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EnQuest acquires 20% of Kraken Discovery

EnQuest PLC ('EnQuest') today announces that it has agreed with Canamens Limited to acquire two of its companies, whose assets include the 20% interest in the Kraken oil discovery.

EnQuest will pay an initial consideration of US\$45 million dollars in cash and a further US\$45 million in cash, contingent upon approval of the Kraken Field Development Plan ('FDP') by the Department of Energy and Climate Change ('DECC'). Through this transaction, EnQuest will acquire a 20% interest in blocks 9/2b and 9/2c, including the Kraken discovery. The operator of Kraken is Nautical Petroleum plc ('Nautical') which estimates gross contingent resources of 160 MMboe for block 9/2b and 9/2c. EnQuest also acquires further potential exploration upside in blocks 3/22a and 3/26 (40% EnQuest interest) and in blocks 9/6a and 9/7b (35% EnQuest interest).

Amjad Bseisu, Chief Executive of EnQuest, said:

"EnQuest is excited to be participating in the Kraken appraisal, post the most recent 9/02b-5Z well results. Using the operator's estimates, the Kraken blocks 9/2b and 9/2c immediately add over 30% to EnQuest's end 2010 contingent resources. It also gives us potential upside from the surrounding exploration opportunities. We look forward to working with Nautical, the operator, to assist in taking the project forward.

Following EnQuest's recent sanctioning of the Alma and Galia development, our encouraging results from the Crathes exploration well, our recent farm in to the Kildrummy discovery, and now our entry into the Kraken opportunity, EnQuest is starting 2012 with strong positive momentum and an exciting portfolio of development opportunities."

Further information:

Kraken is a large heavy oil accumulation in the UK North Sea, located in the East Shetland basin, to the west of the North Viking Graben. It is being progressed to development following successful appraisal and well test results. Kraken FDP approval is anticipated in H2 2012. The operator of Kraken, Nautical, has a 50% interest, with the remaining 30% interest held by First Oil. In addition to the hydrocarbon assets, the Canamens companies being acquired by EnQuest have combined pre-trading tax deductible expenditure in excess of US\$55m.

The transaction is subject to the customary DECC change of control consent. The two companies EnQuest is acquiring are Canamens Energy North Sea Limited and Canamens UK 814 and 815 Limited. The reported losses of these companies for the year ended 31 December 2010 were respectively \$28,116 and \$13,239. The total assets of these companies as at 31 December 2010 were respectively \$33,314,858 and \$28,868.

Canamens is an oil and gas exploration and development company with core assets in the UK North Sea and Morocco. www.canamens.com

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Notes to editors

EnQuest is the largest UK independent producer in the UK North Sea. EnQuest PLC trades on both the London Stock Exchange and the NASDAQ OMX Stockholm. It is a constituent of the FTSE 250 index and OMX Nordix index. Its assets include the Thistle, Deveron, Heather, Broom, West Don and Don Southwest producing fields and the Alma, Galia development. At the end of the first half of 2011, EnQuest had interests in 20 production licences covering 25 blocks or part blocks in the UKCS, of which 18 licences are operated by EnQuest.

EnQuest believes that the UKCS represents a significant hydrocarbon basin in a low-risk region, 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.

Forward looking statements: This announcement may contain certain forward-looking statements with respect to EnQuest's expectation and plans, strategy, management's objectives, future performance, production, costs, revenues and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this presentation should be construed as a profit forecast. Past share performance cannot be relied on as a guide to future performance.