



Acquisition of additional interest in Kraken

ENQUEST PLC, 22 February 2016.

Acquisition of an additional 10.5% interest in the Kraken development from First Oil.

EnQuest PLC ('EnQuest') announces the acquisition of an additional 10.5% interest in the Kraken development for nominal consideration. The acquisition from First Oil PLC ('First Oil') brings EnQuest's total interest to 70.5%. EnQuest and Cairn Energy PLC ('Cairn'), the other current participant in the Kraken development, are both taking up First Oil's interests pro-rata, in proportion to their holdings prior to the transaction. EnQuest has also waived its right to reclaim approximately \$7 million of cash calls paid on behalf of First Oil in January and February 2016.

EnQuest acquires the reserves and resources associated with the additional interest. In 2012, when EnQuest originally acquired its Kraken assets from First Oil, part of the consideration was in the form of a contingent development carry, based on the determination of the level of reserves. This contingent carry provision now ceases to be effective. Further, EnQuest is not reimbursing First Oil in respect of costs incurred by First Oil to date.

Further information

In December 2015, in its Operations Update, EnQuest highlighted that the Kraken development project was on schedule for first oil production in H1 2017 and that full cycle gross project costs had been reduced by c.10%. The additional Kraken net capex to EnQuest is anticipated to be approximately \$90 million to first production. In December 2015, EnQuest issued a 2016 cash capex guidance range of \$700 million to \$750 million. Since then further additional reductions have been made. Consequently EnQuest expects to absorb the capex resulting from today's transaction without any net increase in its previous 2016 guidance range. Further details will be included in EnQuest's 2015 full year results announcement, on 17 March.

EnQuest expects that the additional reserves it is acquiring through this transaction will incrementally increase the amount available to it under its bank facility to \$1.2 billion (from \$1,137 million as reported in August 2015).

In its most recent annual report, for 2014, EnQuest highlighted gross (100%) Kraken 2P reserves of 140 MMboe.

Prior to the transaction, EnQuest had a total interest in Kraken of 60% and Cairn had 25%. Following completion, EnQuest will have a 70.5% interest and Cairn a 29.5% interest.

The Kraken Development

EnQuest is the operator. The two Kraken fields are located in block 9/2b, 350 km north east of Aberdeen, in a water depth of c.110m. The Field Development Plan includes 25 wells. First production is expected in H1 2017. The project has a long field life, of approximately 25 years. A comprehensive update on the project's progress was included in EnQuest's Operations Update and associated Capital Markets Day presentations to investors on 8 December 2015. Details available on EnQuest's website. <http://www.enquest.com/investors/investor-presentations/2015.aspx>

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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. Its operated assets include the Thistle/Deveron, Heather/ Broom, Dons area, the Greater Kittiwake Area and Alma/Galia, also the Kraken and the Scolty/Crathes developments; EnQuest also has an interest in the non-operated Alba producing oil field.

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.

EnQuest is replicating its model in the UKCS by targeting previously underdeveloped assets in a small number of other maturing regions; complementing our operations and utilising our 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 development.

EnQuest is paying £0.70 for the increased stake. Based on the 30 June 2015 half yearly report, the equivalent value of the gross assets the subject of the transaction are \$114 million as at 30 June 2015. There are no profits attributable to the assets the subject of the transaction.

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.