EnQuest 2014 Full Year Results

PM8/Seligi, Malaysia

Agenda

- Overview — Amjad Bseisu, CEO
- Financials — Jonathan Swinney, CFO
- Operations — Neil McCulloch, President, North Sea
- Summary — Amjad Bseisu

EnQuest 2014 Results
Key themes

Strong operational performance in 2014

Continued good reserves growth

Ongoing action in response to low oil prices

Major developments on track

Material international business

Well positioned for current environment

EnQuest 2014 Results
Strong operational performance

Production 27,895 Boepd	▪ Up 15% on 2013 ▪ 88% production efficiency on existing UK assets (top quartile) ▪ First international production contributed 3,459 Boepd
Net 2P reserves 220.0 MMboe	▪ Up 25.2 MMboe. Reserves replacement ratio of over 350% ▪ Net contingent resources 170 MMboe, up 49.5 MMboe
Revenue $1,009.9m	▪ EBITDA of $581.0m
Balance sheet	▪ Net debt at end 2014 $932.8m ▪ $900m of bonds, $1.2bn committed RCF with up to $500m accordion

Demonstrating sustainability of the production growth model

Action in response to low oil prices

Ongoing efficiency measures across the board

Hedging in place	▪ 2016: 10 million barrels, puts averaging c.$68 ▪ 2015: realised $100m of gains; now 10 million barrels hedged, puts averaging c.$65/bbl
Unit opex down by c.10%	▪ 2014: Full year $42.1/bbl (Vs $45.9/bbl in H1 2014) ▪ 2015 target: average c.$38/bbl

2015 capex plans down by c.40%	▪ c.$600 million 2015 cash capex
	    ▪ Focused on Kraken
	    ▪ Rationalised drilling programme to commitments and to high margin barrels (Alma, Thistle, Gadwall)

Bank covenants	▪ Negotiated relaxation until mid-2017 ▪ Including leverage ratio raised to 5 times

2015 focus is on near term profitable cash flow and on optimising long term value

Delivering on asset plans

Core competencies of cost control and operational efficiency

Field life extensions

- **Existing UK hubs performing well**
- **Transforming GKA production and operational efficiency, ahead of plan**
  - **Submitting FDP for Scolty/Crathes**
- **Material Malaysian production contribution**

Thistle/Deveron
Heather/Broom
GKA
PM8/Seligi

Marginal field solutions

- **EnQuest Producer has left the yard and is on track for first oil in mid-2015**
- **First oil from Ythan expected by mid-2015**

Alma/Galia
Dons / Ythan
Tanjong Baram

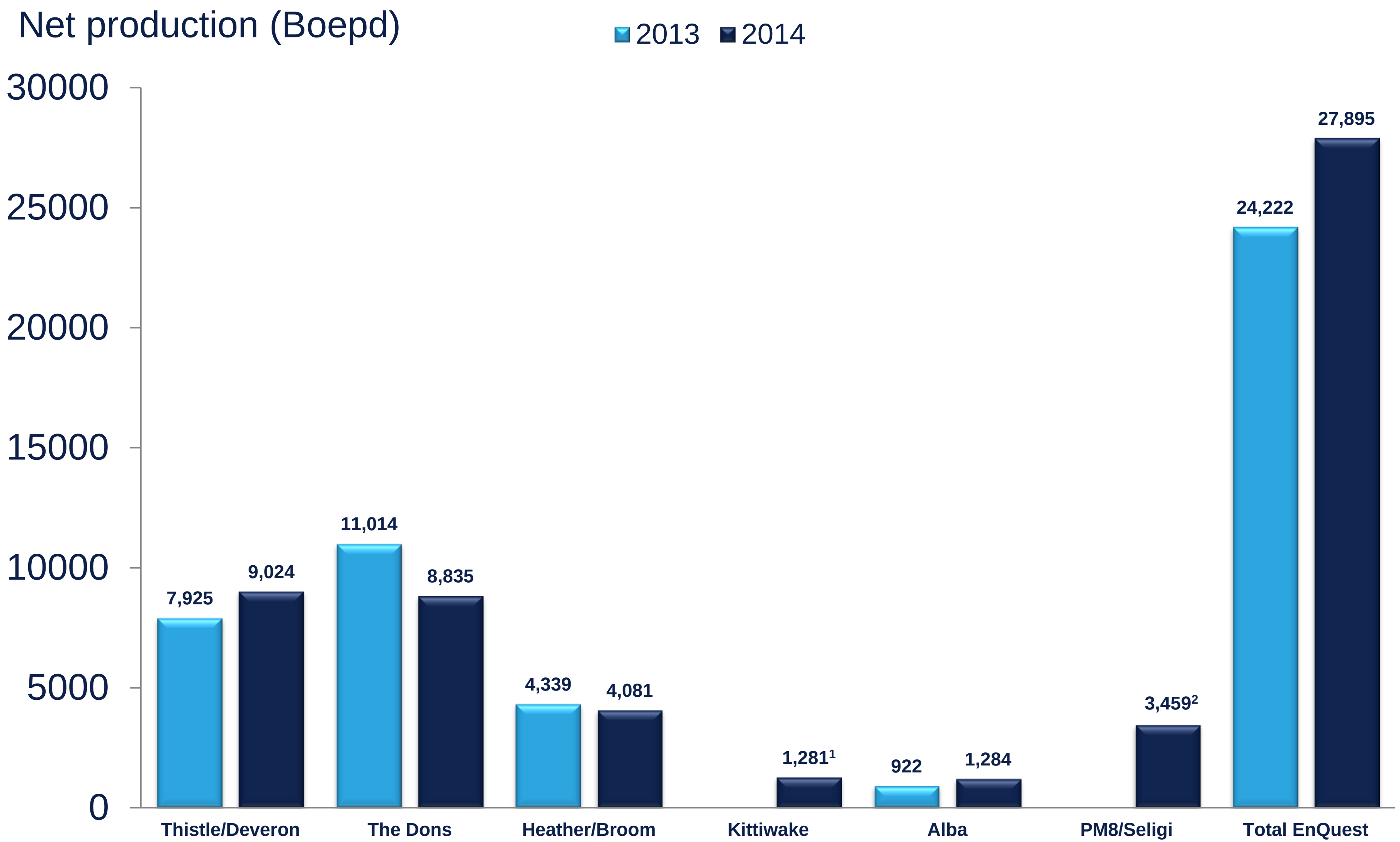
New developments

- **Kraken on budget and on schedule for first oil in 2017**

Kraken

2014 Production results by hub

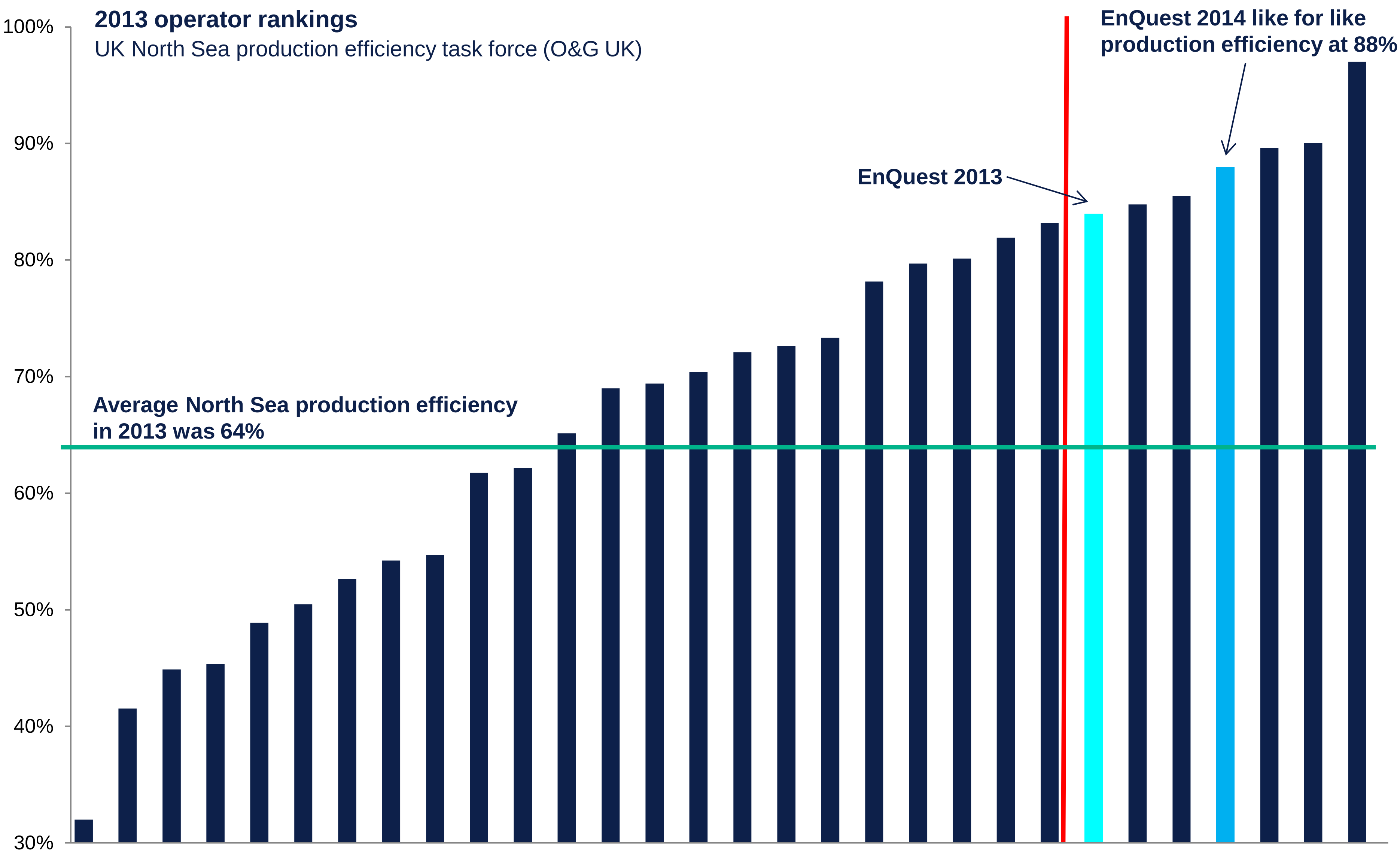
Year of record production



[1] This is based on the net production since the acquisition at the start of March 2014, as averaged over the full year.

[2] based on working interest. (2,078 Boepd, on an entitlement basis.) Reflects net production from June 2014 to December 2014, averaged over the full year.

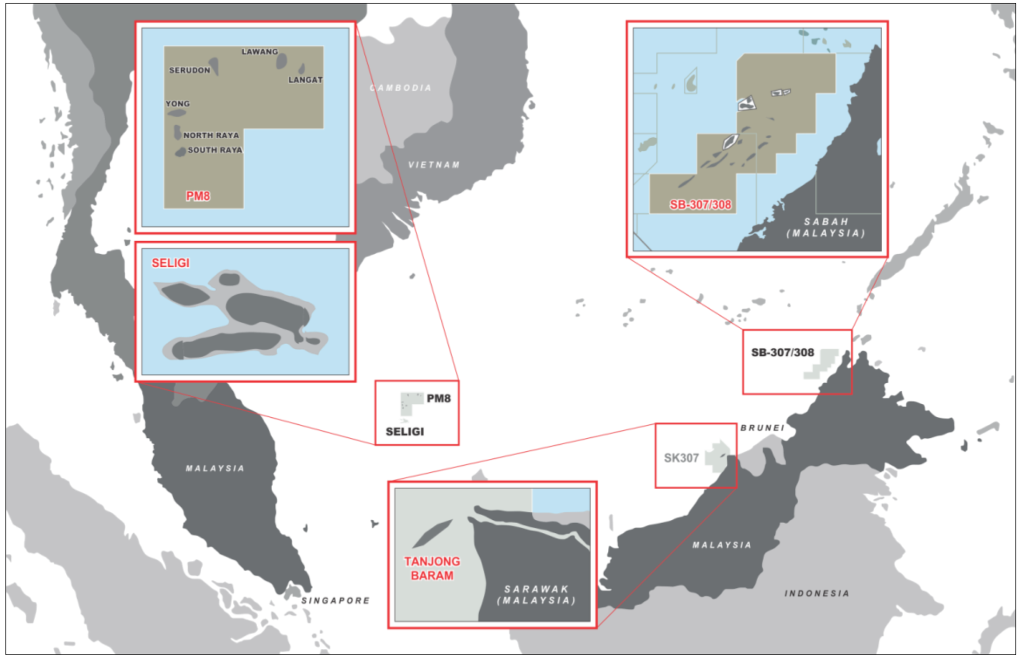
Further improvement in core UK production efficiency



Source: O&G UK /DECC research, plus EnQuest 2014 data

Malaysia: 23% of EnQuest production in H2 2014

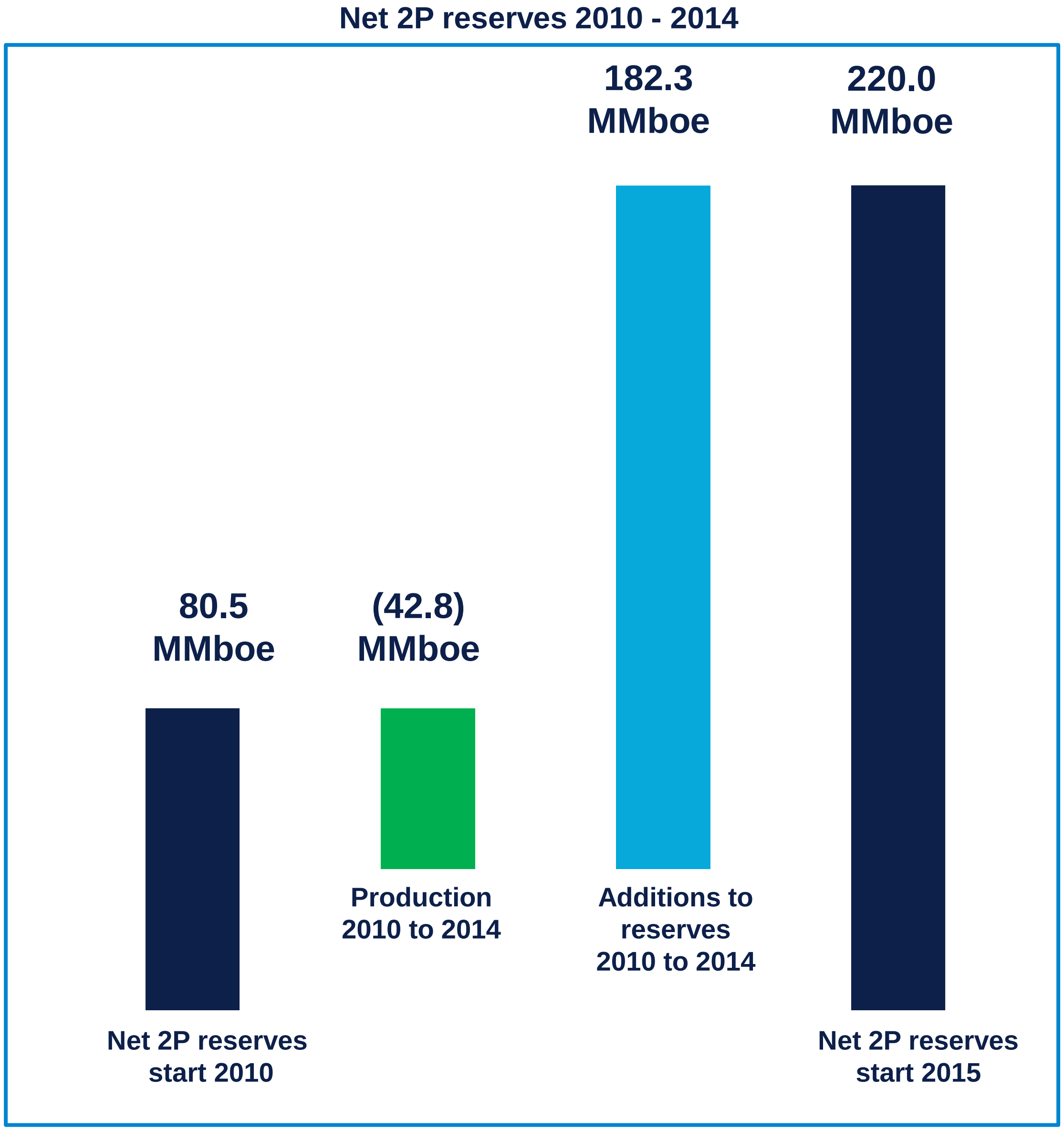
Opportunity to increase production significantly in the future



- 2014 was a transformational year for EnQuest's international business
- First Tanjong Baram small field risk service contract
- Then the PM8/Seligi Production Sharing Contract, the combined PM8/Seligi PSC extended to 2033, creating substantial value
- In December 2014, EnQuest took over as operator of PM8/Seligi, production has been strong and operational focus has already delivered significant efficiency improvements
- The Tanjong Baram development project is underway, first oil is scheduled by the end of H1 2015

Five years of strong reserves growth

514% reserve replacement ratio



Financials

Results summary

Year to 31 December

Unless otherwise stated all figures are before exceptional items and depletion of fair value uplift and are in US dollars

US dollars	2014	2013	Change %
Export production (Boepd)	27,895	24,222	15.2
Average realised price per barrel ($)	100.6	109.7	(8.3)
Revenue ($ million)	1,009.9	961.2	5.1
Cost of sales ($ million)	654.1	526.3	24.3
Production and transportation costs ($/per boe)	42.1	35.5	18.6
Depletion of oil & gas properties ($/per boe)	24.6	24.6	-
Gross profit ($ million)	355.8	434.9	(18.2)
Profit before tax & net finance costs ($ million)	362.5	374.8	(3.3)
EBITDA(1) ($ million)	581.0	621.3	(6.5)
Reported basic earnings per share (cents)	(22.8)	24.4	-
Net cash/(debt) ($ million)	(932.8)	(381.1)	-

(1) EBITDA is calculated on a business performance basis, and is calculated by taking profit/loss from operations before tax and finance income/(costs) and adding back depletion, depreciation and foreign exchange movements.

Summary income statement
Year to 31 December

US dollars	2014 Business performance $m's	2014 Exceptional items $m's	2014 Reported $m's	2013 Reported $m's
Revenue	1,009.9	18.6	1,028.5	955.2
Cost of sales	(654.1)	(57.8)	(711.9)	(527.1)
Gross profit	**355.8**	**(39.2)**	**316.6**	**428.1**
Exploration and evaluation expenses	(4.0)	(152.0)	(156.0)	(8.6)
Impairment of oil and gas assets	-	(678.8)	(678.8)	-
Net other exceptionals	-	29.4	29.4	(0.3)
General and administration expenses	(16.5)	-	(16.5)	(25.0)
Other income	27.2	-	27.2	-
Other expenses	-	-	-	(26.4)
Profit/(loss) from operations before tax and finance income/(costs)	**362.5**	**(840.6)**	**(478.1)**	**367.8**
Net finance costs	(119.2)	18.7	(100.6)	(36.8)
Profit/(loss) before tax	**243.3**	**(821.9)**	**(578.7)**	**330.9**
Income tax	(105.8)	508.1	402.3	(141.3)
Profit/(loss) after tax	**137.4**	**(313.8)**	**(176.4)**	**189.6**
Basic earnings per share (cents)	**17.7**		**(22.8)**	**24.4**

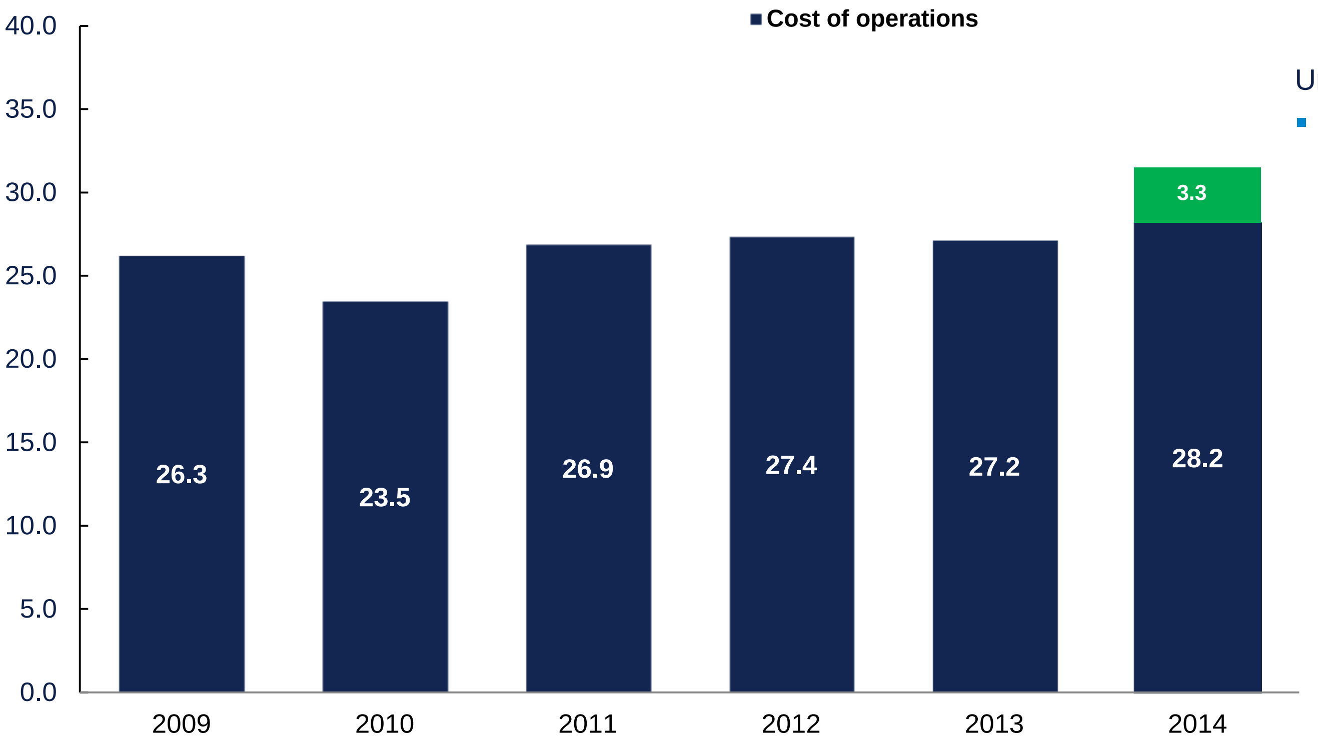
Exceptional impairment post tax of $335.3m

Non-cash items (pre-tax)	▪ $678.8m : impairment of oil and gas assets ▪ $152.0m : impairment of oil and gas intangible assets
Cash cost	▪ $32.8m is SVT tariff actualisation

Focus on cost efficiency

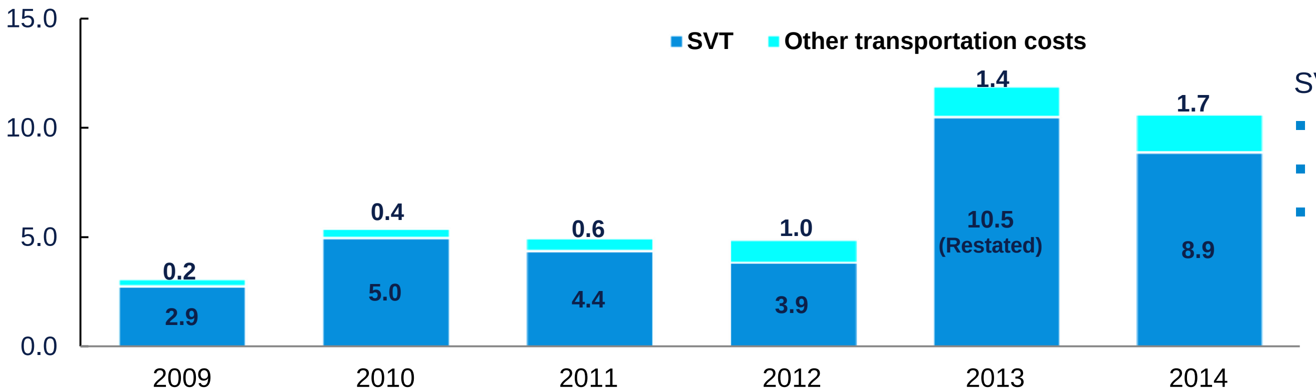
EnQuest historical operating costs Vs doubling in UKCS costs over last 5 yrs

$/bbl



Unit production costs

- Impact of GKA acquisition, $3.3/bbl



SVT

- Increased costs of BP operations
- Reduced throughput from other users
- Increased allocation to EnQuest

Group taxation position

No material UK cash CT/SCT on operational activities expected before 2025

ETR	%	$m's
Loss Before Tax		(579)
UK CT Rate	62	(359)
PRT	(3)	20
RFES	16	(94)
UK and overseas tax rate differences	(7)	41
Other	2	(11)
2014 Tax Credit	70	(402)

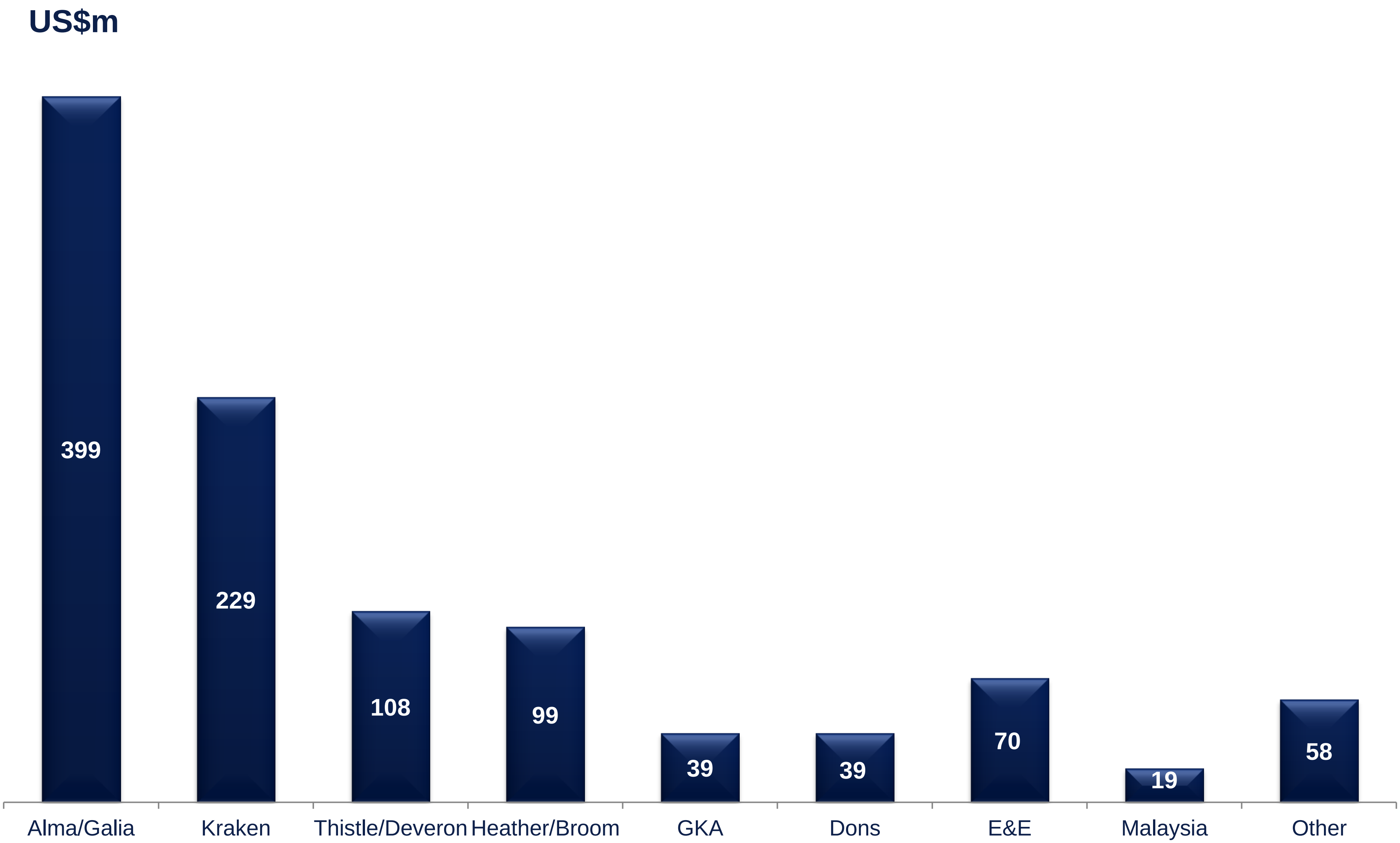
UK Tax Allowances	$m's
Recognised at 31 December 2013	1,087
2014 net additions plus RFES	768
Prior year adjustment*	(37)
Tax losses at 31 December 2014	1,818
Tax allowances carried forward	53
Total UK tax allowances	1,871

The Group is cash tax paying on the UKCS Alba field (PRT) and in Malaysia on PM8/Seligi (Corporate Income Tax).

* Prior year adjustment is a timing difference

$1,060 million cash capital expenditure

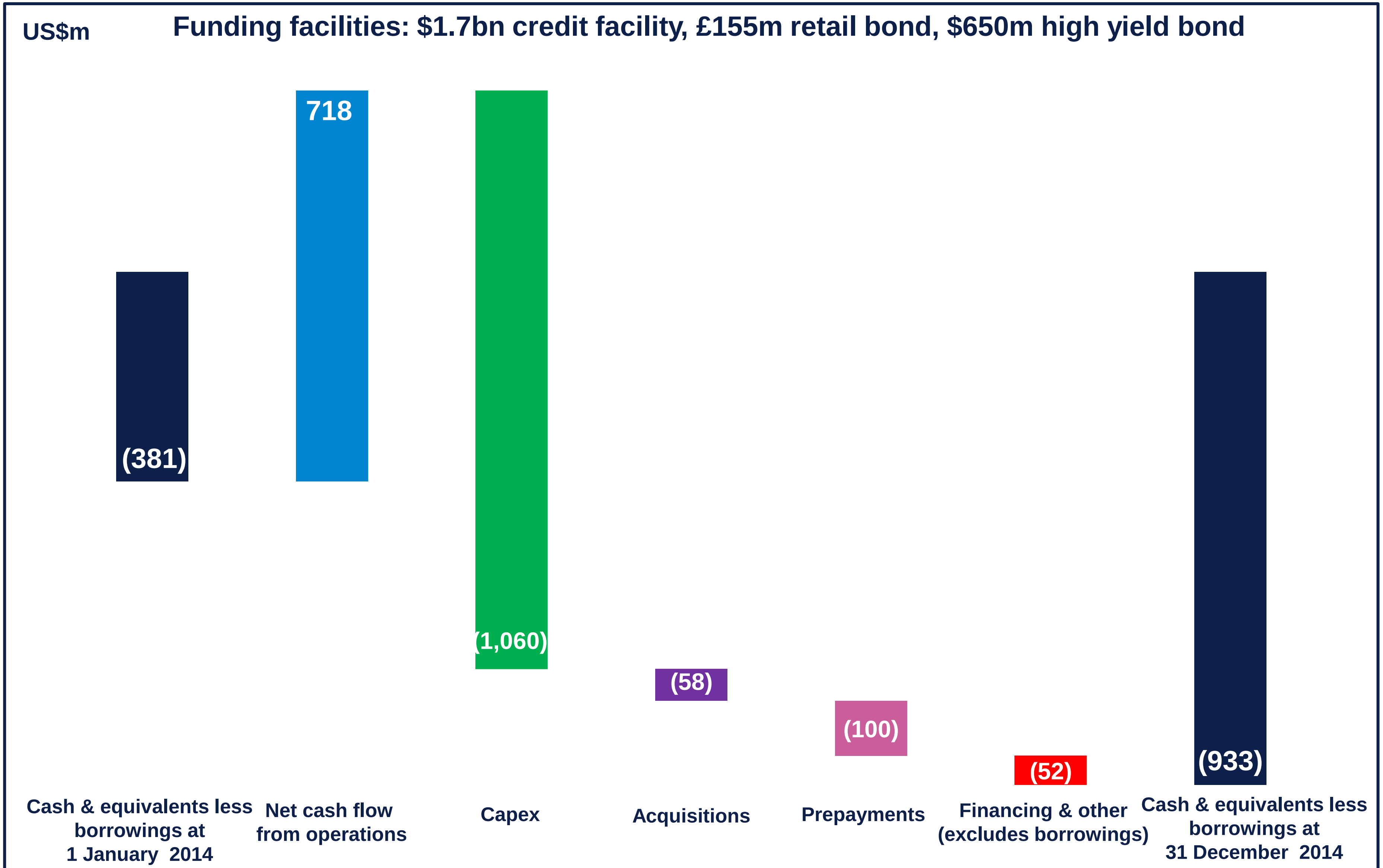
Year to 31 December



Cash flow

Year to 31 December

Funding facilities: $1.7bn credit facility, £155m retail bond, $650m high yield bond



Outlook

Full Year 2015

- EBITDA will benefit from hedging
  - $120m from resetting the 2015 puts
  - $80m from call premiums received
- 2015 cash capex of around $600m
- Production and transportation costs expected to be approximately $38/bbl
- Depletion anticipated to be slightly higher than in 2014
- G&A approximately $15m - $20m
- Cash finance costs expected to be in the region of $85m - $90m
- Tax
  - With continuing investment in the North Sea no material UK cash tax is expected to be paid before 2025

Operations

Thistle / Deveron

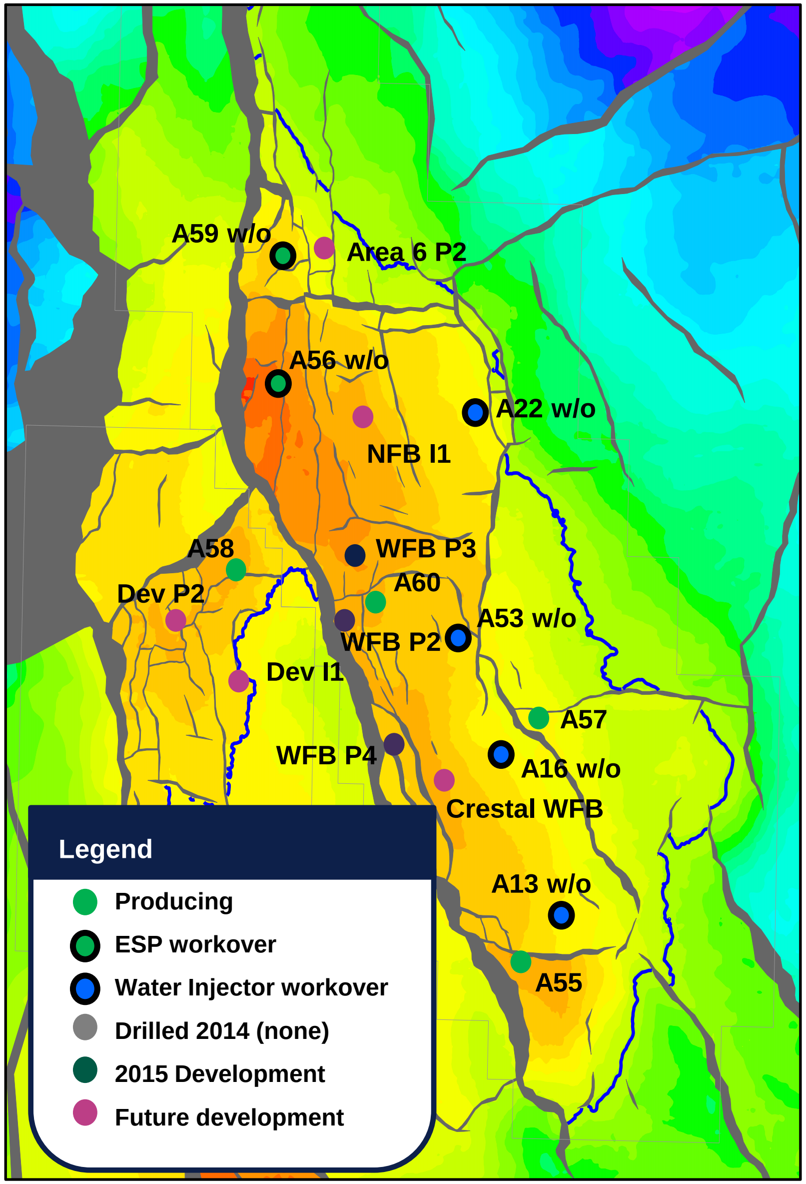
Delivering production levels not seen since the '90s

2014

- Production up 14% on 2013.
- No drilling rig operations on Thistle in 2014
- Continuing benefit from H2 2013 wells, outperforming expectations, watercut rising slower than anticipated.
- Ongoing interventions campaign
- Life extension programme and focused operations delivered stepped improvement in production efficiency

2015

- Three new production wells being brought onstream in 2015
  - WFB-P2 to access updip target against Thistle bounding fault;
  - WFB-P3 to twin recover reserves of A41
  - WFB-P4 to access Rannoch in Thistle terraces
- Other infill well activity delayed to 2018 wells



Dons/Conrie

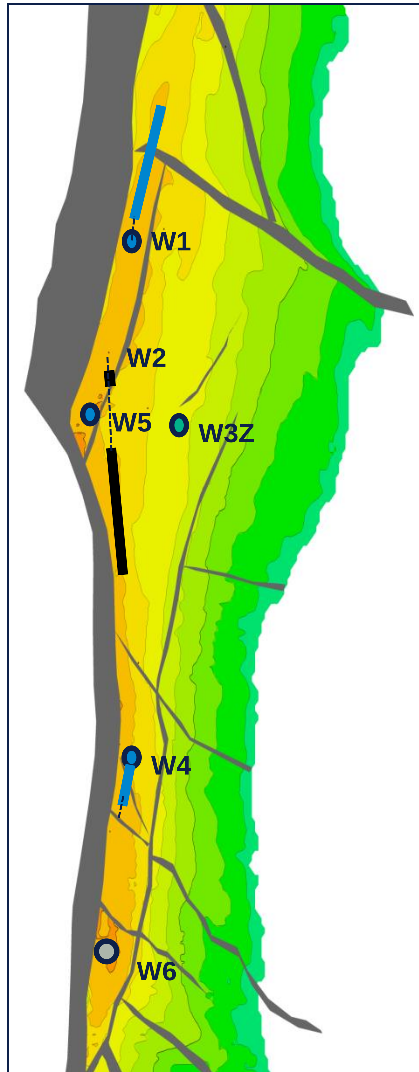
Continuing very strong production efficiency

2014

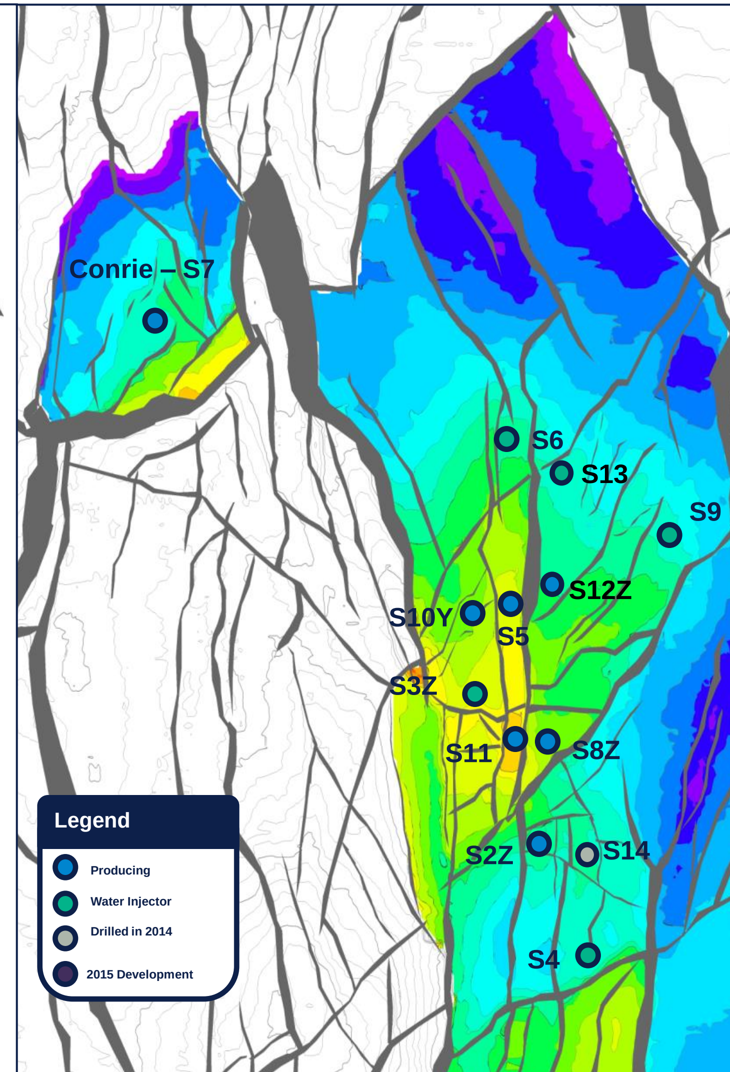
- Production efficiency of 89%
- Don South West
  - S14 (TJ) drilled, on production
  - Successful acid treatments carried out
- West Don
  - West Don W4 shut-in at year end due to scale build up

2015

- West Don W4 was brought back online in Q1 2015, performing well
- Planned maintenance shutdown in June 2015
- Gas import project start-up



West Don Drilling Plan



Don Southwest and Conrie Drilling Plan

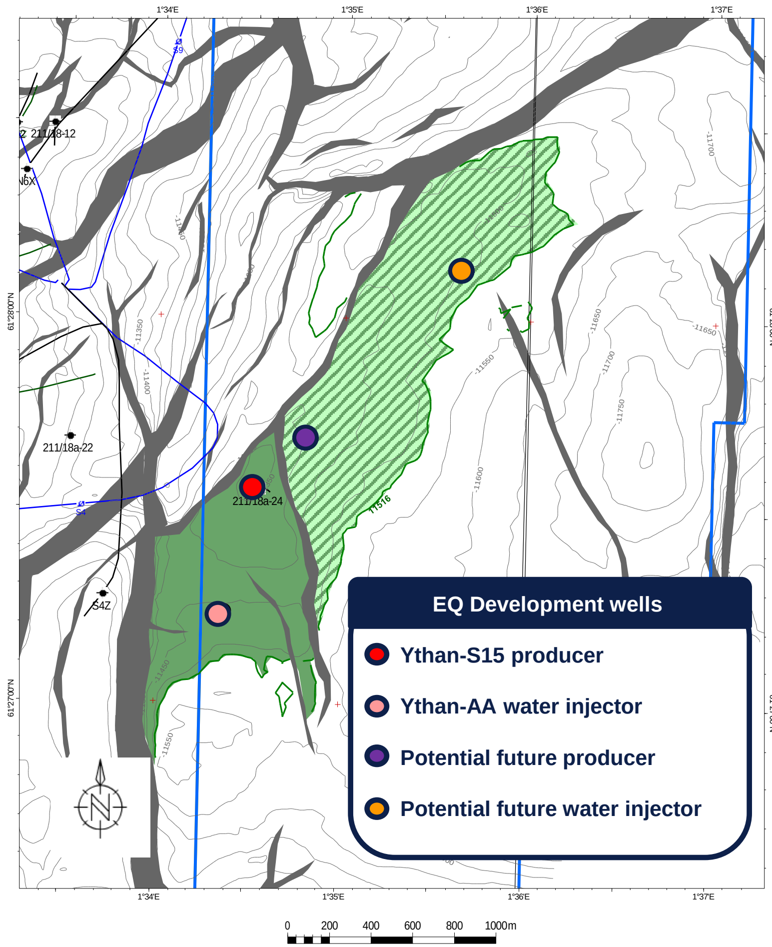
The Don fields: Ythan

Ythan first production expected by mid-2015

Don North East Area ('Don NE') (60%)

Ythan - FDP approved by DECC

- Two firm wells: producer/injector pair
- A phased development of the field is planned with the first well, producer S15, spudded in November and first production by mid-2015
- Tie-in of the Ythan development producer, S15
- Water injection well planned around the end of 2015



Heather / Broom

Highest production efficiency in 5 years

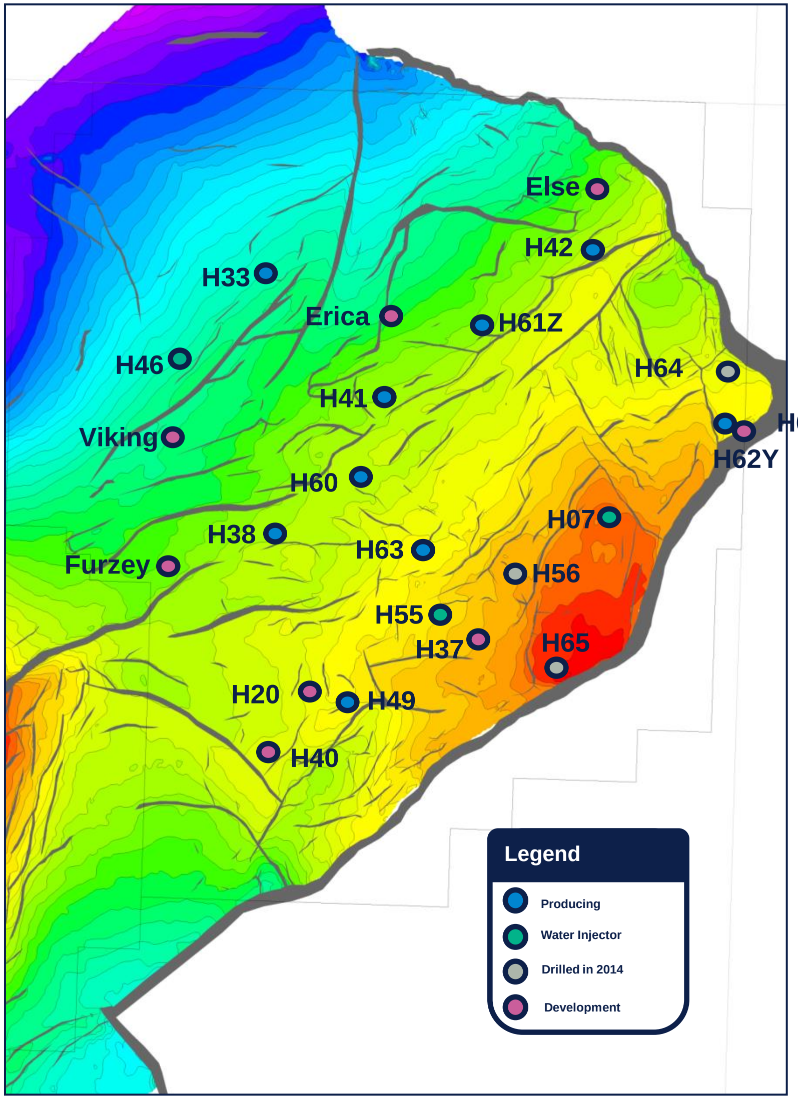
2014

- Included a 136 day period without production interruption
- Accommodation upgrade completed
- Rig reactivation completed and the drilling programme enhanced production. Recompletion of H56 producer
  - H64 injector drilled, increasing production from H62Y
  - Shut-in well H47 was sidetracked as the H65 crestal producer
  - H55 converted to injection

  First three wells of the drilling programme completed with the results on, or better than, expectation. The fourth well, H66, is ongoing.
- Broom water injection flowline unexpectedly failed in August, water injection shut-in

2015

- Sidetrack of the suspended well, H48, as the H66 producer – drilling results encouraging – completed in Q1 2015
- Replacement Broom water injection flowline planned to be installed in H1 2015

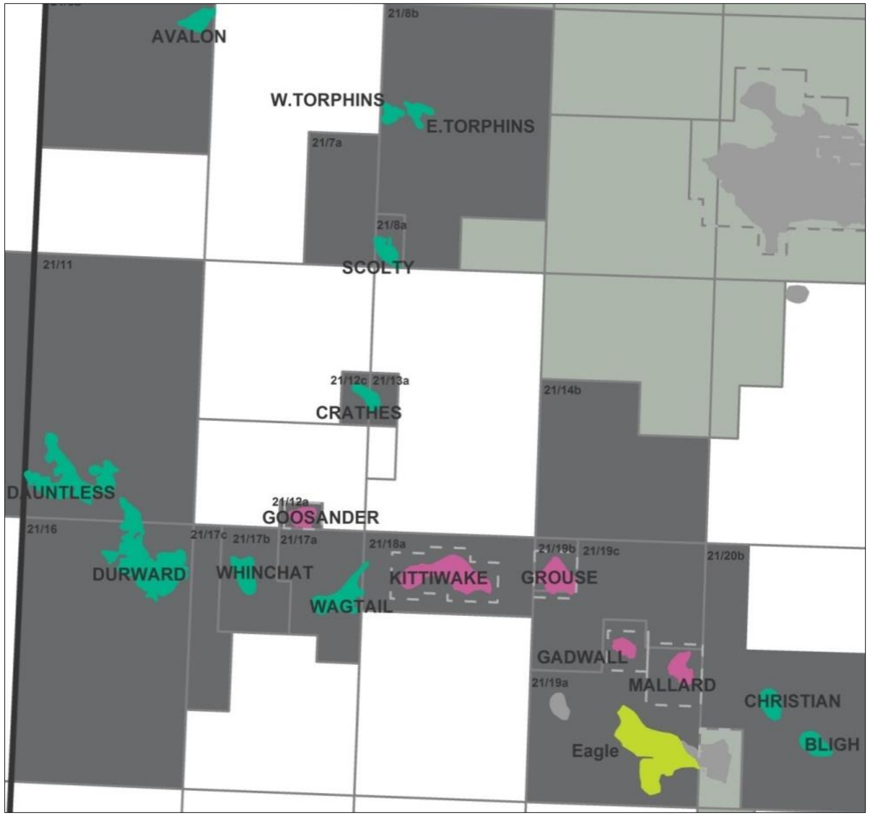


Greater Kittiwake Area

Delivering production, efficiency and opex ahead of expectations

2014

- Production was increased from just over 2,500 Boepd in the first few months, to over 5,500 Boepd in October
- The Mallard workover was successfully completed and the well was brought online in September
  - After inspection and routine testing the existing tree was reinstalled, which reduced expenditure
- Substantial improvements in operating efficiency with opex per barrel significantly reduced from pre-acquisition levels
- FEED studies were being completed on proposed developments on Scolty/Crathes

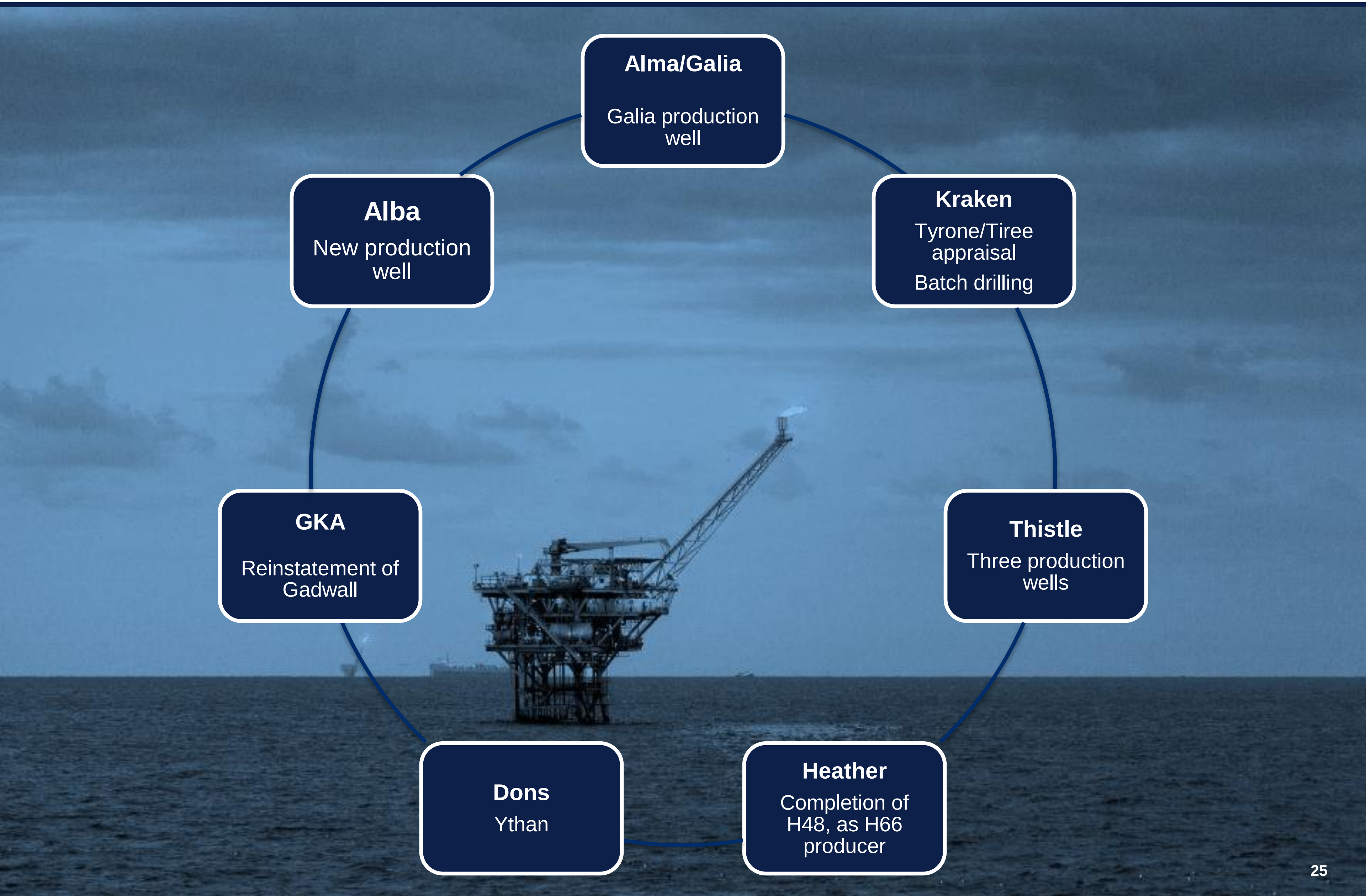


2015

- Production on Gadwell to be reinstated in H2 2015
- Further reductions in unit opex being delivered

Outline UK drilling programme 2015

Existing commitments plus focus on high margin barrels



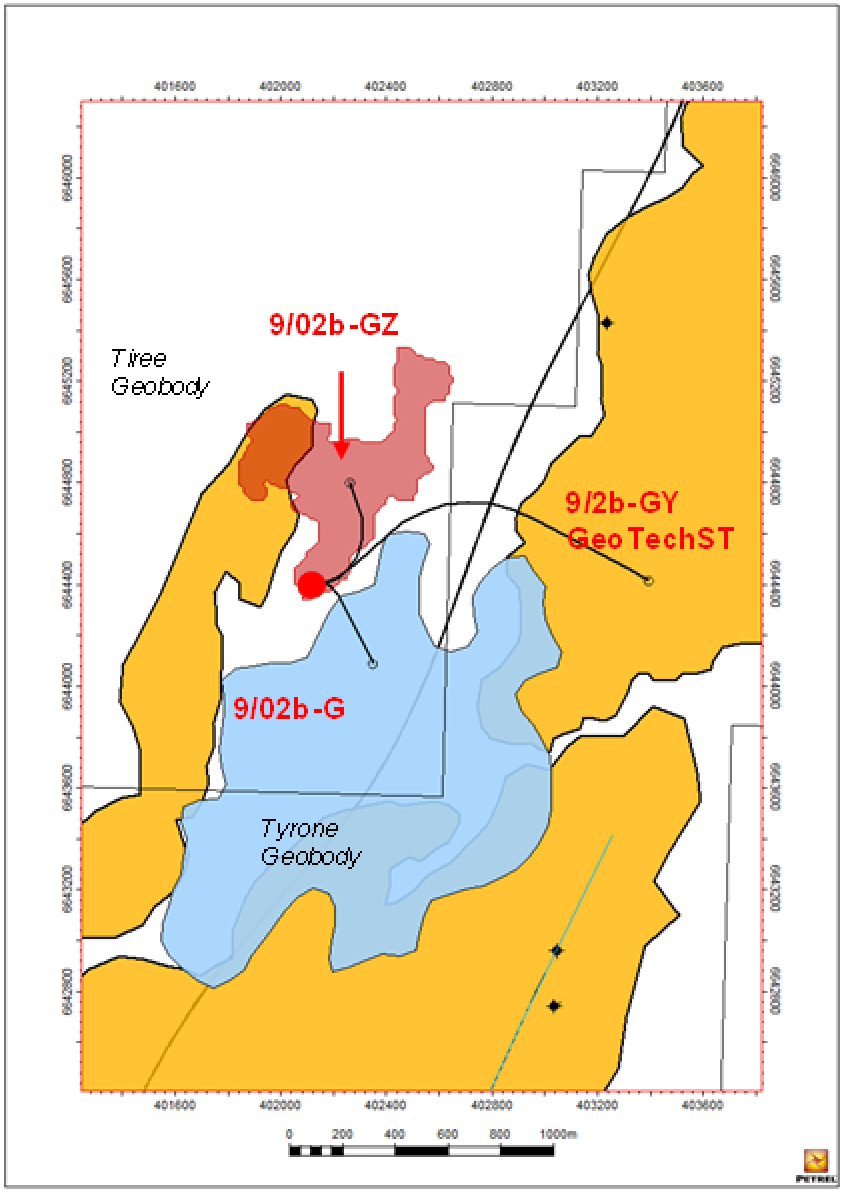
Alma/Galia

The EnQuest Producer has left the yard, on track for first oil mid-2015

- Construction on the FPSO is complete
- Five production wells are fully complete, available to come onstream and are awaiting FPSO tie-in
- The subsea infrastructure is in place, with risers and mooring systems awaiting the arrival of the FPSO
- A phased start up is planned, one well to come onstream per week for the first month
- Galia production well to be completed and tied in in H2 2015

Kraken proceeding on budget and on schedule

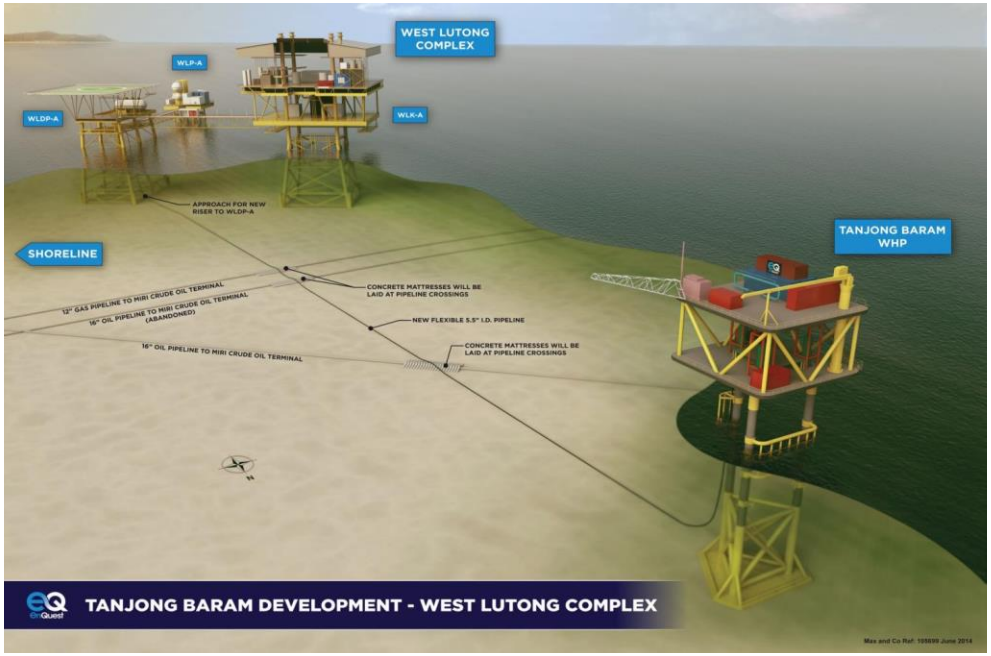
First oil in 2017



- Conversion work continuing at shipyard in Singapore
- Drilling rig contract for the Transocean Leader has been executed. The drilling rig contract is a four year contract, with the fourth year at EnQuest's option
- All major Kraken supplier contracts are in place
- Installation of the subsea structures is well underway and continuing during 2015
- The drilling of an appraisal well and sidetrack in to the west of the Kraken Field has confirmed the presence of oil. Significant de-risking. Further evaluation is ongoing.
- The drilling rig is expected on location by Q3 2015, to commence the Kraken batch drilling programme

Tanjong Baram

Two well development programme, on track for production in mid-2015

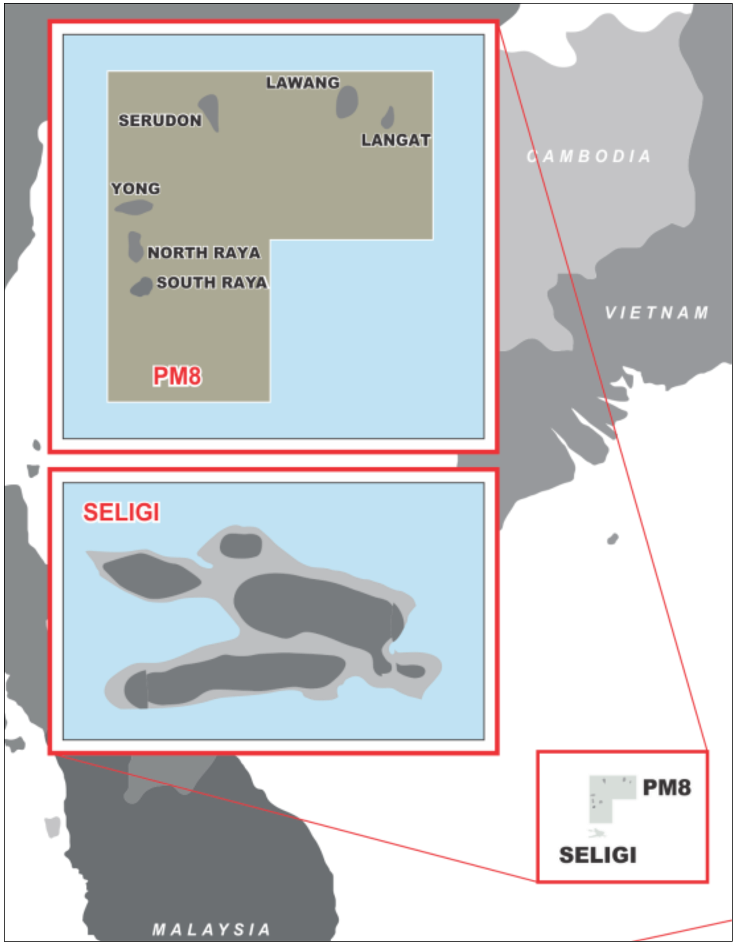


Thunder Crane Installed in February

- Drilling TBRM-A1, preliminary analysis indicates well results better than anticipated
- Host modifications works ongoing
- Expediting equipment packages for well head pressure
- Load-out planned in April
- First oil in mid-2015
- Peak oil c.4,000 Boepd gross

PM8/Seligi

2015 focus on well interventions and improving the field infrastructure



Near term

- Field and reservoir management review and optimisation of existing production
- Review Yong & North Raya

Medium term

- Seligi Water Flood pilot
- Evaluate value of 4D over Seligi
- Review PM8 undeveloped discoveries – hub approach
- Third party tie-back opportunities

Longer term

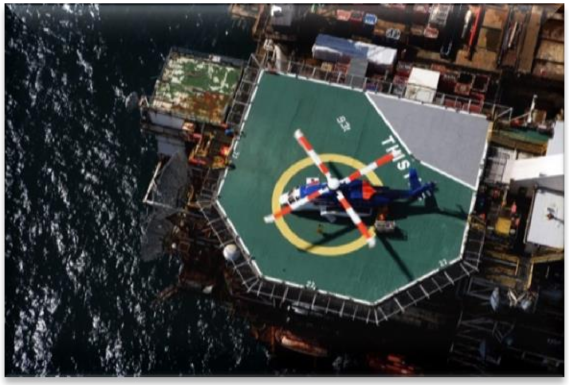
- Potential for targeted Seligi Water Flood
- Targeted infill drilling Seligi

Summary

EnQuest's producing hubs

From 3 to 6 hubs, a growing & increasingly diversified portfolio

Thistle/Deveron



The Don fields

Heather/Broom

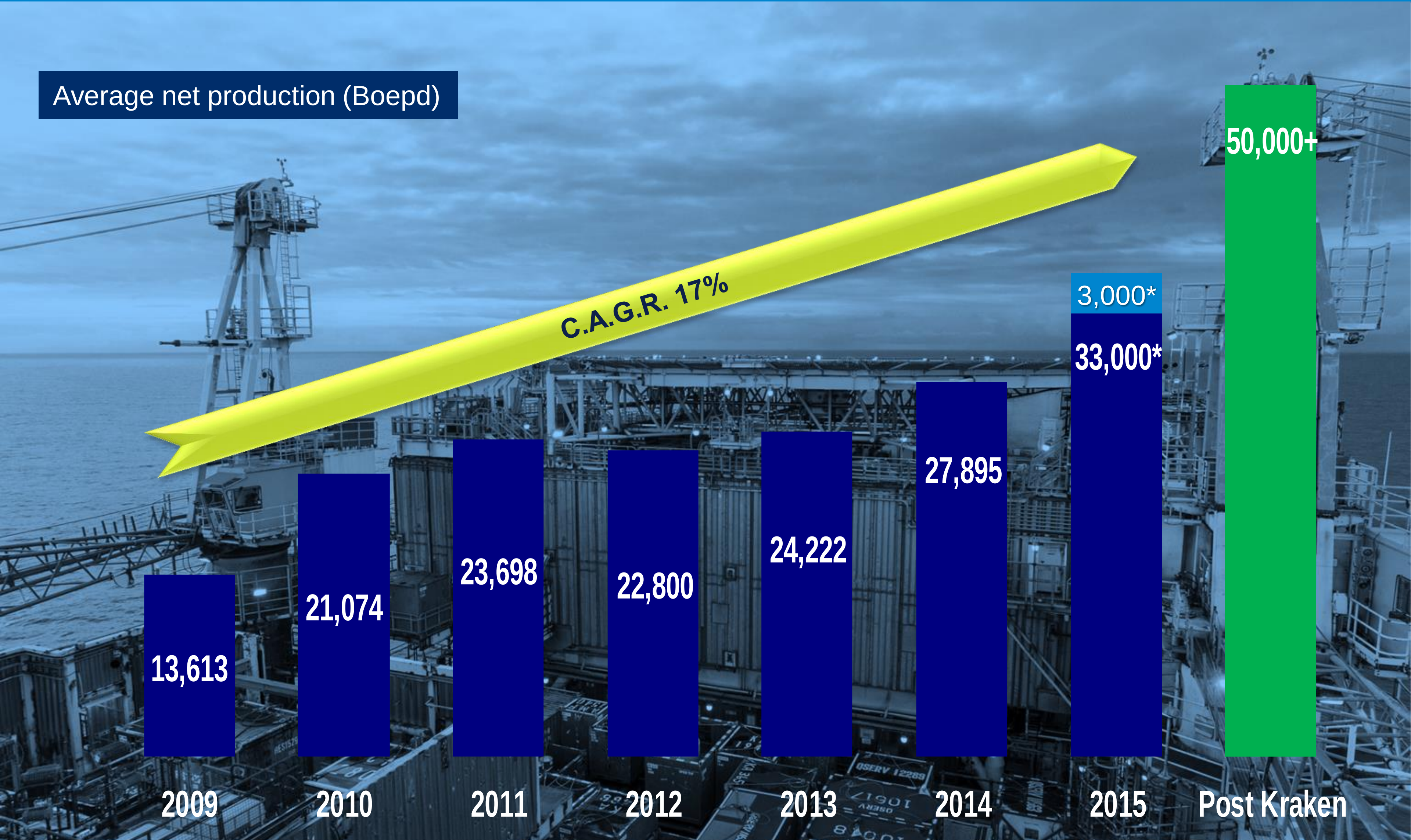
Greater Kittiwake Area

PM8/Seligi (Malaysia)

Alma/Galia

Delivering strong compound annual growth rates

15% to end 2014, expecting c.17% in 2015, then further substantial increases



* Guidance range for 2015 is an average of between 33,000 Boepd and 36,000 Boepd

Q&A

Thistle/Deveron

Dons — Northern Producer

Heather/Broom

Alma/Galia — EnQuest Producer

Delivering sustainable growth
On course for over 50,000 Boepd

Exploiting our existing reserves

Dons, Thistle/Deveron, Heather/Broom, Alba

Commercialising & developing discoveries

Ythan

Scolty/Crathes Alma/Galia Kraken

Converting contingent resources into reserves

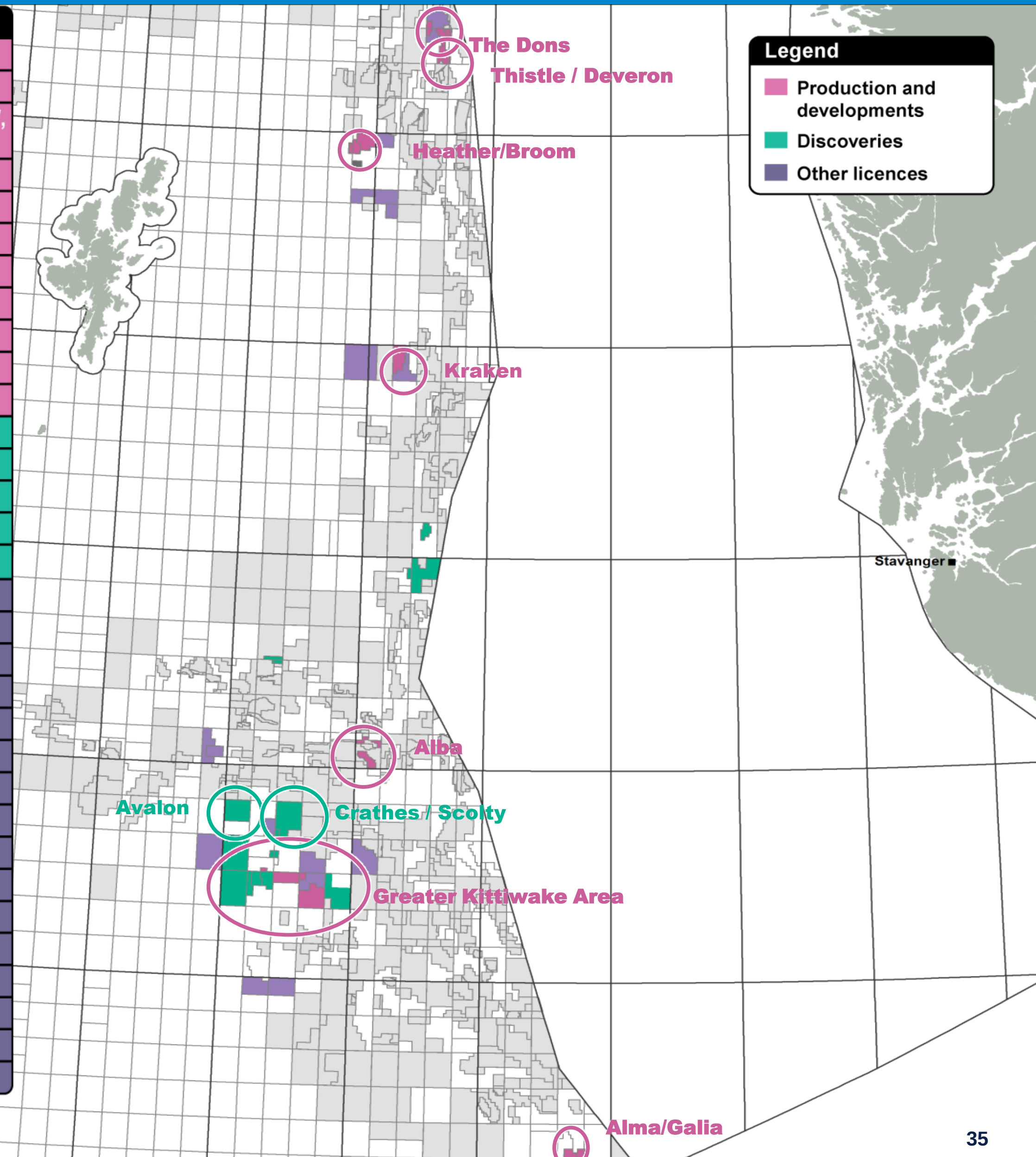
Greater Kittiwake Area, PM8/Seligi

Making selective acquisitions

EnQuest's growing North Sea asset base

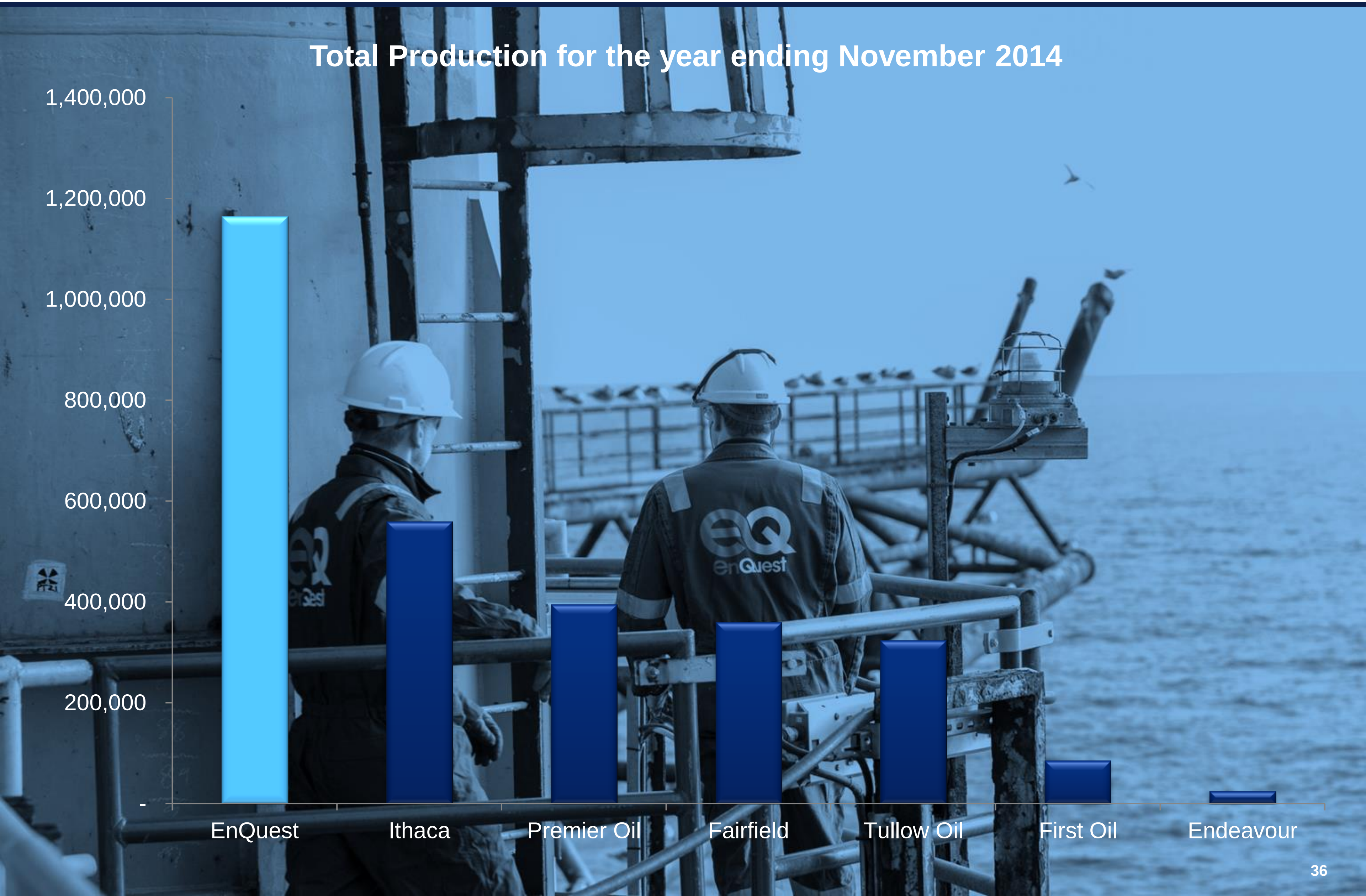
As at 31 December 2014, plus 28th UK licensing awards

Licence	Block/Sub-area	Name
P073	21/12a	Goosander
P213	16/26a	Alba
P236	211/18a & 18b	Thistle, Deveron, Don SW, Conrie, West Don
P238	21/19a & 21/19b	Grouse, Mallard, Gadwall
P242 / P902	2/4a & 2/5	Broom & Heather
P351	21/18a	Kittiwake
P475	211/19s	Thistle
P1077	9/2b	Kraken & Kraken North
P1200	211/13b	West Don
P1765 / P1825	30/24b, 30/24c, & 30/25c	Alma, Galia
P2137	211/18e & 19c	Ythan
P209	9/28a	Crawford
P220, P250 & P585	15/12b, 15/17a & 15/17n	Kildrummy
P1107 / P1617	21/8a, 21/12c & 21/13a	Scolty, Crathes
P1214 / P1892	16/2b & 16/3d	Cairngorm
P2006	21/6b	Avalon
P90	9/15a	
P242	2/5b	
P1415	21/17a & 21/17c	
P1463 / P1991	14/30a & 14/30c	
P1968	2/10a, 3/6a & 3/11c	
P1976	8/5 & 9/1b	
P1996	28/2b & 28/3b	
P2005	22/11b	
P2027	21/17b	
P2084	21/7a	
P2143	3/1b	
P2148	9/2c	
P2173	20/15, 21/11 & 21/16	
P2176	21/8b	
P2177	21/14b, 19c & 20b	
P2201	211/13c & 211/18c	



Largest UK Independent Producer in the UK North Sea

Government data (DECC) for UK North sea independent producers

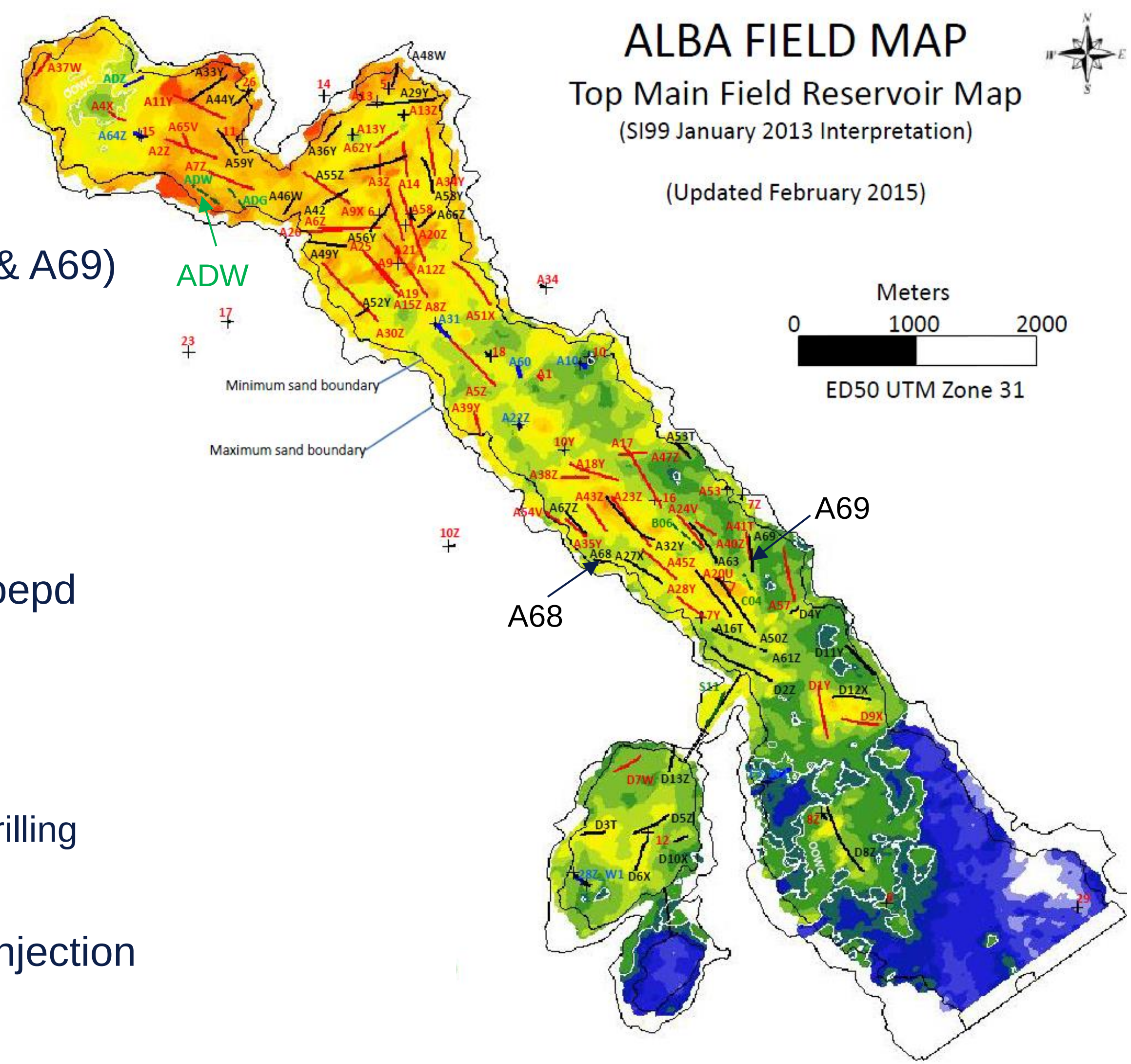


Alba

8% non-operated, 1,214 Boepd in 2014

- **2014**
- Two new producers drilled (A68 & A69)
- New 4D seismic survey acquired

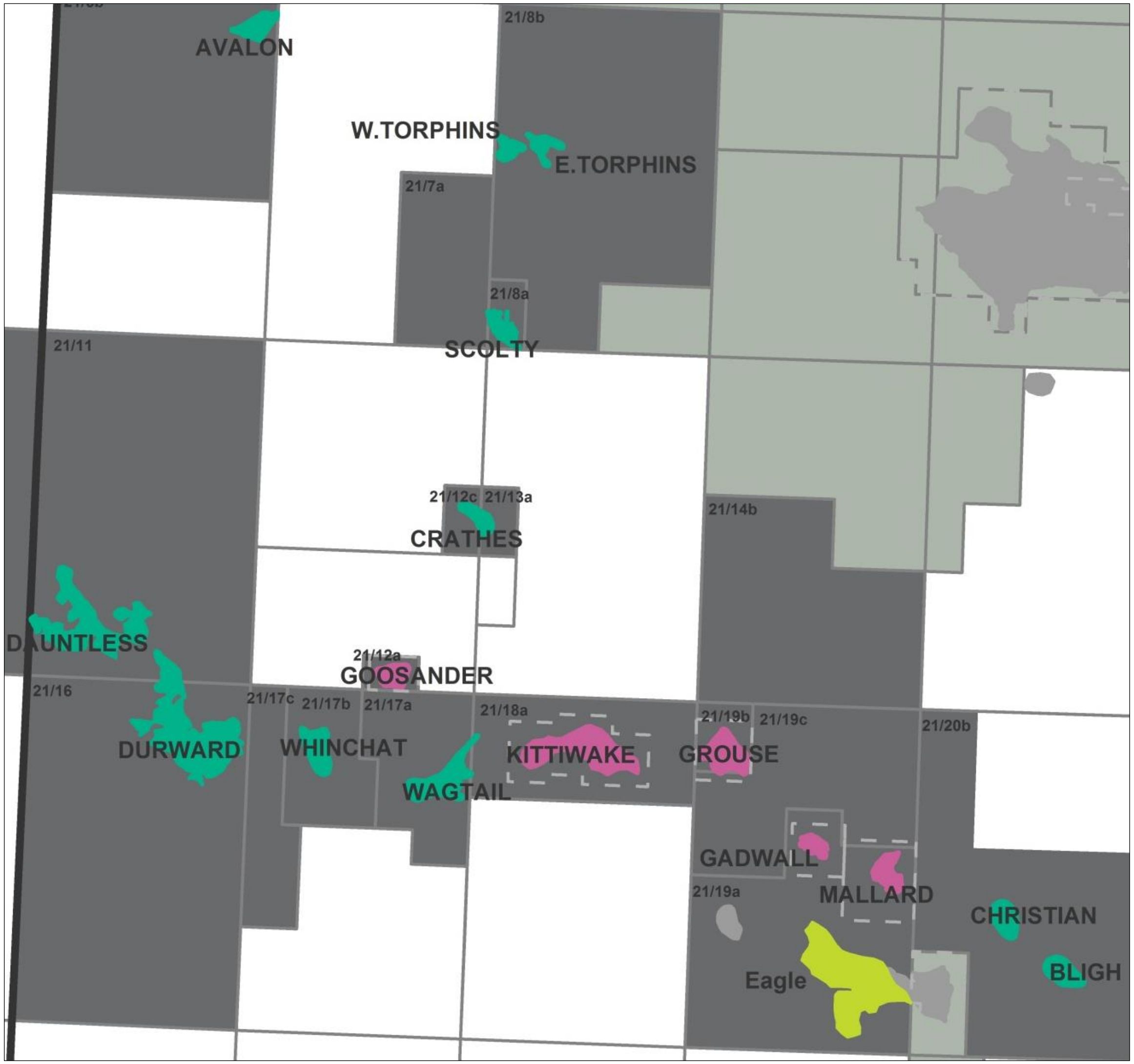
- **2015**
- Production for January: 1,374 Boepd
- 1 Planned Platform Well (ADW)
- New 4D seismic reinterpretation
  - Key input for maturing future drilling targets
- Reinstatement of subsea water injection



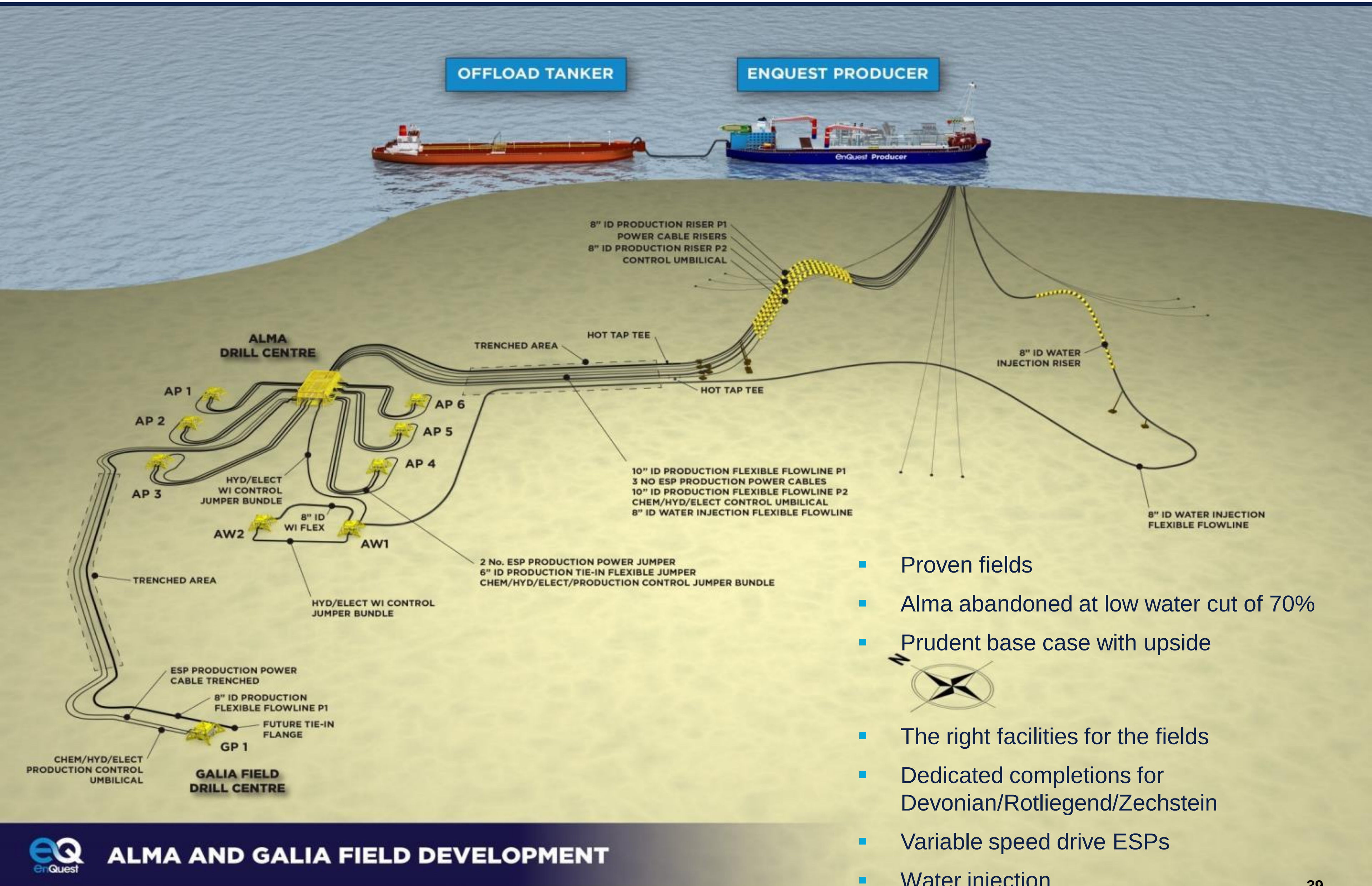
Source : Chevron

Greater Kittiwake Area opportunity

50 km tie-back radius & competitor infrastructure

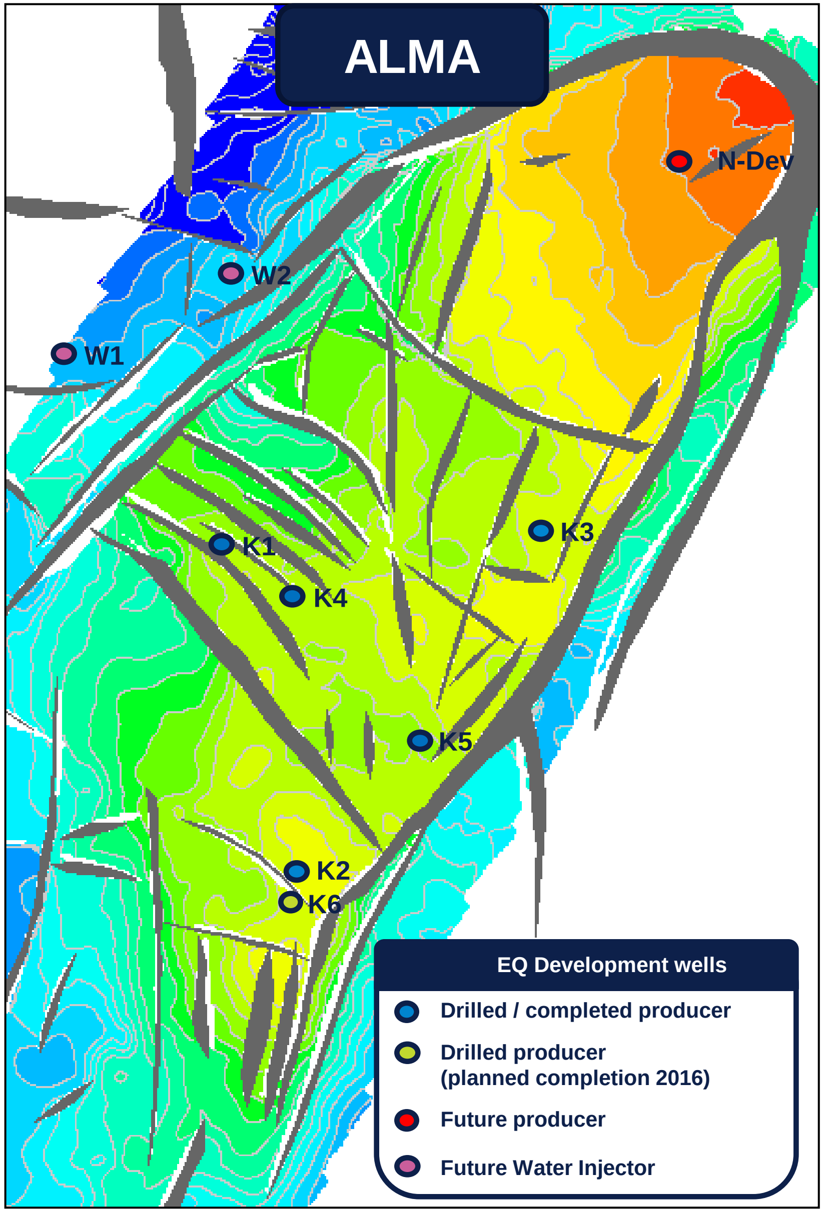


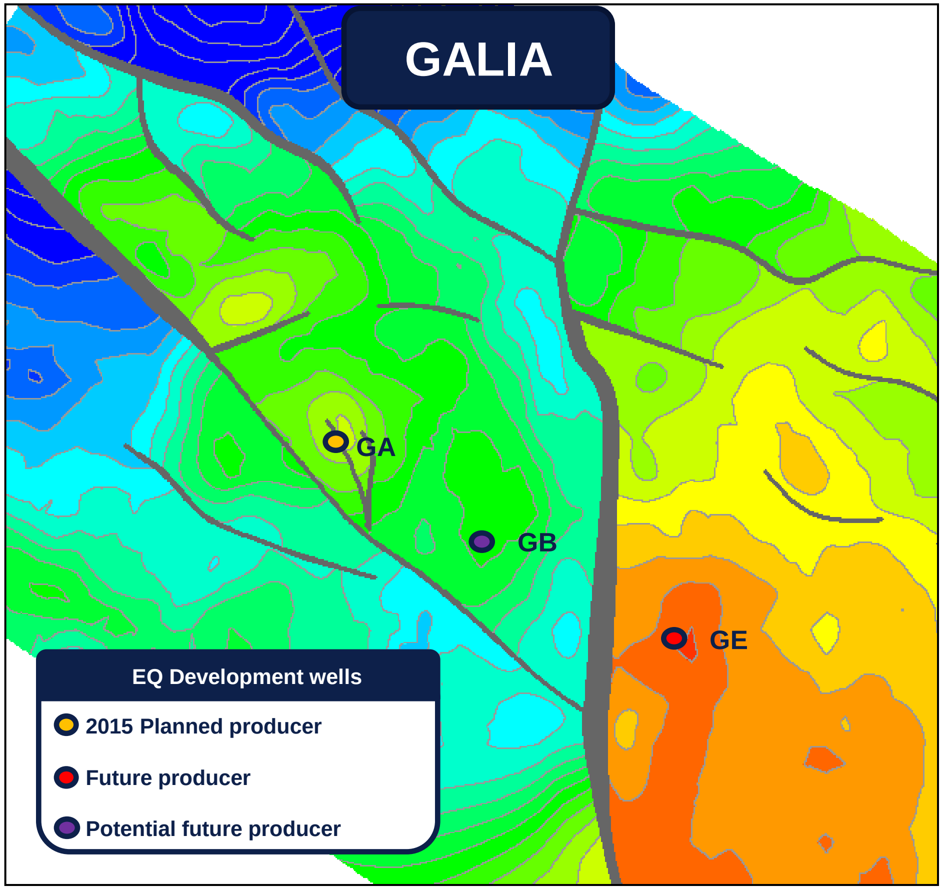
Alma/Galia infrastructure



- Proven fields
- Alma abandoned at low water cut of 70%
- Prudent base case with upside
- The right facilities for the fields
- Dedicated completions for Devonian/Rotliegend/Zechstein
- Variable speed drive ESPs
- Water injection

Alma / Galia





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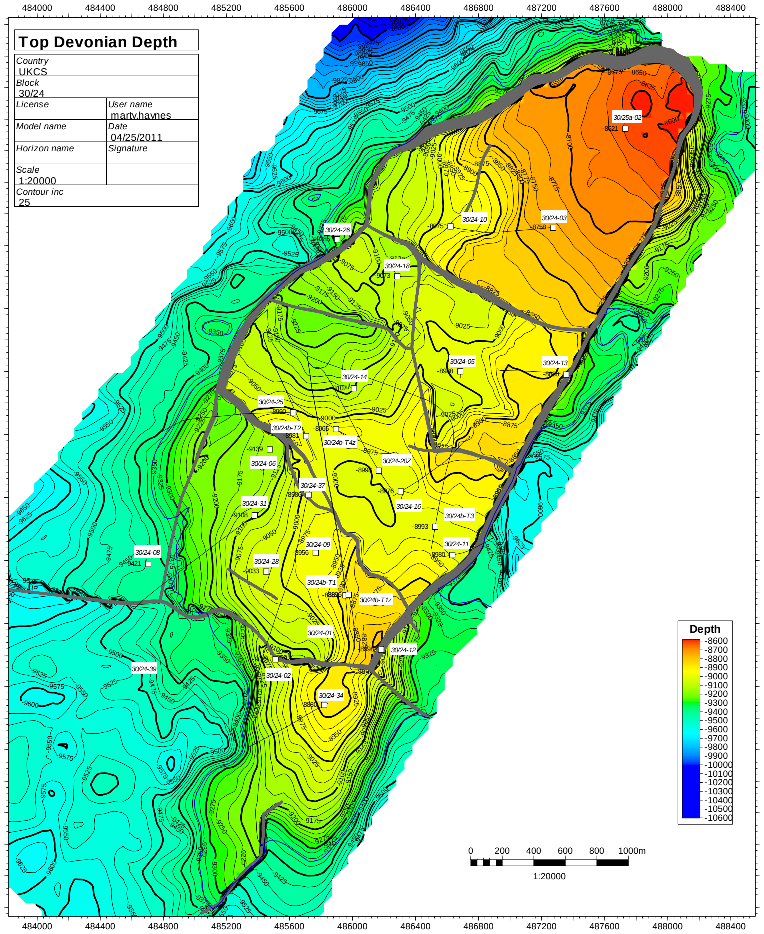
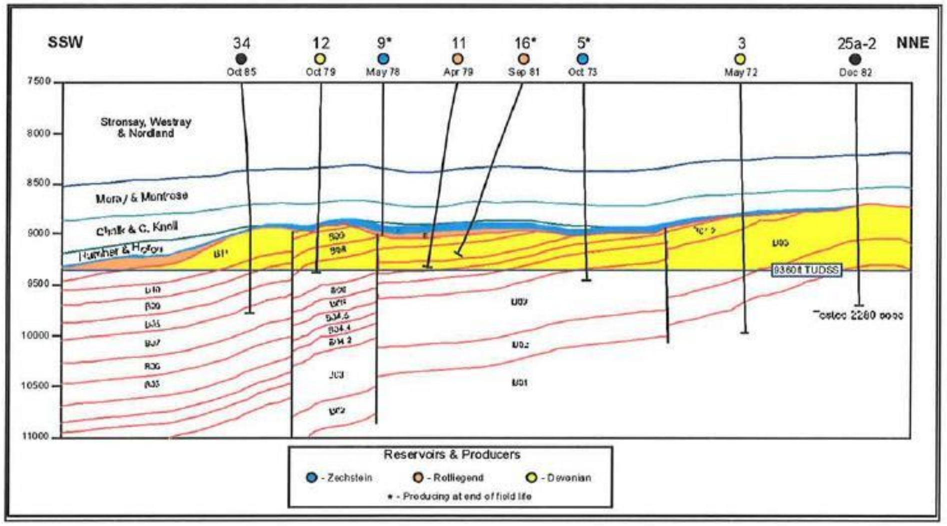
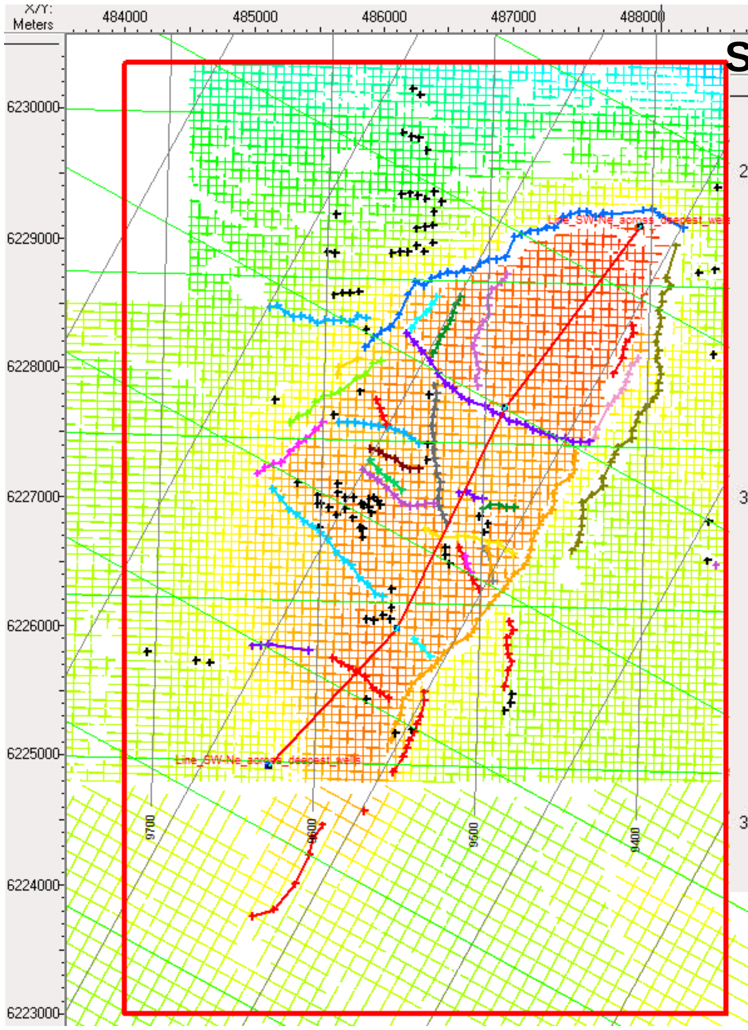
Alma
Subsurface

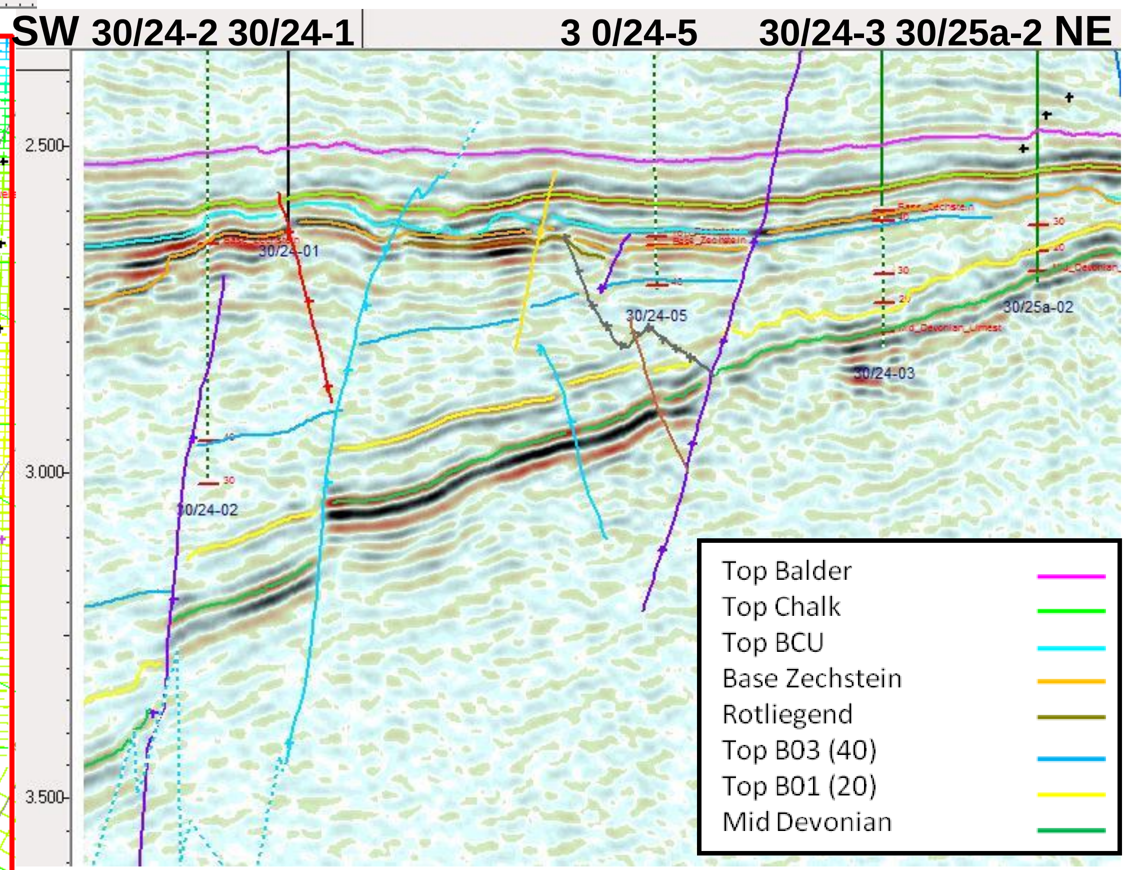




PVT property	Value
Bubble pressure (Pb)	1145 psia
Dissolved Gas oil ratio (Rs) @ Pb	219 scf/stb *
Formation Volumetric Factor (Bo) @ Pb	1.29 rb/stb *
Oil Viscosity (μo) @ Pb	0.7 cP
API gravity	38°
Temperature	255 °F

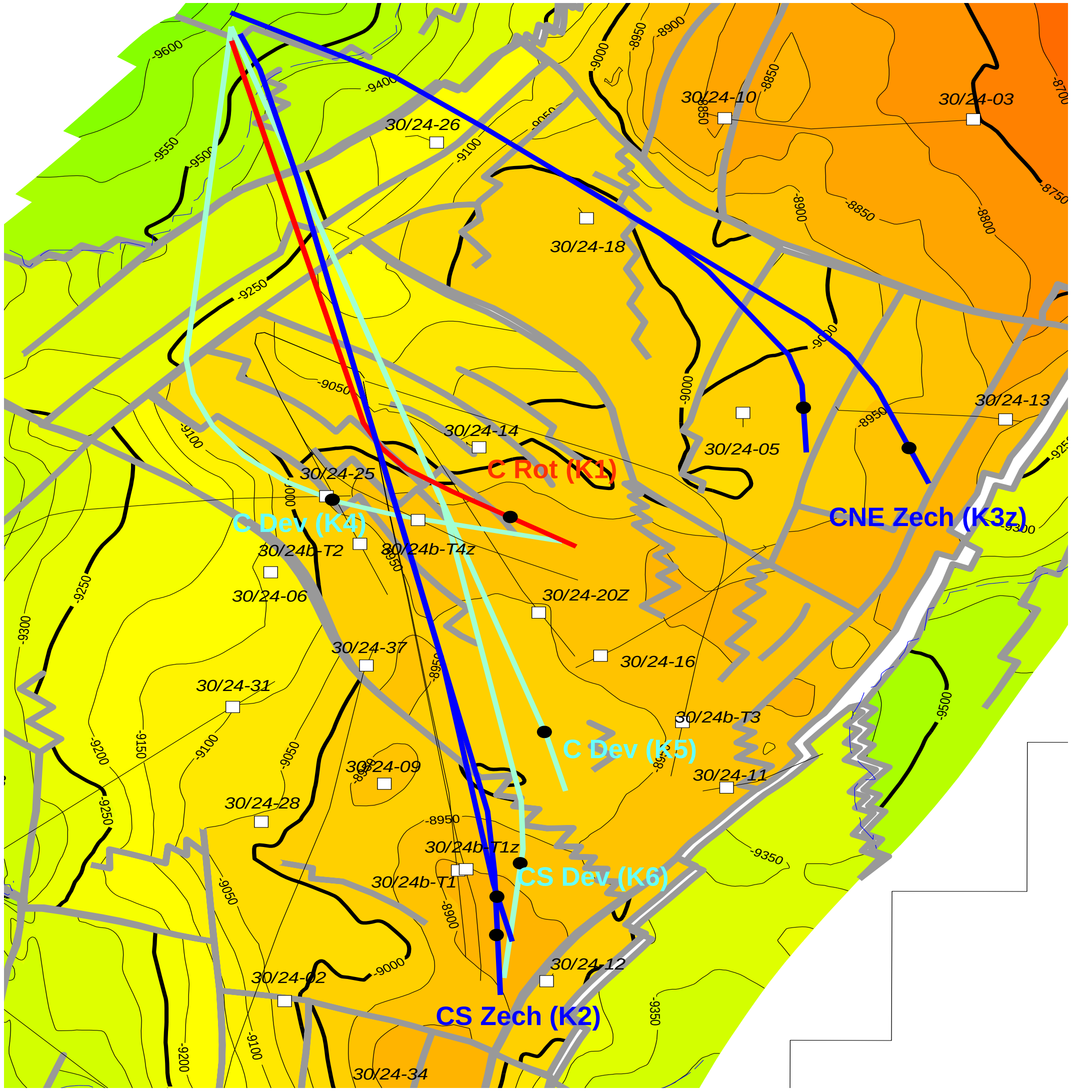
Alma
Seismic





Alma Development

Wells Trajectory Schematic



Development wells optimised to target:

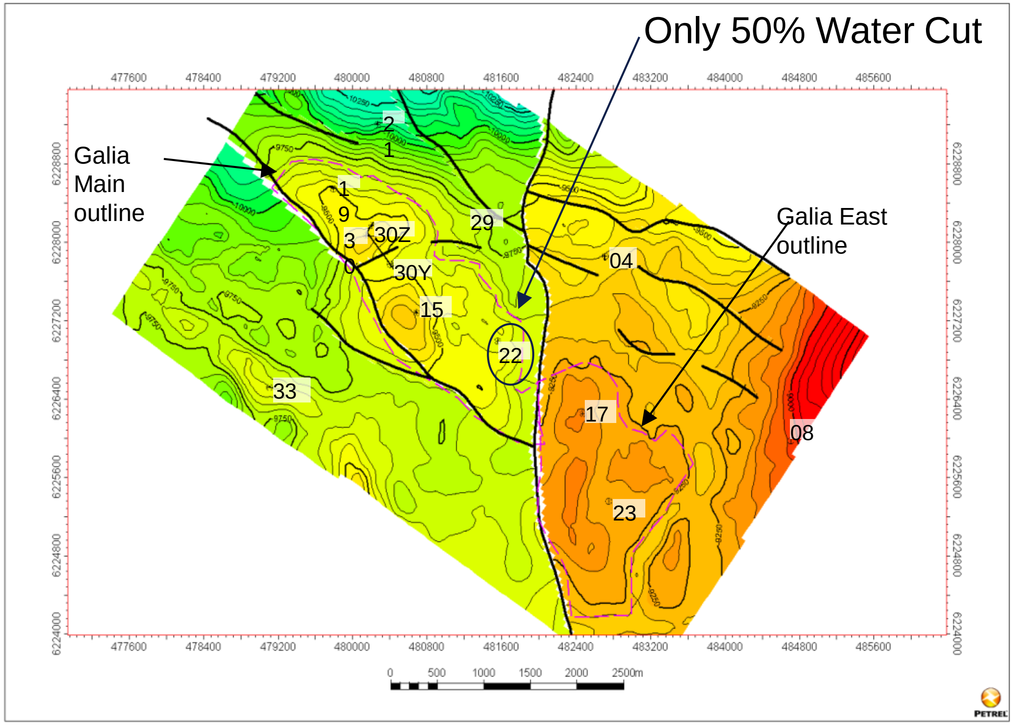
- All key reservoir zones (no comingling)
- Stand-off from FWL in key producing zones
- Optimise wells to get max length in Devonian

4 Types of well to drill and complete:

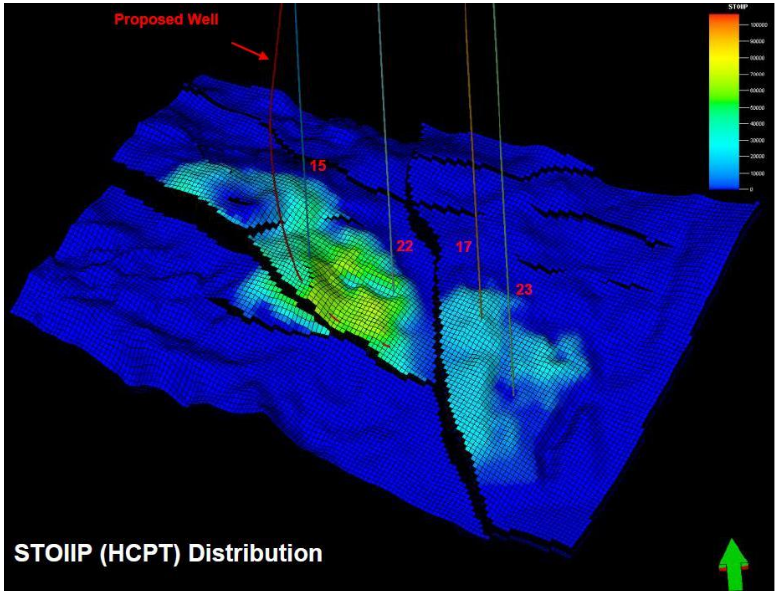
- Zechstein Producers x2
- Rotliegend Producer x1
- Devonian Producers x 3
- Zechstein/Rotliegend Water Injectors x 2

Galia

STOIIP & Reserves



	Galia Main	
Well Sampled	30/24-15	
Bubble Point Pressure	1900	psia
Differential Gas-Oil Ratio	631	scf/stb
Formation Volume Factor	1.33	b/stb
Oil Viscosity	0.49	Degrees
API Gravity	38	Degrees F
Reservoir Temperature	260	

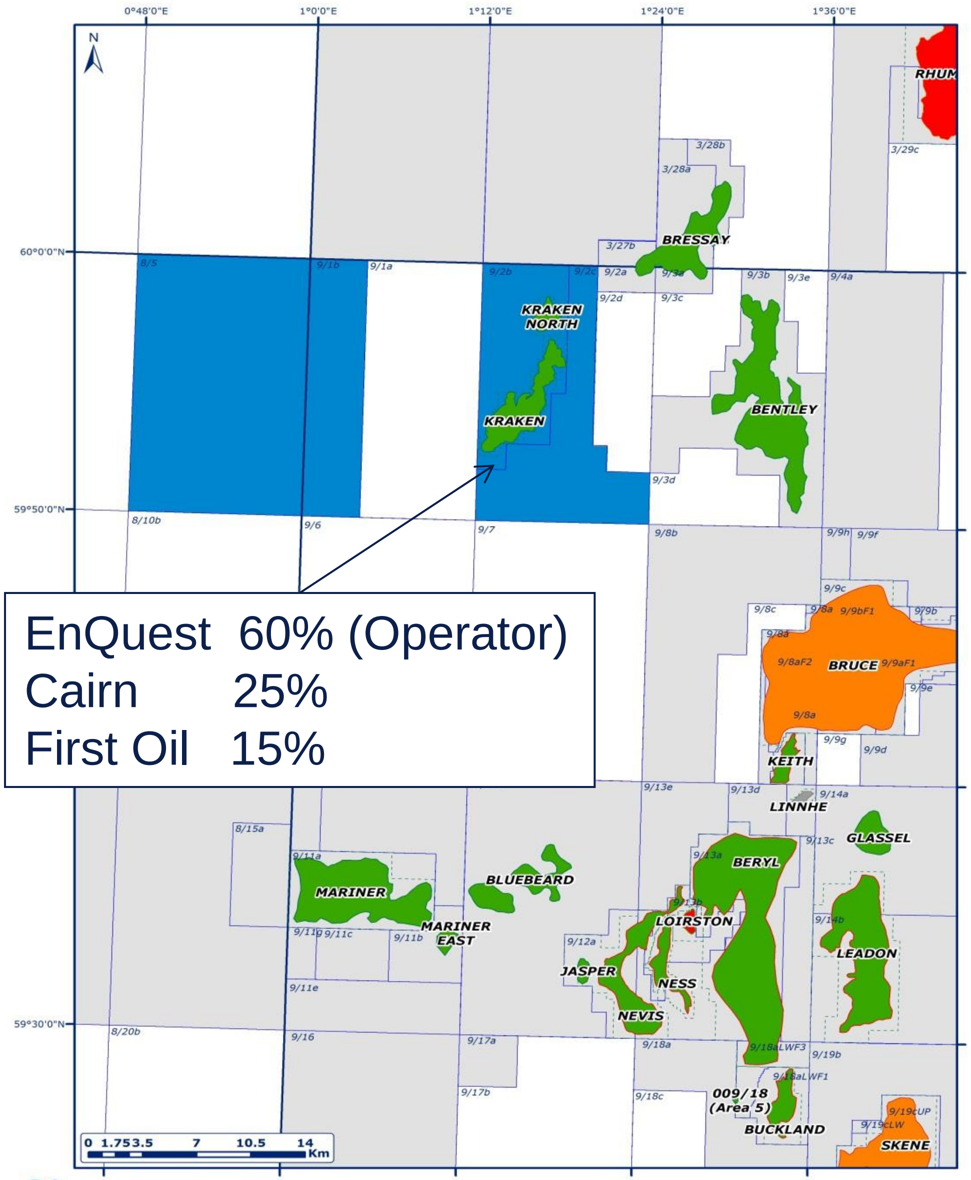


Kraken overview

Field summary

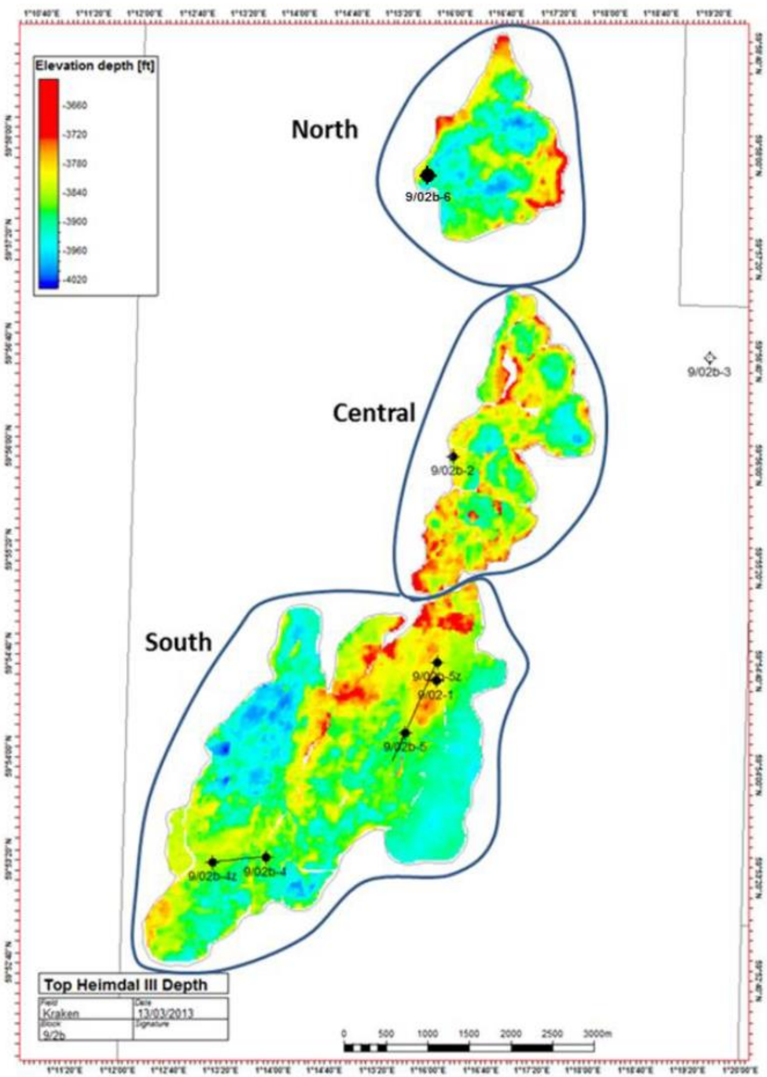
- 2 fields located in Block 9/2b
  - 350km NE of Aberdeen
  - Field area ~12 x 3.5 km
  - Water Depth of 110m
  - Heavy Oil (14 Deg API) but good flow properties
  - Low sulphur content and not waxy

- FDP approved by DECC with two heavy oil tax allowances confirmed
  - Developing 147 MMbbls reserves (FDP base case, including fuel)
  - 25 wells
  - Further upside potential to the West and possibly beyond



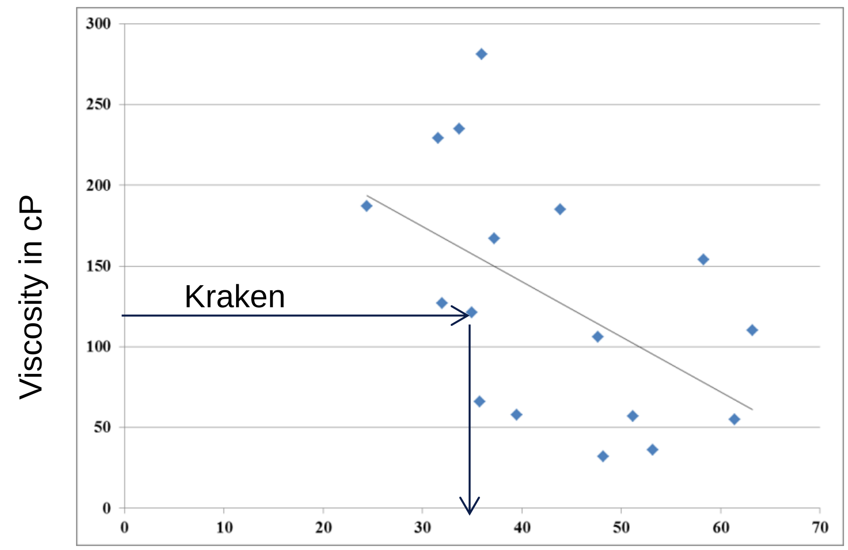
EnQuest	60% (Operator)
Cairn	25%
First Oil	15%

Kraken subsurface
STOIIP, reserves & recovery factor



FDP	STOIIP	Produced	RF%
North	68	20	30%
Central	85	38	45%
South	268	89	33%
Kraken Area	421	147	35%

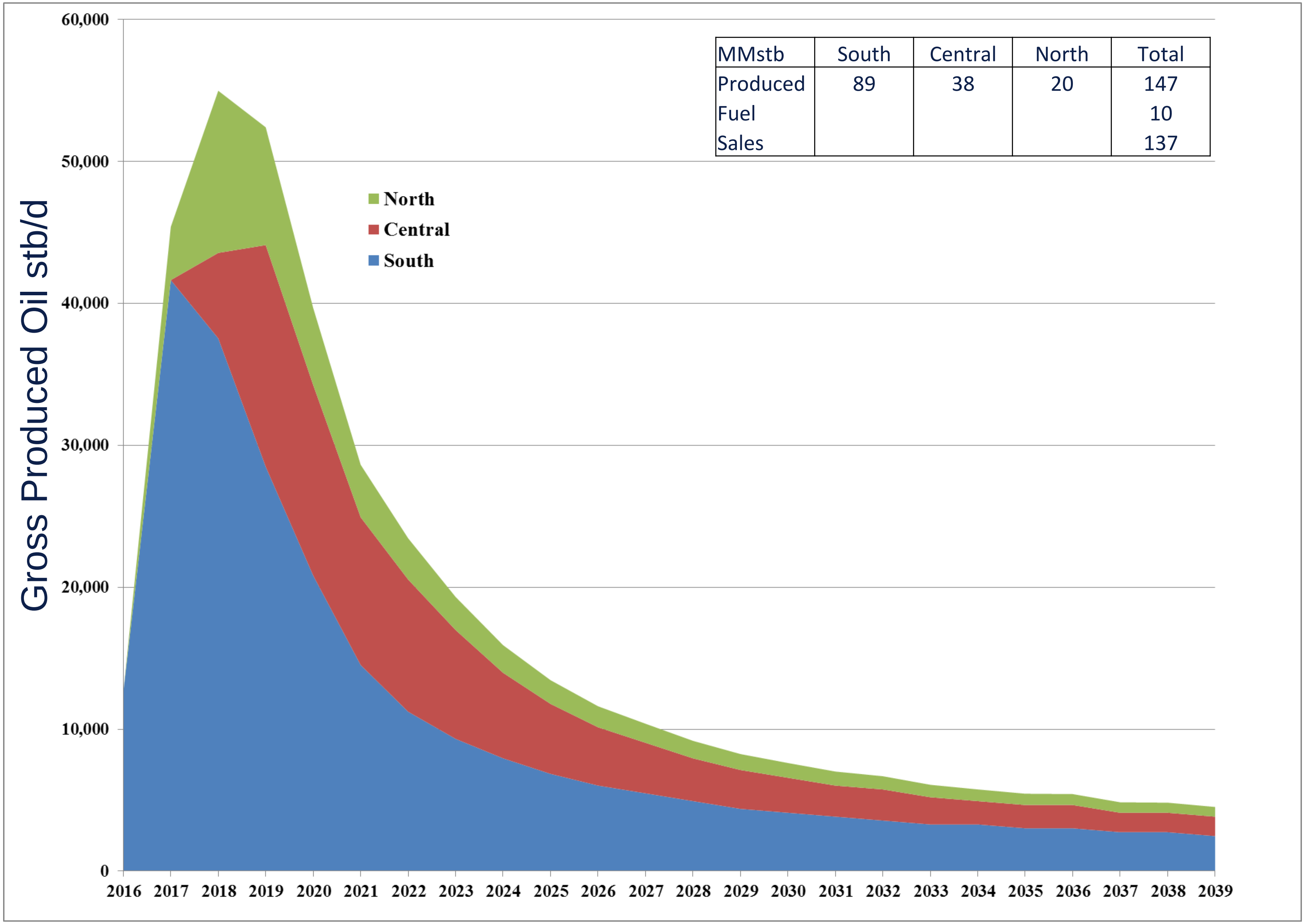
Conservative Recovery Factor



Ultimate Recovery Factor from Heavy oil Fields

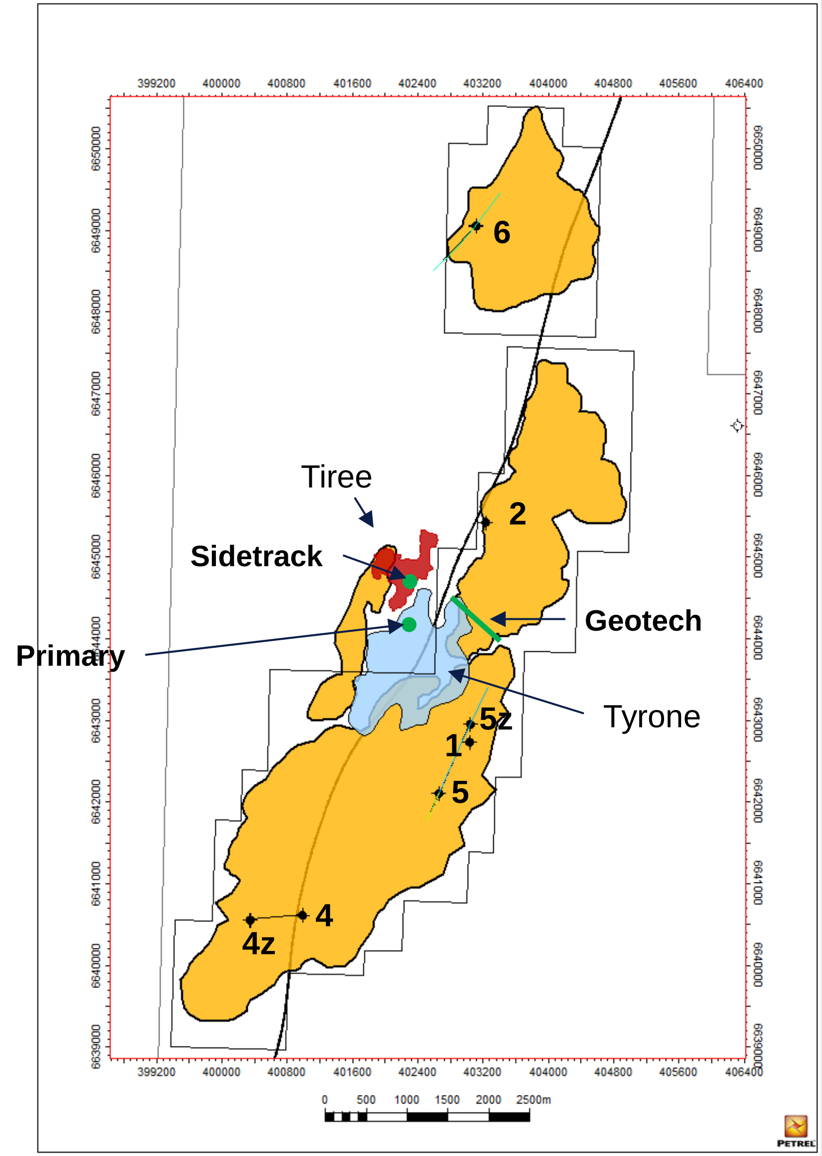
Kraken subsurface

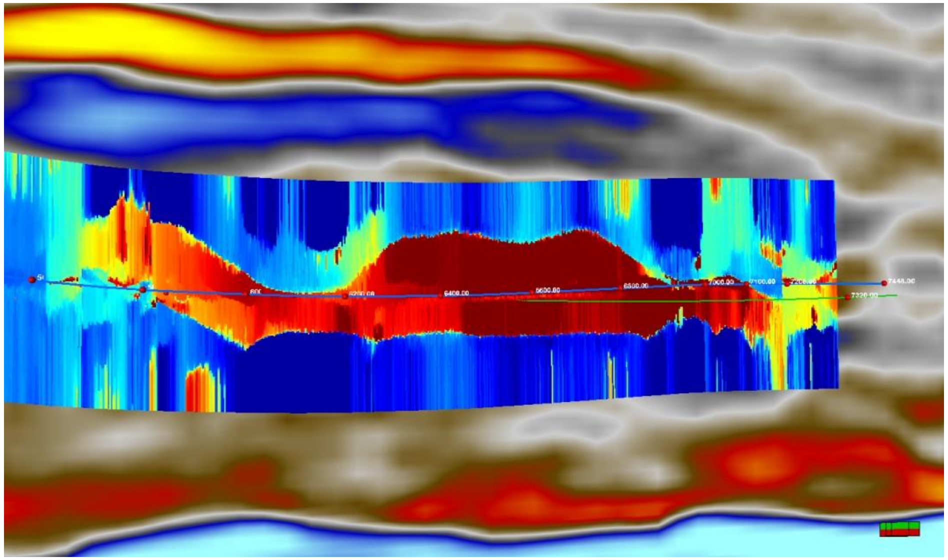
Gross production profile & reserves – FDP



MMstb	South	Central	North	Total
Produced	89	38	20	147
Fuel				10
Sales				137

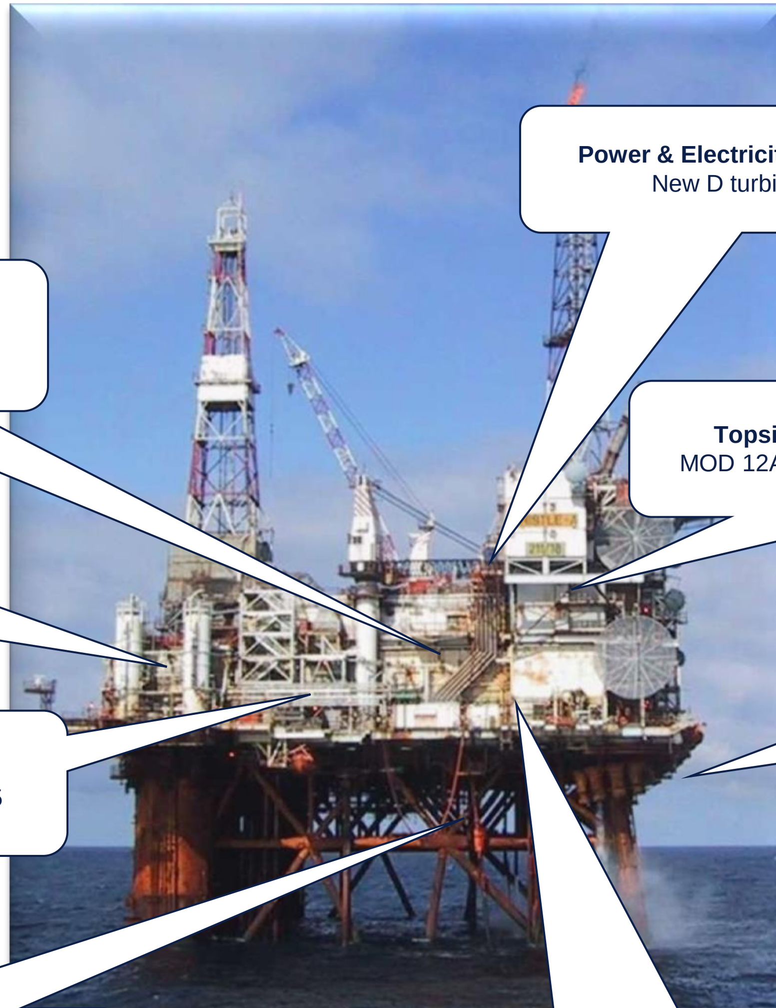
Kraken 9/2b Appraisal Well





Geotechnical well resistivity and seismic

Thistle life extension projects



Power & Electricity Upgrade Project
New D turbine Complete

Topsides Structural Interim Projects
PC2 Installed Q2 2014
PC1 Installed Q3 2014

Topsides Structural Integrity Projects
MOD 12A, 6A and 3A laydown areas complete

Controls and Safety Systems
Installation of PCSS and SIS architecture
Installation 85% complete

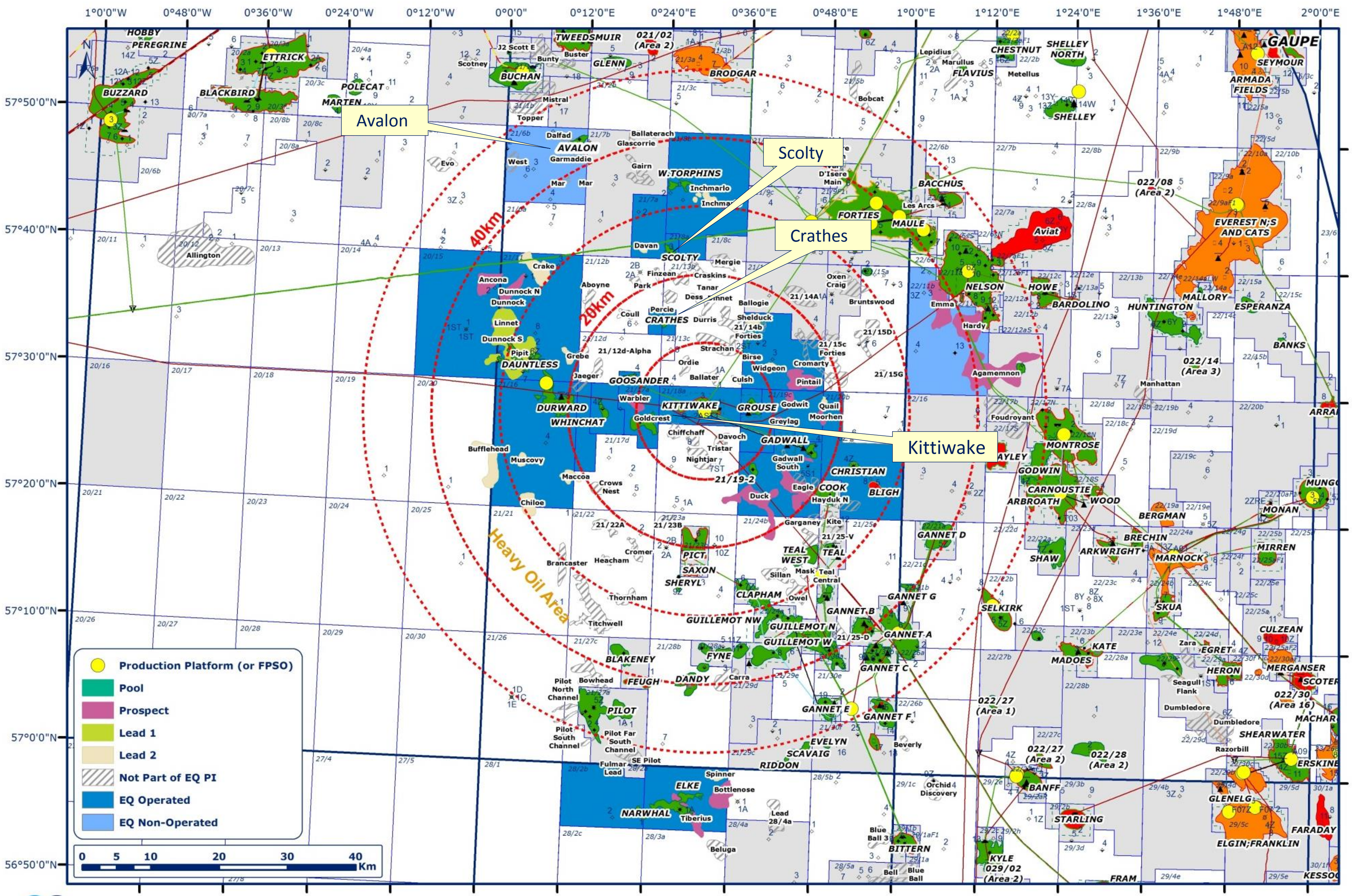
Jacket Integrity Project
Modifications required to ensure jacket protection for another 15 years

Controls and Safety Systems
PCSS commences FAT Q1 2015

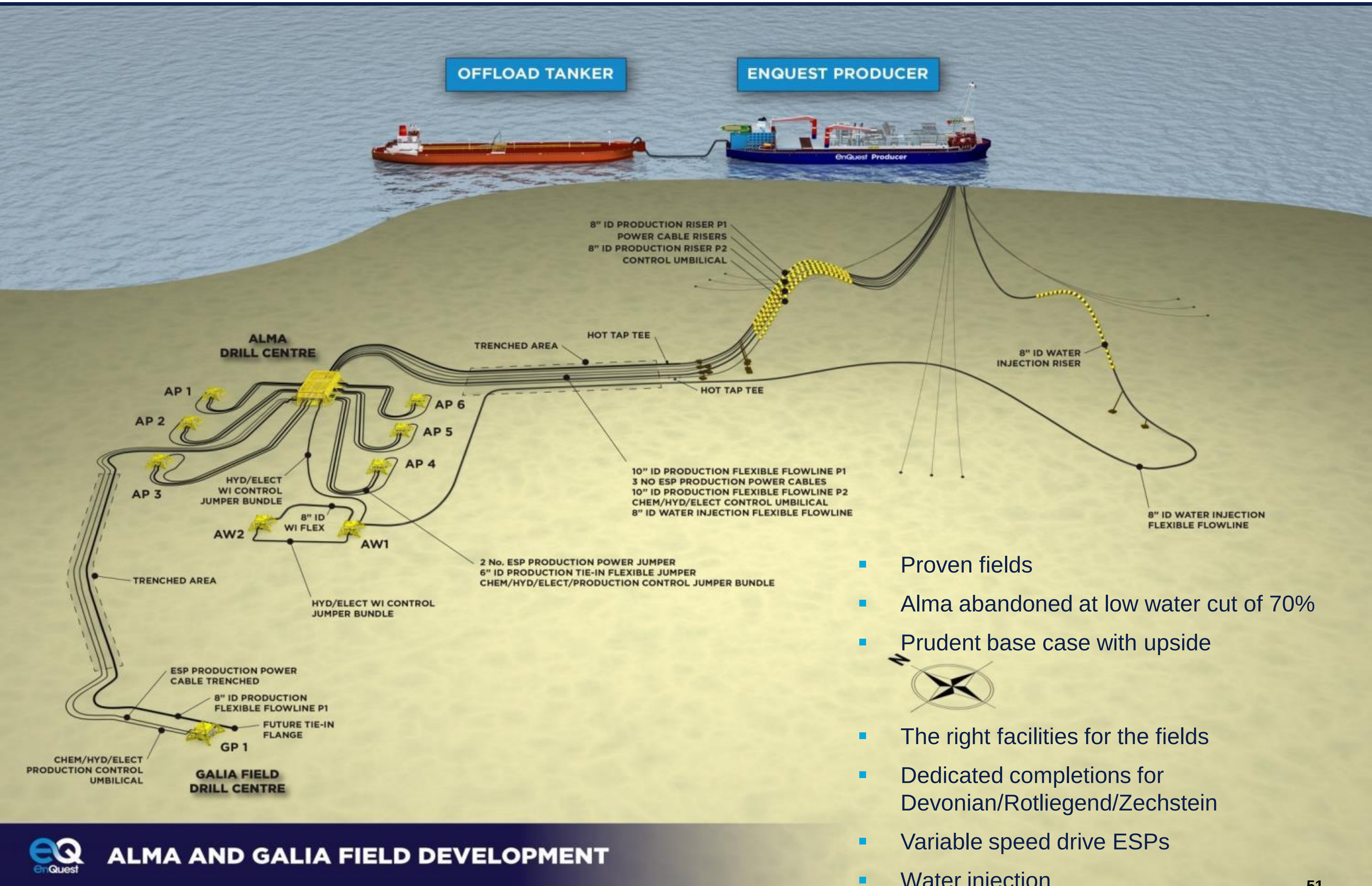
Process Simplification Project
Hydrocarbon Systems 80%

Process Simplification Scopes Completed
New Electrical Hot Water System Complete
Potable Water System Complete

Greater Kittiwake Area opportunity

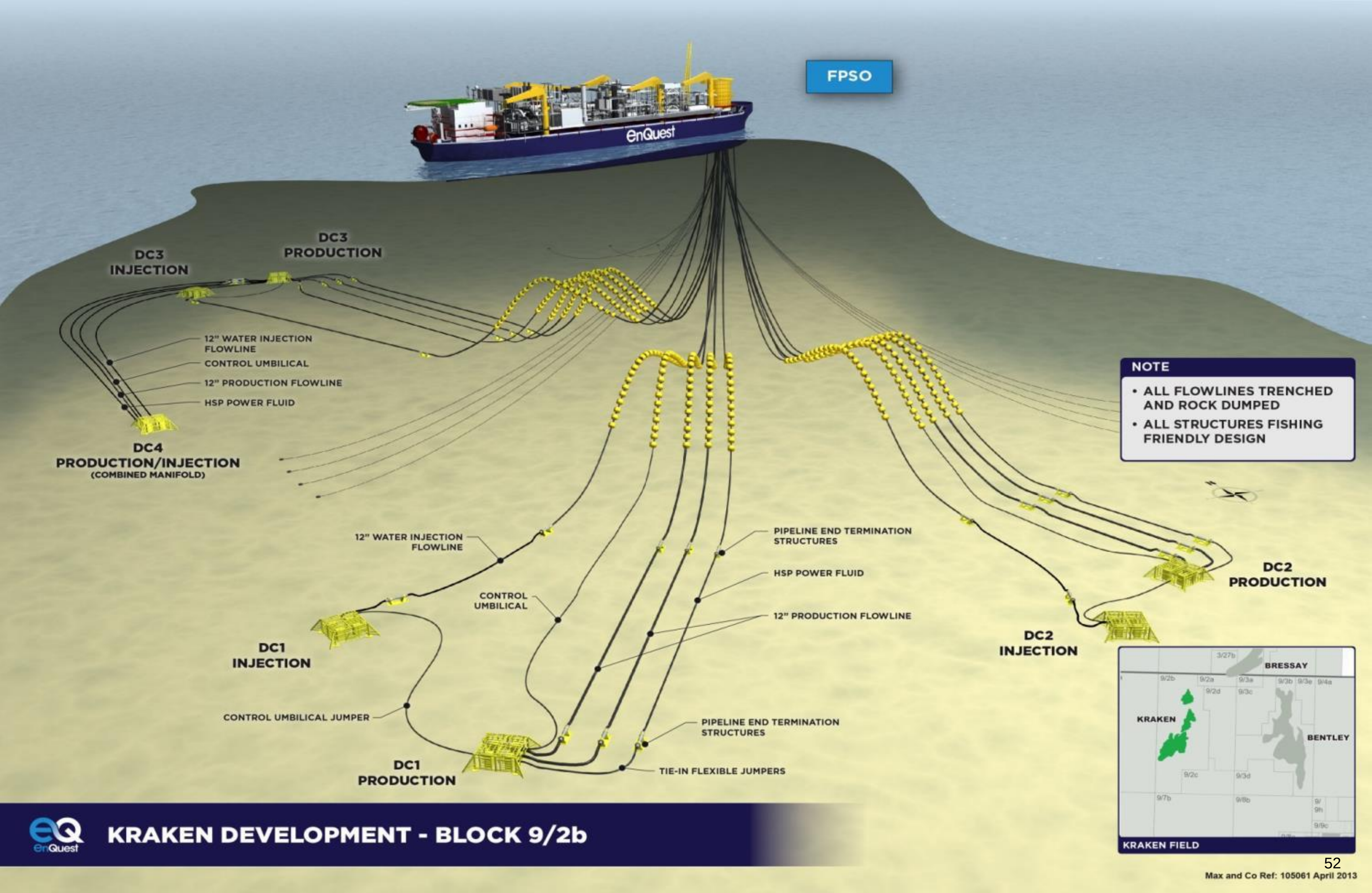


Alma/Galia infrastructure

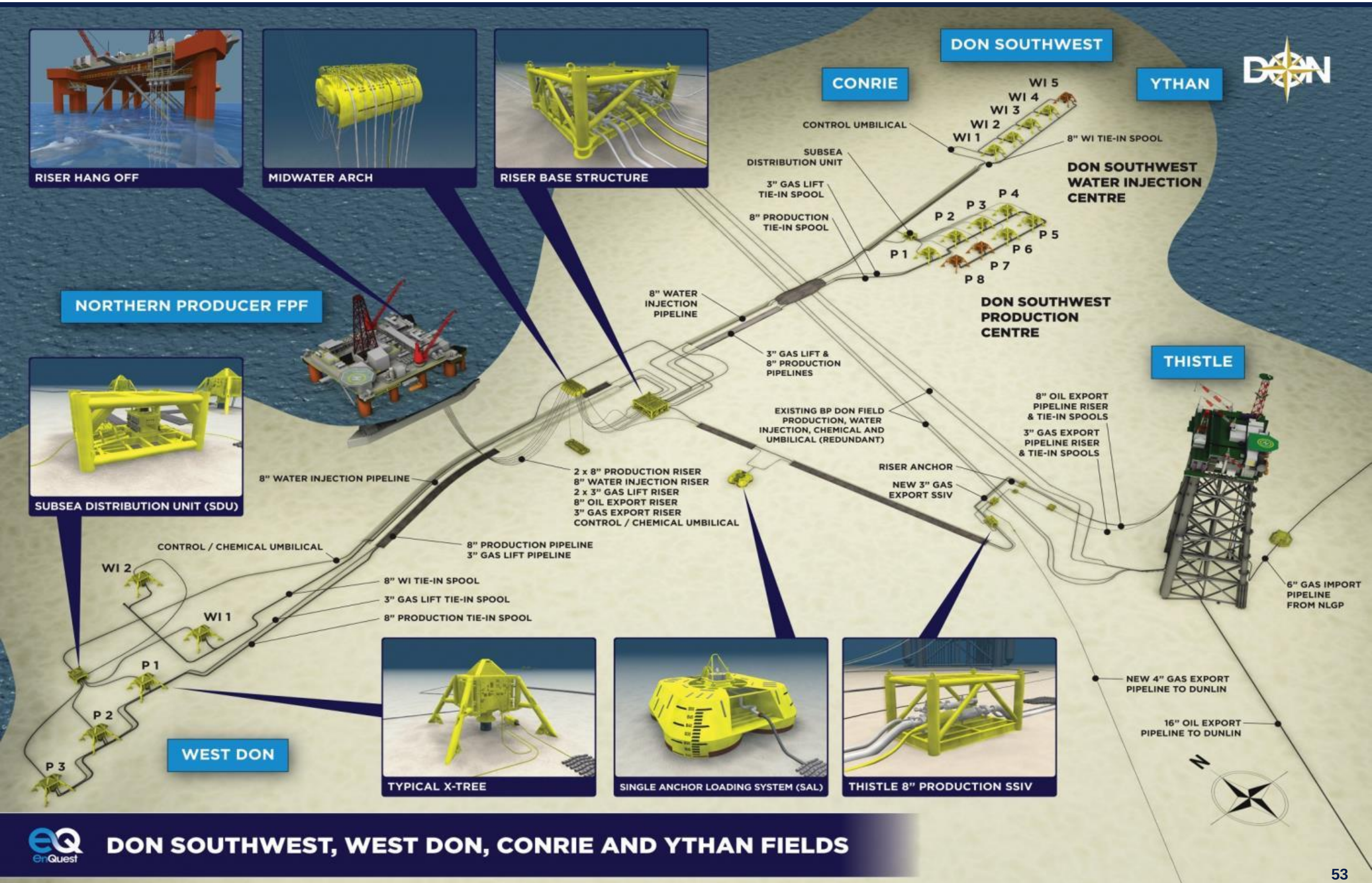


- Proven fields
- Alma abandoned at low water cut of 70%
- Prudent base case with upside
- The right facilities for the fields
- Dedicated completions for Devonian/Rotliegend/Zechstein
- Variable speed drive ESPs
- Water injection

Kraken infrastructure

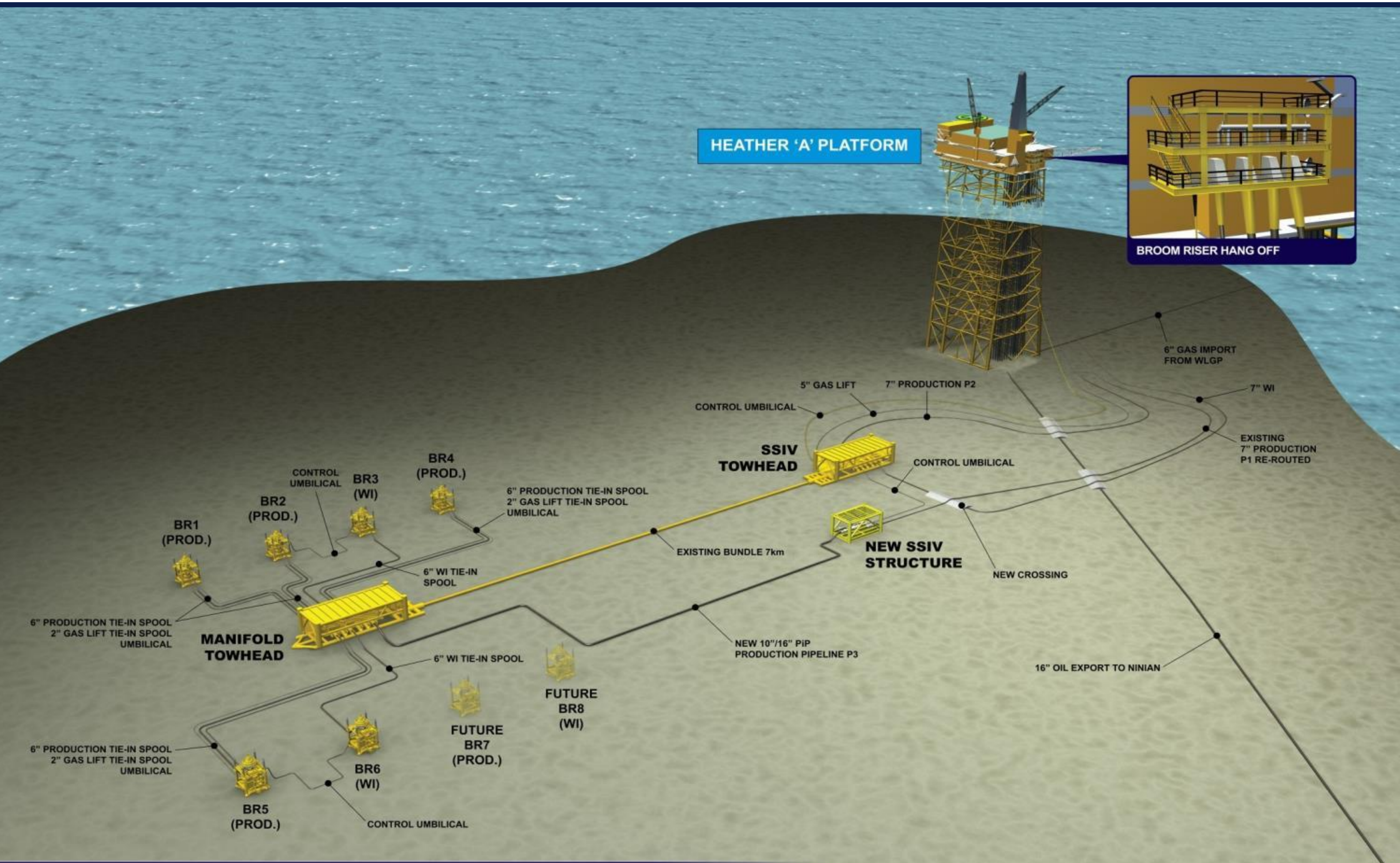


Thistle, Conrie and The Dons infrastructure

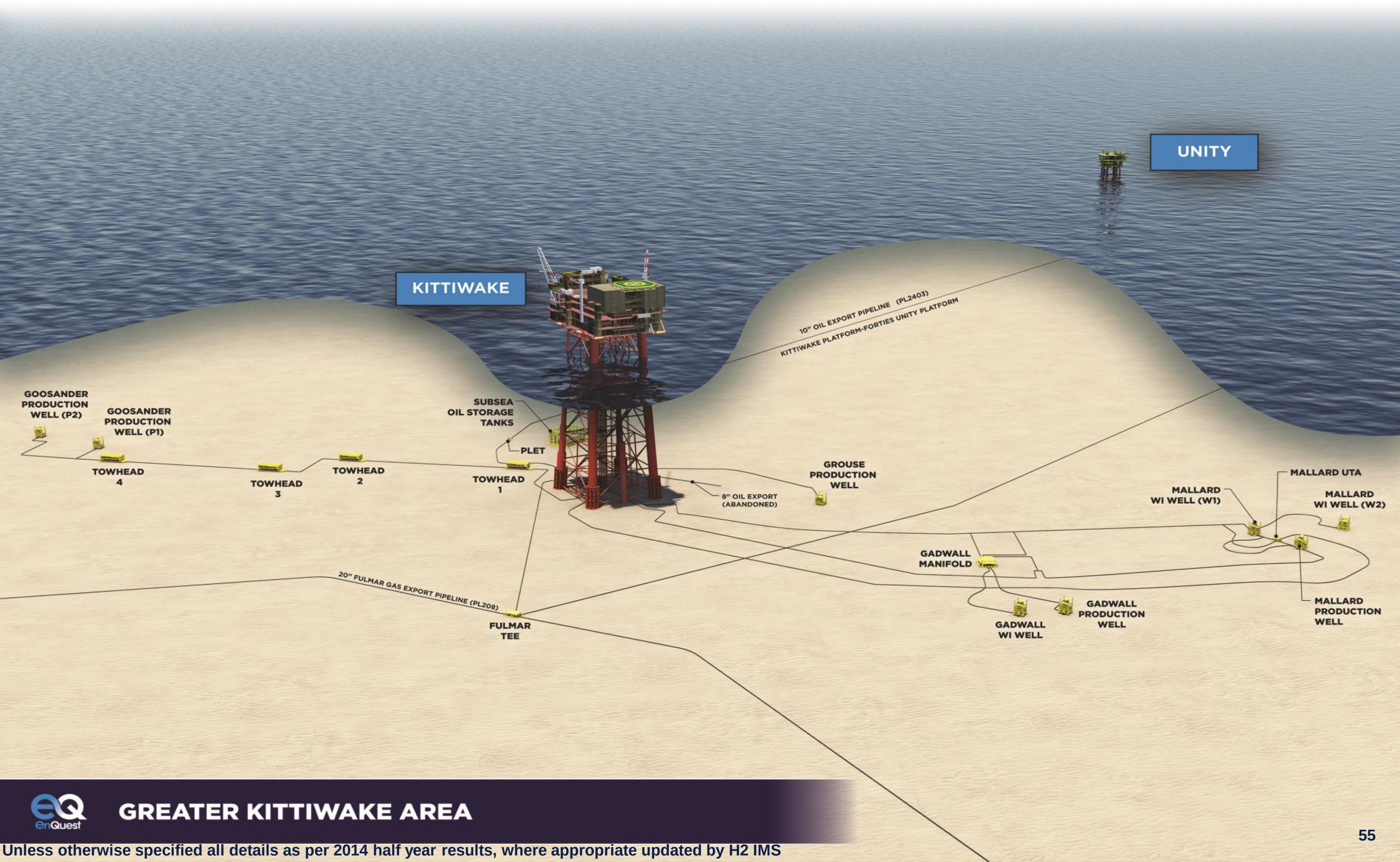


Unless otherwise specified all details as per 2014 half year results, where appropriate updated by H2 IMS

Heather / Broom infrastructure



GKA infrastructure



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