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**EnQuest PLC, 21 November 2016**

## **Completion of the financial restructuring of EnQuest PLC**

### **Overview**

The Board of EnQuest PLC (the "**Company**") is pleased to announce that the financial restructuring of the Group (the "**Restructuring**") announced on 13 October 2016 has now become effective. This announcement concludes the Restructuring and constitutes the final stage in the process.

The Restructuring comprises the implementation of the RCF Amendments, the Note Amendments, the renewal of the Surety Bond Facilities and the Placing and Open Offer (each as defined and described in further detail below).

The completion of the Restructuring provides the Group with a stable and sustainable capital structure, reduced cash debt service obligations and greater liquidity. These will all contribute to ensuring that the Group is in a strong position to pursue its strategy of targeting mature and marginal oil assets and its focus on cost efficiency during a prolonged period of low oil prices. In particular, the Restructuring will enable the Group to complete the Kraken and Scolty/Crathes developments, which the Company expects will lead to both significant increases in production and significant decreases in average unit operating costs across the Group.

**Jock Lennox, Chairman of EnQuest, said:**

*"EnQuest is very pleased to announce today the successful completion of the financial restructuring proposals announced on 13 October, a comprehensive package of measures designed to place EnQuest on a strong footing to deliver the Kraken development in H1 2017 and to ensure that EnQuest is well placed to deliver value to shareholders in the medium term."*

**Amjad Bseisu, Chief Executive of EnQuest, said:**

*"We have been delighted at the level of support received for EnQuest's capital restructuring; with 100% backing from our revolving credit facility lenders and hedging banks, 99.9% of votes being cast in favour of the Scheme by the scheme creditors, 98.9% of shareholder votes being cast in favour of EnQuest's general meeting resolutions and backing from all of our surety bonds providers."*

*"This restructuring will significantly improve EnQuest's liquidity position, ensuring that we are well positioned for the future, including delivering first oil from the Kraken development, with its unit operating costs expected to be in the low \$20s per barrel once it is fully on-stream."*

**Overview of the Restructuring**

The key features of the Restructuring are:

**RCF Amendments**

Key amendments (the "**RCF Amendments**") to the Group's existing revolving credit facility (the "**Existing RCF**") which were approved by all of the lenders under the Existing RCF and all of the Group's hedging banks to, among other things:

- extend of the final maturity date to October 2021;
- split the maximum aggregate commitments into a \$1,125 million term loan facility and a \$75 million revolving credit facility, amend the margin on each of the facilities and cancel the existing accordion feature;
- amend the amortisation profile;
- relax certain of the financial covenants; and
- incorporate terms to allow for new super senior hedging.

**Note Amendments**

Key amendments to the High Yield Notes and the Retail Notes (the "**Note Amendments**") which were implemented by an English scheme of arrangement (the "**Scheme**") with the approval of 99.87% in value and 99.90% in number of the noteholders voting on the Scheme and which became effective today (being the Restructuring Effective Date, as defined in the Scheme) to, among other things:

- add conditions to the payment of interest in cash based on, amongst other things, the average prevailing oil price (dated Brent future (as published by Platts)) for the six month period immediately preceding the day which is one month prior to the relevant interest payment date being at least \$65.00/bbl; otherwise interest payable is to be capitalised;
- amend the maturity dates of the High Yield Notes and the Retail Notes to April 2022, with an option exercisable by the Company (at its absolute discretion) to extend the maturity date by one year and an automatic further extension of the maturity date to October 2023 if the Existing RCF is not fully repaid or refinanced by October 2020; and
- amend certain of the financial indebtedness baskets under the High Yield Notes, remove the financial covenants under the Retail Notes, add new cross default provisions and restrict the Company from paying any dividend or distribution on any class of its shares

until it has repaid or redeemed all capitalised interest (if any) accruing on the Notes in cash at par, together with any accrued but unpaid interest thereon.

Pursuant to the Scheme, the amendments to the High Yield Notes will be effected through a dollar-for-dollar exchange for new High Yield Notes (the "**New High Yield Notes**"). Interest due but not paid on the High Yield Notes prior to completion of the Restructuring will be capitalised and added to the principal amount of the New High Yield Notes. Accordingly, the aggregate principal amount of the New High Yield Notes will be US\$677,482,000. The Company expects to issue the New High Yield Notes (and to cancel the High Yield Notes) during the course of today. Furthermore, the Company expects that the New High Yield Notes will be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market of the Luxembourg Stock Exchange as soon as practicable after issuance.

The amendments to the Retail Notes have been effected today by way of amendment to the existing Retail Notes.

#### Surety Bond Facilities renewal

The Group's surety bond providers (who provide instruments covering certain decommissioning security obligations) have agreed to renew the Surety Bond Facilities for rolling periods of 12 months until the end of 2018 (with renewal in 2017 conditional on there being no relevant default at the time).

#### Completion of the Placing and Open Offer

The Company also today announced the completion of the Placing and Open Offer, pursuant to which the Company has raised gross aggregate proceeds of £82 million.

It is intended that the proceeds of the Placing and Open Offer will be applied by the Group to:

- continue the development of the Group's Kraken asset with the aim of achieving first oil in the first half of 2017;
- continue the development of the Group's Scolty/Crathes asset; and
- provide general corporate and working capital for the Group.

The Company does not intend to use proceeds from the Placing and Open Offer to repay bank debt.

The New Ordinary Shares issued by the Company pursuant to the Placing and Open Offer were (i) admitted to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange plc's main market for listed securities and (ii) admitted to trading on NASDAQ Stockholm in each case earlier today.

#### **Enquiries**

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Copies of the Explanatory Statement have been distributed electronically and are available upon request at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2AG and on the Company's information agent website at [www.lucid-is.com/enquest](http://www.lucid-is.com/enquest) and copies of the Prospectus have been published and are available from the registered office of EnQuest and, subject to certain restrictions, on EnQuest's website at [www.enquest.com](http://www.enquest.com). 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. Neither the content of EnQuest's website nor any site accessible by hyperlinks on EnQuest's website is incorporated in, or forms part of, this announcement. The Explanatory Statement provides further details of the Scheme and Prospectus provides further details of the New Ordinary Shares being offered pursuant to the Placing and Open Offer.

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 herein have been or will be registered under the relevant laws of any state, province or territory in any Excluded Territory.

**The New Ordinary Shares have not been and will not be registered under Securities Act, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act. The New Ordinary Shares will not be registered under the Securities Act and will not be offered or sold to the public in the United States.**

The New High Yield Notes to be issued pursuant to the Scheme have not been and will not be registered under the Securities Act and will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) thereof.

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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.**

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Recipients of this announcement and/ or the Explanatory Statement and/or the Prospectus should conduct their own investigation, evaluation and analysis of the business, data and property described in this announcement and/or the Prospectus and/or the Explanatory Statement. This announcement does not constitute a recommendation concerning any investor's options with

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### **Notice to all investors**

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### **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, Rothschild 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.

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.