-	-	4,883
Total United Kingdom		-	-	4,686	-	3,878	-	-	-	8,564
PM-8E	PM8 Extension PSC	1,172	70,754	-	1,221	-	-	725	24,541	97,241
Tanjong Baram	Tanjong Baram RSC	-	-	-	-	-	100	-	-	100
Corporate		-	-	13,008	-	-	-	-	-	13,008
Total Malaysia		1,172	70,754	13,008	1,221	-	100	725	24,541	110,349
Total Group		1,172	70,754	17,694	1,221	3,878	100	725	24,541	118,913

By Government										
Government	Production entitlements		Taxes	Royalties	Licence fees	Education commitment payment	Research CESS	Supplementary payments	TOTAL	
	kboe	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
HM Revenue and Customs	-	-	4,686	-	-	-	-	-	4,686	
Department for Business, Energy and Industrial Strategy	-	-	-	-	3,878	-	-	-	3,878	
Total United Kingdom	-	-	4,686	-	3,878	-	-	-	8,564	
PETRONAS	1,172	70,754	-	1,221	-	100	725	24,541	97,341	
Malaysian Inland Revenue Board	-	-	13,008	-	-	-	-	-	13,008	
Total Malaysia	1,172	70,754	13,008	1,221	-	100	725	24,541	110,349	
Total Group	1,172	70,754	17,694	1,221	3,878	100	725	24,541	118,913	

Where payments have been made on behalf of Partners, the gross payment has been disclosed rather than our share

Production entitlements in barrels

This includes non-cash royalties and state non-participating interest 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. It does not include the Government's or National Oil Company's working interest share of production in a licence. Production entitlements are assessed on a quarterly basis and are valued at the price used to determine entitlement.

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. Due to differences in the way cash movements were categorised and disclosed in the Group accounts there is a c. \$100k difference in the amounts disclosed for tax payments above compared to the 2018 Annual Report.

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 Production Sharing Contracts ('PSC') 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 levies or 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 Tanjong Baram Risk Service Contract.

Research CESS

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

Supplementary payments

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