EnQuest PLC, 12 November 2014. Interim Management Statement

STRONG PRODUCTION GROWTH,
27,567 BOEPD TO END OF OCTOBER, UP 19%

Highlights

Production summary

- Production from 1 January to 31 October 2014 averaged 27,567 Boepd, up c.19.2% on the same period last year. This reflects strong production from EnQuest's existing hubs and from the newly acquired assets in Malaysia and Tunisia, which produced 2,688 Boepd. EnQuest reiterates production guidance for 2014 of between 25,000 Boepd and 30,000 Boepd for the full year.

Development projects

- Alma/Galia. On course for first oil in mid-2015, following sailaway in spring 2015; construction work on the FPSO* is now substantially complete, with commissioning well underway. Five production wells are fully complete and are awaiting FPSO tie-in.
- Kraken. Progressing well and continues on budget and on schedule for first oil in 2017. EnQuest's drilling rig contract for the Transocean Leader has been executed, at a rate materially below the level this rig was previously contracted for.

*Floating Production, Storage and Offloading vessel

Financing

- As part of its regular programme to underpin planned capital investment in the year ahead, EnQuest has hedged c.22k Boepd in 2015.
- Whilst budgets are still being finalised, the indicative level of the UK capex programme in 2015 is in the approximate range of $700 million to $800 million, weighted towards the second half of the year. Additional limited amounts of international investment will be subject to approval and are expected to be cash flow neutral in 2015.
- EnQuest's investment programme is funded by its long term financing arrangements, with significant facilities in place, comprising the high yield bond, the retail bond and the $1.2 billion committed revolving credit facility, which is expandable to $1.7 billion.

Amjad Bseisu, Chief Executive, said

"The 19% growth in production to the end of October reflects continuing strong reservoir performance and top quartile production efficiency from our existing producing assets. It also reflects a substantial initial contribution from PM8/Seligi and Didon, our first producing oil fields outside the North Sea. The new interests EnQuest has acquired this year will add approximately 20MMboe to net 2P reserves.

The oil and gas industry has been adjusting its plans for the impact of recent decreases in oil prices and in associated service costs. We are currently planning our capex programme for 2015 and will set out the detail of our 2015 investment programme with our full year results.

With Alma due onstream in mid-2015 and Kraken on schedule for first oil in 2017, EnQuest is set for substantial production growth from its UK hubs. Growth is also enhanced by production from our new businesses in South East Asia and North Africa, increasing the diversity of EnQuest's portfolio."

Net Production (working interest basis)

	Daily average 1 Jan' 2014 to 31 Oct' 2014 (Boepd)	Daily average 1 Jan' 2013 to 31 Oct' 2013 (Boepd)
Thistle/Deveron	9,175	6,941
Dons	9,327	11,031
Heather/Broom	4,029	4,315
Kittiwake	1,130(1)	-
Alba	1,239	842(2)
Total UKCS	24,899	23,129
PM8/Seligi (Malaysia)	2,361(3)	-
Didon (Tunisia)	307(3)	-
Total EnQuest	27,567	23,129

1 Net production since the completion of the acquisition at the start of Mar' 2014, averaged over the ten months to the end of Oct' 2014.
2 Net production since the completion of the acquisition at the end of Mar' 2013, averaged over the ten months to the end of Oct' 2013.
3 Net production since the completion of the acquisitions at the end of June 2014, averaged over the ten months to the end of Oct' 2014.

Producing fields

UK

- Thistle/Deveron. Delivered 32% production growth year on year. Investment has been made in the life extension programme, which has been delivering improvements. Two new cranes were fully installed and made operational in Q3 2014, improving safety and reducing opex. The B turbine was recommissioned and brought back into service.

- Dons. The 'TJ' well in Area 22 of Don Southwest was tied-in in August, with initial rates in line with expectations. The scale dissolver programme at Don Southwest was also successful. An upgrade of the water injection system is underway. These improvements have helped to mitigate the expected natural decline in rates. The Ythan Field Development Plan has been approved by DECC; Ythan, which lies adjacent to Don Southwest, is located within the southern area of the Don North East licence that was awarded in March 2014. A phased development of the field is planned, with drilling operations expected to commence in the fourth quarter of this year and first production from the field by mid-2015.

- Heather/Broom. Heather producer well H56 was successfully worked over in Q1 2014 with an 80% production uplift. The new injection well H64 came online in July. High levels of operational 'uptimes' have been achieved; in H2 2014, Heather/Broom delivered over 100 consecutive days without any production interruptions. A Broom water injection flowline failed at the end of August; replacement options are being evaluated for implementation in H1 2015.

- Kittiwake. The Mallard workover was successfully completed and was brought online in September. Following inspection and routine testing the existing tree was reinstalled, which reduced expenditure and allowed early production from Mallard. Since acquiring GKA, EnQuest has been applying its proven business model for managing mature fields; with upgraded facilities, improved operational efficiency and the benefit of the workover, production has increased from just over 2,500 Boepd gross in the first few months, to over 5,500 Boepd gross in October.

  The Mallard workover also facilitated the opportunity for an accelerated Gadwall workover; production from Gadwall will be reinstated mid-2015, following the sidetracking of the existing well in H2 2014. EnQuest is making substantial improvements in operating efficiency, with opex per barrel significantly reduced from pre-acquisition levels, with further reductions anticipated during 2015. Front End Engineering Design ('FEED') studies are being completed on the proposed development of Scolty/Crathes. Preparations are being made for the drilling of the Eagle exploration well in early 2015.

- Alba: The second Alba production well came online in September in 2014.

Malaysia

- PM8/Seligi: EnQuest assumed off-shore field operations in October while the overall transition is due to complete in December this year. Production from the fields has been strong, resulting in substantial recovery of our cash consideration. Going forward, EnQuest has plans to enhance production through well interventions, and facilities rectification and upgrade programme.

- Tanjong Baram: Work on development of the project is proceeding according to plan.

Tunisia

- Status of transaction: EnQuest successfully completed the acquisition of a 70% interest in the producing Didon oil field in Tunisia in July 2014. The consideration is currently being held in escrow, pending response of the Tunisian authorities. The Zarat transaction is still pending, completion is anticipated by the end of H1 2015.
- Operations: Didon has had steady production; an Electrical Submersible Pump ('ESP') was successfully installed during August and commissioned in September. Plans are being developed for further ESP installations and the potential for further infill production drilling is being examined.

Major development projects

- Alma continues on track from the half year results announcement. The pre-first oil drilling programme for the production wells has been successfully completed, with five wells now available to come onstream in mid-2015, followed by a water injection well on Alma at the end of 2015. The subsea infrastructure is in place, with risers and mooring systems awaiting the arrival of the FPSO.

- Kraken. The Kraken development remains on track for first oil in 2017 as previously guided.
  Following the award of the drilling rig contract, all major Kraken supplier contracts are now in place; the drilling rig is expected on location at Kraken by Q3 2015. The drilling rig contract is a four year contract, with the fourth year at EnQuest's option. The programme of work continues on the conversion of the FPSO for Kraken; the early focus being on the hull conversion and the marine system refurbishment. Two integrated templates (major elements of subsea infrastructure) have been installed at the first drill centre; eight wellheads have been delivered. A survey vessel has successfully completed coring work at the FPSO mooring anchor locations.

UK 28th Licensing Round

- EnQuest was recently offered 8 licences as part of the UK 28th North Sea Licensing Round.

Financial

- In H2 2014, approximately two thirds of anticipated production is hedged at c.$105.5/bbl.
- In 2015, EnQuest has hedged c.8 million barrels. This has been done through purchasing puts averaging in the high $80s per barrel and selling calls in the high $90s per barrel.

ENDS

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About EnQuest www.enquest.com

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. Its operated assets include the Thistle, Deveron, Heather, Broom, West Don, Don Southwest, Conrie, Kittiwake, Mallard, Gadwall, Goosander and Grouse producing fields and the Alma/Galia and Kraken developments; EnQuest also has an interest in the non-operated Alba producing oil field. At the end of H1 2014, EnQuest had interests in 35 production licences covering 48 blocks or part blocks in the UKCS, of which 29 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.

EnQuest is expanding geographically to a small number of other maturing regions, complementing our operations and utilising our skills in the UK North Sea; EnQuest has interests in Malaysia (including PM8/Seligi and Tanjong Baram) and in Tunisia (Didon).