

ENQUEST PLC, 25 May 2017. OPERATIONAL UPDATE.

Kraken on track and 2017 production guidance confirmed

Highlights

- Kraken development on track to deliver first oil before the end of June 2017, with further excellent progress on drilling.
- EnQuest reaffirms its guidance for the full year 2017 of average production between 45,000 Boepd and 51,000 Boepd, which reflects the Kraken contribution in H2 2017. Production averaged 37,856 Boepd for the four months to end of April 2017, down on the 42,752 Boepd in the same period in 2016, reflecting natural declines in the existing producing assets.
- Magnus/SVT transition and acquisition programme on course for transaction completion around the end of 2017, with no cash outlay for EnQuest.

EnQuest CEO Amjad Bseisu said:

"EnQuest is on track to achieve first oil from Kraken before the end of June and to deliver on its production, unit opex and capex targets for 2017. Our strategic priorities continue to be increasing production by delivering on operational and development execution, whilst also continuing to reduce the operating cost base. First production from the Kraken development will give EnQuest its seventh operated hub and will mark a turning point in EnQuest's progress from a period of heavy investment to one focused on cash generation and deleveraging the balance sheet.

EnQuest's proposed acquisition and operation of interests in the Magnus oil field and the Sullom Voe Terminal is on schedule for completion around the end of the year. This transaction recognises EnQuest's differential operational capability in managing mature assets and infrastructure, essential in the North Sea basin at this point in its evolution. Magnus will be EnQuest's eighth operated hub and provides the potential for significant future growth."

Production statistics

Production on a working interest basis	Net daily average	Net daily average
	1 Jan' 2017 to 30 April 2017	1 Jan' 2016 to 30 April 2016
	(Boepd)	(Boepd)
Thistle/Deveron	7,230	9,314
Dons/Ythan	5,267	6,567
Heather/Broom	4,778	6,149
Kittiwake	2,869	3,678
Scolty/Crathes	3,941	-
Alma/Galia	3,452	5,594

Alba	1,310	1,101
Total UKCS	28,846	32,403
PM8/Seligi	8,024	9,003
Tanjong Baram	986	1,346
Total Malaysia	9,010	10,349
Total EnQuest	37,856	42,752

Performance update by individual production and development asset

North Sea

Kraken development

All drilling is now complete on DC1 and DC2 and the rig has moved to DC3, where further excellent progress has been made on the drilling programme. Drilling performance to date has significantly de-risked delivery of the project to and beyond first oil.

DC1 and DC2 subsea commissioning is complete and ready for operation. The turret pipework and emergency shut down valves have been installed. Nitrogen/helium leak testing has been successfully conducted and the final rotation testing is complete. The boiler systems are running well and the water injection and HSP power pumps have been commissioned. Testing and other topsides and subsea infrastructure final commissioning work is ongoing. Handover of FPSO systems from commissioning to operations continues. Longstanding discussions with Bumi continue in relation to the remedies of Kraken partners for contractual infringements by Bumi.

At start up, 13 wells will be available comprising 7 producers and 6 injectors. As with all developments of this scale, wells will be brought onstream in a phased manner in line with good reservoir management practices aiming to maximise long term productivity and value.

The project continues to be under budget and on schedule.

Northern North Sea production

Thistle/Deveron

A programme improving the reliability of water injection is being implemented and is already having a positive impact.

The Don fields

Well performance has been particularly good at Don Southwest, with high levels of production efficiency across the Don fields.

Heather/Broom

The 2017 Heather/Broom production is progressing broadly according to plan.

Central North Sea production

Greater Kittiwake Area ('GKA') & Scolty/Crathes

The work programme in GKA for 2017 is focused on optimising production from the existing well stock including the Scolty and Crathes fields. Good production has been delivered from the GKA fields, with very high levels of plant uptime. Initial rates on Scolty and Crathes for H1 have been constrained due to operational issues. Work is currently ongoing to restore the rates.

Alma/Galia

As expected at the time of EnQuest's results announcement in March, 2017 production from Alma/Galia has been lower than 2016, given two wells are shut in, production outages in Q1 due to storm damage and natural decline. Discussions are ongoing with the ESP supplier on rectification plans to address pump reliability issues.

Alba (non-operated)

Production from Alba benefitted from the A49 well coming back online in March.

Malaysian production

PM8/Seligi

EnQuest is continuing to enhance production by investing in low cost well interventions and facility projects to improve production efficiency, including gas compression and power generation control system upgrades. In addition, robust maintenance and integrity inspection campaigns of platform structures, topsides, and subsea pipelines are continuing to ensure safe operations.

Longer term, EnQuest will extend field life through further investment in idle well restoration, facility improvements and upgrades and technical studies supporting development drilling, secondary recovery and capacity enhancement projects to increase ultimate recovery.

Tanjong Baram

Focus remains on steady, safe and low cost operations in 2017. Tanjong Baram field has produced since December 2016 without an unplanned shutdown.

Financial

As at 30 April 2017, net debt was approximately \$1,912m, including \$28m additional 'payment in kind' interest since 31 December 2016. Cash and undrawn facilities totalled \$244m.

Ends

For further information please contact:

EnQuest PLC

Amjad Bseisu (Chief Executive)
Jonathan Swinney (Chief Financial Officer)
Michael Waring (Head of Communications & Investor Relations)

Tel: +44 (0)20 7925 4900

Tulchan Communications

Martin Robinson
Martin Pengelley

Tel: +44 (0)20 7353 4200

Notes to editors

EnQuest is one of the largest UK independent producers in the UK North Sea. EnQuest PLC trades on both the London Stock Exchange and the NASDAQ OMX Stockholm. Its operated assets include Thistle/Deveron, Heather/ Broom, the Dons area, the Greater Kittiwake Area, Scolty/Crathes and Alma/Galia, also the Kraken development; EnQuest also has an interest in the non-operated Alba producing oil field. At the end of December 2016, EnQuest had interests in 25 UK production licences, covering 35 blocks or part blocks and was the operator of 23 of these licences.

EnQuest believes that the UKCS represents a significant hydrocarbon basin, 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.

EnQuest is replicating its model in the UKCS by targeting previously underdeveloped assets in a small number of other maturing regions; complementing its operations and utilising its deep skills in the UK North Sea. In which context, EnQuest has interests in Malaysia where its operated assets include the PM8/Seligi Production Sharing Contract and the Tanjong Baram Risk Services Contract.

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, reserves, 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.

Glossary

DC Drill centre

ESP Electrical submersible pump

FPSO Floating production, storage and offloading vessel

SVT Sullom Voe Terminal

This information is provided by RNS
The company news service from the London Stock Exchange

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