Prospectus dated 24 January 2013

EnQuest PLC

(incorporated with limited liability in England and Wales with registered number 7140891)

£500,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Prospectus (the "**Programme**"), EnQuest PLC (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue euro medium term notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed £500,000,000 (or the equivalent in other currencies).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 ("**FSMA**") (the "**UK Listing Authority**") for Notes issued under the Programme for the period of 12 months from the date of this Prospectus to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**"). References in this Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (the "**Markets in Financial Instruments Directive**"). However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market. Notes may, in certain circumstances, also be admitted to the London Stock Exchange's electronic order book for retail bonds ("**ORB**").

Each Series (as defined in "*Summary of the Programme*") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**"). Notes in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("**Global Certificates**"). Notes may be issued in definitive form, or may initially be represented by one or more global securities deposited with a common depositary or common safekeeper for Euroclear Bank S.A./ N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or any other relevant clearing system, with interests in such global securities being traded in the relevant clearing system(s). In certain circumstances, investors may also hold interests in the Notes indirectly through Euroclear UK & Ireland Limited through the issuance of dematerialised depository interests issued, held, settled and transferred through CREST ("**CDIs**") – see "*Clearing and Settlement*".

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Dealers (as defined in "*Summary of the Programme*") to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**") and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "*Subscription and Sale*".

Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating (if any) assigned to the Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

An investment in Notes issued under the Programme involves certain risks. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.

Arranger and Dealer

Numis Securities

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "**Prospectus Directive**") and for the purpose of giving information with regard to the Issuer and its subsidiaries and affiliates taken as a whole (the "**Group**") and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus and, in relation to each Tranche of Notes, in the applicable Final Terms for such Tranche of Notes. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or the Dealers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor the Dealers have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the Dealers to publish or supplement a prospectus for such offer. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to "**Permanent Dealers**" are to Numis Securities Limited and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference").

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Dealers or the Trustee. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act") and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "*Subscription and Sale*".

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Dealers or the Trustee to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, neither the Dealers nor the Trustee accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Dealer or the Trustee or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each

Dealer and the Trustee accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other information supplied in connection with the Programme of the Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any Dealer or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Programme or the Notes should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Dealers nor the Trustee undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Dealers.

In connection with the issue of any Tranche (as defined in "*Summary of the Programme*"), the Dealer(s) (if any) appointed as the stabilising manager (the "Stabilising Manager") (or any person acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or any person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to "Sterling" and "£" are to pounds sterling, the currency of the United Kingdom, and references to "euro" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

PUBLIC OFFERS OF NOTES IN THE EUROPEAN ECONOMIC AREA

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may, subject as provided below, be offered in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to in this Prospectus as a "**Public Offer**".

This Prospectus has been prepared on a basis that permits Public Offers of Notes in the United Kingdom. Any person making or intending to make a Public Offer of Notes in the United Kingdom on the basis of this Prospectus must do so only with the Issuer's consent – see "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" below.

If the Issuer intends to make or authorise any Public Offer of Notes to be made in one or more Relevant Member States other than the United Kingdom, it will prepare a supplement to this Prospectus specifying such Relevant Member State(s) and any additional information required by the Prospectus Directive in respect thereof. Such supplement will also set out provisions relating to the Issuer's consent to use this Prospectus in connection with any such Public Offer.

Save as provided above, none of the Issuer and the Dealers has authorised, nor do they authorise, the making of any Public Offer of Notes in circumstances in which an obligation arises for the Issuer or the Dealers to publish or supplement a prospectus for such offer.

Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

As described more fully in the following paragraphs, express consent is given by the Issuer, as the person responsible for drawing up the Prospectus, to the use of the Prospectus and the Issuer accepts responsibility for the content of the Prospectus also with respect to subsequent resale or final placement of Notes by any financial intermediary which was given consent to use the Prospectus.

In the context of any Public Offer of Notes in the United Kingdom, the Issuer accepts responsibility, in the United Kingdom, for the content of the Prospectus under section 90 of the Financial Services and Markets Act 2000, as amended ("**FSMA**") in relation to any person (an "**Investor**") in the United Kingdom to whom an offer of any Notes is made by any financial intermediary to whom the Issuer has given its consent to use the Prospectus (an "**Authorised Offeror**"), where the offer is made in compliance with all conditions attached to the giving of the consent. Such consent and conditions are described below under "*Consent*" and "*Common conditions to consent*". None of the Issuer and the Dealers has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such Public Offer.

Save as provided below, none of the Issuer and the Dealers has authorised the making of any Public Offer and the Issuer has not consented to the use of this Prospectus by any other person in connection with any Public Offer of Notes. Any Public Offer made without the consent of the Issuer is unauthorised and none of the Issuer and the Dealers accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Prospectus for the purposes of section 90 of the FSMA in the context of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Prospectus and/or who is responsible for its contents it should take legal advice.

Consent

Subject to the conditions set out below under "*Common conditions to consent*":

(A) the Issuer consents to the use of this Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of Notes in the United Kingdom by the Dealers and by:

(i) any financial intermediary named as an Initial Authorised Offeror in the applicable Final Terms; and

(ii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website (*www.enquest.com/retailbonds*) and identified as an Authorised Offeror in respect of the relevant Public Offer; and

(B) if (and only if) Part B of the applicable Final Terms specifies "*General Consent*" as "*Applicable*", the Issuer hereby offers to grant its consent to the use of this Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of Notes in the United Kingdom by any financial intermediary which satisfies the following conditions:

(1) it is authorised to make such offers under the Financial Services and Markets Act 2000, as amended, or other applicable legislation implementing the Markets in Financial Instruments Directive (in which regard, Investors should consult the register maintained by the Financial Services Authority at: *www.fsa.gov.uk/fsaregister*); and

(2) it accepts such offer by publishing on its website the following statement (with the information in square brackets completed with the relevant information):

*"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the "**Notes**") described in the Final Terms dated [insert date] (the "**Final Terms**") published by EnQuest PLC (the "**Issuer**"). We hereby accept the offer by the Issuer of its consent to our use of the Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in the United Kingdom (the "**Public Offer**") in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Prospectus, and we are using the Prospectus in connection with the Public Offer accordingly."*

The "**Authorised Offeror Terms**" are that the relevant financial intermediary:

(I) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the Dealers that it will, at all times in connection with the relevant Public Offer:

(a) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**"), including the Rules published by the United Kingdom Financial Services Authority ("**FSA**") (including its guidance for distributors in "*The Responsibilities of Providers and Distributors for the Fair Treatment of Customers*") from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor, and will immediately inform the Issuer and the Dealers if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

(b) comply with the restrictions set out under "*Subscription and Sale*" in this Prospectus which would apply as if it were a Dealer;

(c) ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;

(d) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules, including authorisation under the Financial Services and Markets Act 2000;

(e) comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;

(f) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the relevant Dealer(s) and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer(s) in order to enable the Issuer and/or the Dealer(s) to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer and/or the relevant Dealer(s);

(g) ensure that no holder of Notes or potential Investor in Notes shall become an indirect or direct client of the Issuer or the relevant Dealer(s) for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;

(h) co-operate with the Issuer and the relevant Dealer(s) in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (f) above) upon written request from the Issuer or the relevant Dealer(s) as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the Dealers:

(i) in connection with any request or investigation by the FSA or any other regulator in relation to the Notes, the Issuer or the Dealers; and/or

(ii) in connection with any complaints received by the Issuer and/or the Dealers relating to the Issuer and/or the Dealers or another Authorised Offeror including, without limitation, complaints as defined in rules published by the FSA and/or any other regulator of competent jurisdiction from time to time; and/or

(iii) which the Issuer or the Dealers may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer or the relevant Dealer(s) fully to comply within its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

(i) during the primary distribution period of the Notes: (i) not sell the Notes at any price other than the Issue Price specified in the applicable Final Terms (unless otherwise

agreed with the relevant Dealer(s)); (ii) not sell the Notes otherwise than for settlement on the Issue Date specified in the relevant Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer(s)); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer(s)); and (v) comply with such other rules of conduct as may be reasonably required and specified by the Dealers;

(j) either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution- only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;

(k) ensure that it does not, directly or indirectly, cause the Issuer or the Dealers to breach any Rule or subject the Issuer or the Dealers to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

(l) comply with the conditions to the consent referred to under "*Common conditions to consent*" below and any further requirements relevant to the Public Offer as specified in the applicable Final Terms;

(m) make available to each potential Investor in the Notes the Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and the applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with the Prospectus; and

(n) if it conveys or publishes any communication (other than the Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the Dealers accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Dealer(s) (as applicable), use the legal or publicity names of the Issuer or the Dealers or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes on the basis set out in the Prospectus;

(II) agrees and undertakes to indemnify each of the Issuer and the Dealers (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of

the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the Dealers; and

(III) agrees and accepts that:

(a) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Prospectus with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;

(b) the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) and accordingly submits to the exclusive jurisdiction of the English courts; and

(c) the Dealers will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

Any financial intermediary falling within sub-paragraph (B) above who wishes to use this Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website the statement (duly completed) specified at paragraph (B)(2) above.

Common conditions to consent

The conditions to the Issuer's consent are (in addition to the conditions described in paragraph (B) above if Part B of the applicable Final Terms specifies "*General Consent*" as "*Applicable*") that such consent:

(a) is only valid in respect of the relevant Tranche of Notes;

(b) is only valid during the Offer Period specified in the applicable Final Terms; and

(c) only extends to the use of this Prospectus to make Public Offers of the relevant Tranche of Notes in the United Kingdom.

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR OTHER THAN THE ISSUER WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE RELEVANT AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED

OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUER AND THE DEALERS (EXCEPT WHERE THE DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

IN THE EVENT OF AN OFFER BEING MADE BY A FINANCIAL INTERMEDIARY, SUCH FINANCIAL INTERMEDIARY WILL PROVIDE INFORMATION TO INVESTORS ON THE TERMS AND CONDITIONS OF THE OFFER AT THE TIME THE OFFER IS MADE.

Public Offers: Issue Price and Offer Price

Notes to be offered pursuant to a Public Offer will be issued by the Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by the Issuer in consultation with the relevant Dealer(s) at the time of the relevant Public Offer and will depend, amongst other things, on the interest rate applicable to the Notes and prevailing market conditions at that time. The offer price of such Notes will be the Issue Price or such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Notes to such Investor. The Issuer will not be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Notes to such Investor.

SUPPLEMENTARY PROSPECTUS

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to section 87G of the FSMA, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplementary prospectus as required by the UK Listing Authority and section 87G of the FSMA.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to the Dealers and the Trustee such number of copies of such supplement hereto as the Dealers and the Trustee may reasonably request.

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SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary relating to the Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the nature of the Notes and the Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary and marked as "Not applicable".

	Section A - Introduction and warnings
A.1	This summary must be read as an introduction to the Prospectus. Any decision to invest in any Notes should be based on a consideration of the Prospectus as a whole, including any documents incorporated by reference. Where a claim relating to information contained in the Prospectus is brought before a court, the plaintiff may, under the national legislation of the Member State of the European Economic Area where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated. No civil liability will attach to the Issuer solely on the basis of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or, following the implementation of the relevant provisions of Directive 2010/73/EC in the relevant Member State of the European Economic Area, it does not provide, when read together with the other parts of this Prospectus, key information (as defined in Article 2.1(s) of the Prospectus Directive) in order to aid investors when considering whether to invest in the Notes.
A.2	As described more fully in the following paragraphs, express consent is given by the Issuer, as the person responsible for drawing up the Prospectus, to the use of the Prospectus and the Issuer accepts responsibility for the content of the Prospectus also with respect to subsequent resale or final placement of Notes by any financial intermediary which was given consent to use the Prospectus. ***Issue specific summary:*** *[Consent*: Subject to the conditions set out below, the Issuer consents to the use of this Prospectus in connection with a Public Offer (as defined below) of Notes by the Managers, [●,] [and] [each financial intermediary whose name is published on the Issuer's website (*www.enquest.com/retailbonds*) and identified as an Authorised Offeror in respect of the relevant Public Offer] [and any financial intermediary which is authorised to make such offers under the Financial Services and Markets Act 2000, as amended, or other applicable legislation implementing Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**") and publishes on its website the following statement (with the information in square brackets being completed with the relevant information): *"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the "**Notes**") described in the Final Terms dated [insert date] (the "**Final Terms**") published by EnQuest PLC (the "**Issuer**"). We hereby accept the offer by the Issuer of its consent to our use of the Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in the United Kingdom (the "**Public Offer**") in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Prospectus, and we are using the Prospectus in connection with the Public Offer accordingly."*

Section A - Introduction and warnings	
	A "**Public Offer**" of Notes is an offer of Notes (other than pursuant to Article 3(2) of the Prospectus Directive) in the United Kingdom during the Offer Period specified below. Those persons to whom the Issuer gives its consent in accordance with the foregoing provisions are the "**Authorised Offerors**" for such Public Offer. *Offer Period*: The Issuer's consent referred to above is given for Public Offers of Notes during the period from [●] until [●] (the "**Offer Period**"). *Conditions to consent*: The conditions to the Issuer's consent [(in addition to the conditions referred to above)] are that such consent (a) is only valid in respect of the relevant Tranche of Notes; (b) is only valid during the Offer Period; and (c) only extends to the use of this Prospectus to make Public Offers of the relevant Tranche of Notes in the United Kingdom [and (d) ●]. **An investor intending to acquire or acquiring any Notes in a Public Offer from an Authorised Offeror other than the Issuer will do so, and offers and sales of such Notes to an investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocations, expenses and settlement arrangements. The investor must look to the relevant Authorised Offeror at the time of such offer for the provision of such information and the Authorised Offeror will be solely responsible for such information.** **In the event of an offer being made by a financial intermediary, such financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.]** [The Notes may be offered only in circumstances in which an exemption from the obligation under the Prospectus Directive to publish a prospectus applies in respect of such offer.]

Section B - Issuer		
B.1	**The legal and commercial name of the Issuer:**	The Notes will be issued by EnQuest PLC (the "**Issuer**").
B.2	**The domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country of incorporation:**	The Issuer is a public limited liability company incorporated and domiciled in England and Wales, operating under the Companies Act 2006 (as amended).
B.4b	**A description of any known trends affecting the Issuer and the industries in which it operates:**	Not applicable: there are no known trends affecting the Issuer and the industries in which it operates.
B.5	**Description of the**	The Issuer is the holding company of a group (the "**Group**") which covers a

Section B - Issuer		
	Issuer's Group and the Issuer's position within the Group:	full range of upstream activities, with a portfolio of production and development assets, together with appraisal and exploration opportunities. As the holding company of the Group, the Issuer's operating results and financial condition are entirely dependent on the performance of members of the Group.
B.9	**Profit forecast or estimate:**	Not Applicable: the Issuer has not made any profit forecasts or estimates.
B.10	**Qualifications in the Auditor's report:**	Not Applicable: the audit reports on the Issuer's audited consolidated financial statements for the years ended 31 December 2010 and 31 December 2011 are unqualified.
B.12	**Selected financial information:**	***Group Statement of Comprehensive Income for the financial year ended 31 December 2011***

	2011	2010
	Reported in year US$'000	Reported in year US$'000
Revenue	**935,974**	583,468
Cost of sales	**(508,790)**	(400,804)
Gross profit	**427,184**	**182,664**
Profit from operations before tax and finance income/(costs)	**377,464**	65,788
Profit before tax	**362,821**	55,775
Income tax	**(301,830)**	(28,699)
Profit for the year attributable to owners of the parent	**60,991**	27,076
Total comprehensive income for the year, attributable to owners of the parent	**58,391**	27,076

Group Balance Sheet at 31 December 2011

	2011	2010
	US$'000	Restated
ASSETS		
Non-current assets	**1,426,270**	1,274,616
Current assets	**522,431**	186,416
TOTAL ASSETS	**1,948,701**	1,461,032
TOTAL EQUITY	**934,208**	882,896
Non-current liabilities	**771,582**	434,807
Current liabilities	**242,911**	143,329

TOTAL LIABILITIES	**1,014,493**	578,136
TOTAL EQUITY AND LIABILITIES	**1,948,701**	1,461,032

Statement of Cash Flows for the financial year ended 31 December 2011

	2011 US$'000	2010 US$'000
Profit before tax	**362,821**	55,775
Operating profit before working capital changes	**637,327**	330,747
Cash generated from operations	**656,332**	267,738
Net cash flows from operating activities	**636,285**	262,609
Net cash flows used in investing activities	**(276,885)**	(133,277)
Net cash flows used in financing activities	**(22,757)**	(94,674)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**336,643**	34,658
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**378,907**	41,395

Group Statement of Comprehensive Income for six months ended 30 June 2012

	2012	2011
	Reported in period US$'000 Unaudited	Reported in period **US$'000 Unaudited**
Revenue	440,086	511,425
Cost of sales	(240,083)	(288,199)
Gross profit/(loss)	200,003	223,226
Profit/(loss) from operations before tax and finance income/(costs)	188,540	212,211
Profit/(loss) before tax	184,617	206,128
Income tax	(58,161)	(183,440)
Profit/(loss) for the period attributable to owners of the parent	126,456	22,688
Total comprehensive income for the period, attributable to owners of the parent	127,909	13,608

Section B - Issuer		
		Group Balance Sheet at 30 June 2012

	30 June 2012 US$'000 Unaudited	31 December 2011 US$'000 Audited
ASSETS		
Non-current assets	1,983,456	1,426,270
Current assets	322,938	522,431
TOTAL ASSETS	2,306,394	1,948,701
TOTAL EQUITY	1,065,583	934,208
Non-current liabilities	892,600	771,582
Current liabilities	348,211	242,911
TOTAL LIABILITIES	1,240,811	1,014,493
TOTAL EQUITY AND LIABILITIES	2,306,394	1,948,701

Statement of Cash Flows for six months ended 30 June 2012

	2012 US$'000 Unaudited	2011 US$'000 Audited
Profit before tax	184,617	206,128
Operating profit before working capital changes	292,333	332,781
Cash generated from operations	239,602	338,436
Net cash flows from operating activities	226,939	335,755
Net cash flows used in investing activities	(503,775)	(108,364)
Net cash flows used in financing activities	13,011	(1,542)
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(263,825)	225,849
CASH AND CASH EQUIVALENTS AT 30 JUNE	117,041	265,672

Material/Significant Change

There has been no significant change in the financial or trading position of the Issuer or of the Group since 30 June 2012 and no material adverse change in the prospects of the Issuer or of the Group since 31 December 2011.

B.13	**Recent material**	Not Applicable: there are no recent events particular to the Issuer which are

Section B - Issuer		
	events particular to the Issuer's solvency:	to a material extent relevant to the evaluation of the Issuer's solvency.
B.14	**Extent to which the Issuer is dependent upon other entities within the Group:**	As the holding company of the Group, the Issuer's operating results and financial condition are entirely dependent on the performance of members of the Group.
B.15	**Principal activities of the Issuer:**	The Issuer is the holding company of the Group which covers a full range of upstream activities, with a portfolio of production and development assets, together with appraisal and exploration opportunities.
B.16	**Extent to which the Issuer is directly or indirectly owned or controlled:**	So far as the Issuer is aware, the Issuer is not directly or indirectly owned or controlled by any natural or legal person.
B.17	**Credit ratings assigned to the Issuer or its debt securities:**	***Programme summary:*** Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Notes already issued. [A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency]/[Not Applicable. Neither the Issuer nor any of its debt securities has been assigned any credit rating]
		Issue specific summary: [The Notes to be issued [are not]/[have been]/[are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [Name of rating agency: [●]]

Section C – Securities		
C.1	**Type and class of the Notes:**	***Programme summary:*** ***Type of Notes:*** The Notes described in this summary are debt securities which may be issued under the £500,000,000 Euro Medium Term Note Programme of EnQuest PLC arranged by Numis Securities Limited. Numis Securities Limited acts as arranger and dealer. The Issuer may from time to time terminate the appointment of any dealer

Section C – Securities		
		under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to "**Permanent Dealers**" are to Numis Securities Limited and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches. The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the "**Final Terms**"). The Notes may be Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes, as specified below. The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") only. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year [and are being issued in compliance with the D Rules (as defined in Element C.5 below)], otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "**Global Certificates**". Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms and issue specific summary. On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream,

Section C – Securities		
		Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems. In addition, in certain circumstances, investors may also hold interests in the Notes indirectly through Euroclear UK & Ireland Limited through the issuance of dematerialised depository interests issued, held, settled and transferred through CREST ("**CDIs**"). CDIs represent interests in the relevant Notes underlying the CDIs; the CDIs are not themselves Notes. CDIs are independent securities distinct from the Notes, are constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). CDI holders will not be entitled to deal directly in the Notes.
		Issue specific summary: Series Number: [●] Tranche Number: [●] Aggregate Nominal Amount: (i) Series: [●] (ii) Tranche: [●]] Method of distribution: [Syndicated/Non-syndicated] Name[s] of [Joint Lead Managers]/[Dealer]: [●] Form of Notes: [Bearer Notes:] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]/[[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]/[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Registered Notes:]

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			[Global Certificate exchangeable for definitive Certificate in the limited circumstances specified in the Global Certificate]
		ISIN Code:	[●]
		Common Code:	[●]
		Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable]/[●]
C.2	**Currencies:**	***Programme summary:***	
		Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue.	
		Issue specific summary:	
		The Specified Currency or Currencies of the Notes to be issued [is]/[are]:	[●]
C.5	**A description of any restrictions on the free transferability of the Notes:**	***Programme summary:***	
		The primary offering of any Notes will be subject to offer restrictions in the United States, the European Economic Area (including the United Kingdom), Japan, Jersey, Guernsey and the Isle of Man and to any applicable offer restrictions in any other jurisdiction in which such Notes are offered. With respect to the United States, the Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended. The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable. Subject thereto, the Notes will be freely transferable.	
		Issue specific summary:	
		The primary offering of any Notes will be subject to offer restrictions in the	

Section C – Securities		
		United States, the European Economic Area (including the United Kingdom), Japan, Jersey, Guernsey and the Isle of Man and to any applicable offer restrictions in any other jurisdiction in which such Notes are offered. US Selling Restrictions (Categories of potential investors to which the Notes are offered): [Reg. S Compliance Category 2; [TEFRA C/TEFRA D/TEFRA not applicable]]
C.8	**Description of the rights attached to the Notes:**	***Programme summary:*** ***Issue Price:*** Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. ***Ranking (status):*** Notes will constitute unsubordinated and (subject to the provisions of the Issuer's negative pledge below) unsecured obligations of the Issuer and will at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes will (save for such exceptions as may be provided by applicable law and subject to the negative pledge provisions) at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present or future. ***Negative pledge:*** The terms of the Notes will contain a negative pledge provision to the effect that, so long as any Note remains outstanding, the Issuer will not, and will ensure that none of its subsidiaries will, create or have outstanding any mortgage, charge, pledge, lien or other security interest upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or any guarantee of Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security or such other security as either the Trustee will deem not materially less beneficial to the interests of the Noteholders or will be approved by an extraordinary resolution of the Noteholders. "**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented by, bonds, notes, debentures, loan stock, or other securities which for the time being are listed, quoted or dealt in or traded on any stock exchange or over-the-counter or other securities market. ***Financial covenants:*** For so long as any Note or Coupon remains outstanding, the Issuer shall ensure that, as at each Reference Date, (i) the Leverage Ratio is less than 3.0 : 1.0; and (ii) the ratio of EBITDA to Finance Charges for the period of 12 months ending on such Reference Date is not less than 4.0 : 1.0.

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		Events of default: The Conditions contain Events of Default including those relating to (a) non-payment, (b) breach of other obligations, (c) cross-acceleration, (d) enforcement proceedings, (e) security enforcement, (f) insolvency, (g) winding-up, (h) lack of authorisations and consents, and (i) illegality. The provisions include certain minimum thresholds and grace periods. In addition, Trustee certification that certain events would be materially prejudicial to the interests of the Noteholders is required before certain events will be deemed to constitute Events of Default. ***Withholding tax:*** All payments in respect of Notes will be made without deduction for or on account of withholding taxes imposed by the United Kingdom or any authority thereof or therein having power to tax, unless required by law. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted. All payments in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment. ***Meetings:*** The Conditions of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. ***Modification of the Trust Deed:*** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. ***Governing law:*** The Notes will be governed by, and construed in accordance with, English law.
C.9	**Interest, maturity and redemption provisions, yield and**	***INTEREST*** ***Interest rates, interest accrual and payment dates*** Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate or a floating rate. Interest will be payable on such

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	representative of the Noteholders:	date or dates as may be specified below. ***Fixed Rate Notes*** Fixed interest will be payable in arrear at the rate(s) and on the date or dates in each year specified below. ***Issue specific summary:*** [The Notes to be issued are not Fixed Rate Notes.] [Rate(s) of Interest: — [●] per cent. per annum payable [●] in arrear on each Interest Payment Date Interest Payment Date(s): — [●] in each year] ***Floating Rate Notes:*** Floating Rate Notes will bear interest determined separately for each Series either: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA Determination**") or (ii) by reference to a reference rate (LIBOR or EURIBOR), if applicable, as adjusted for any specified margin ("**Screen Rate Determination**"), all as specified below. Applicable accrual periods will be as specified below. ***Issue specific summary:*** [The Notes to be issued are not Floating Rate Notes.] [Specified Period(s)/Specified Interest Payment Dates]: — [●] Business Day Convention: — [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] Manner in which the Rate of Interest and Interest Amount is to be determined: — [Screen Rate Determination/ISDA Determination] Margin(s): — [+/-][●] per cent. per annum Minimum Rate of Interest: — [[●] per cent. per annum/Not Applicable] Maximum Rate of Interest: — [[●] per cent. per annum/Not Applicable] ***Zero Coupon Notes:*** Zero Coupon Notes may be issued at their nominal amount or at a discount

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		to it and will not bear interest. ***Issue specific summary:*** [The Notes to be issued are not Zero Coupon Notes.] [Accrual Yield: [●]] [Reference Price: [●]] ***REDEMPTION*** ***Maturity:*** The relevant maturity date for a Tranche of Notes is specified below. The redemption amount payable at maturity of the Notes is specified below. ***Issue specific summary*** The maturity date for the Notes shall be [● / the Interest Payment Date falling in or nearest to [●]]. Unless redeemed or purchased and cancelled earlier, the Issuer will redeem the Notes on the maturity date at [nominal amount] [an amount equal to [●] per [●] in nominal amount of the Notes]. ***Early Redemption:*** The Issuer may elect to redeem the Notes prior to the maturity date in certain circumstances for tax reasons. In addition, if so specified below, the Notes may be redeemed prior to their maturity date in certain circumstances, including pursuant to an Issuer call option and/or or an investor put option. ***Optional redemption*** If so specified in the Final Terms in respect of an issue of Notes, if a Change of Control Put Event occurs, a holder of a Note will have the option to require the Issuer to redeem such Note at its principal amount, together with any accrued interest thereon. ***Issue specific summary*** Issuer Call Option (Condition 6(d)): [Applicable/Not Applicable] Optional Redemption Date(s): [●] Optional Redemption Amount(s): [●] per [●] in nominal amount of the Notes (i) Condition 6(b) applies [Applicable/Not Applicable] (ii) Make-Whole Amount: [Applicable/Not Applicable] Quotation Time: [●] Determination Date: [●] Reference Bond: [●] Redemption Margin: [●] per cent. If redeemable in part:

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		(i) Minimum Redemption Amount: [●] (ii) Maximum Redemption Amount: [●] Notice period: Minimum period: [15][●] days Maximum period: [30][●] days Investor Put Option (Condition 6(e)): [Applicable/Not Applicable] Optional Redemption Date(s): [●] Optional Redemption Amount(s): [●] per [●] in nominal amount of the Notes Condition 6(b) applies [Applicable/Not Applicable] Notice period: Minimum period: [15][●] days Maximum period: [30][●] days Change of Control Put Option (Condition 6(f)): [Applicable/Not Applicable] ***Indication of Yield:*** The yield in respect of each issue of Fixed Rate Notes will be calculated on the basis of the Issue Price using the following formula: Where: "**P**" is the Issue Price of the Notes; "**C**" is the annualised Interest Amount; "**A**" is the Redemption Amount of the Notes; "**n**" is time to maturity in years; and "**r**" is the annualised yield. The yield must be calculated by iteration. As an example, if an investor knows that the Redemption Amount will be 100 per cent. (i.e. the Notes will be redeemed by the Issuer at par on the Maturity Date), the Interest Amount is five per cent. (i.e. the coupon), the number of interest periods per annum is one (i.e. interest is paid on the Notes once a year) and he wishes to calculate the yield on Notes with an Issue Price of 99.81 per cent. (this amount will be disclosed in the relevant Final Terms) and the number of interest periods to maturity is three (i.e.

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		there are three interest payments due to be made before the Notes are repaid on the Maturity Date), then, using the following formula: $99.81 = \frac{1x5}{r}(1-(1+\frac{r}{1})^{-3})+100(1+\frac{r}{1})^{-3}$ a first estimate (which is a guess) of yield as being: r = 5.05 (to be expressed as a percentage of one), would show an issue price of 99.864, as per the following calculation: $\frac{1x5}{0.0505}(1-(1+\frac{0.0505}{1})^{-3})+100(1+\frac{0.0505}{1})^{-3}=99.864$ The investor would therefore have discovered that a yield of 5.05 must relate to a higher Issue Price than the given 99.81. For the second estimate, the investor would choose a higher yield in order to come closer to 99.81. The revised second estimate (this time a more informed guess) of r = 5.07 would, when input into the same formula, lead to the actual Issue Price 99.81, as follows: $\frac{1x5}{0.0507}(1-(1+\frac{0.0507}{1})^{-3})+100(1+\frac{0.0507}{1})^{-3}=99.81$ Therefore, the investor would have discovered by iteration that the yield in this scenario is 5.07 per cent. per annum. The Yield on the Issue Date will be disclosed in the relevant Final Terms. Yield is not an indication of future price. ***Issue specific summary*** Yield: [●] ***Trustee:*** The Issuer has appointed U.S. Bank Trustees Limited to act as trustee for the holders of Notes. ***Issuing and Paying Agent:*** The Issuer has appointed Elavon Financial Services Limited to act as the Issuing and Paying Agent.
C.10	**Derivative component in interest payments:**	Not Applicable – there is no derivative component in the interest payments made in respect of any Notes issued under the Programme.
C.11	**Listing and Admission to Trading:**	***Programme summary:*** Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the Market. As specified in the relevant Final Terms, a Series of Notes may be unlisted. Notes may be admitted to trading on the electronic order book for retail

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		bonds on the London Stock Exchange's regulated market.
		Issue specific summary: [Application [has been][is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [order book for retail bonds of the] regulated market of the London Stock Exchange with effect from or about [●].] [The Notes are not intended to be admitted to trading.]

Section D - Summary Risk Factors		
D.2	**Key information on the key risks that are specific to the Issuer:**	• Production is critical to the Issuer's success and a reduction in net production revenue would adversely affect its acquisition, development and exploration activities and financial condition. Production may be affected as a result of drilling on uncertain sub-surfaces, operating in difficult environments with mature equipment and the potential for significant unexpected shutdowns. • The Issuer's business is materially affected by the prices obtainable for oil and gas. Any material decline in prices could have an adverse impact on the Issuer's performance and financial condition. • Failure to develop contingent and prospective resources or secure new licences and/or asset acquisitions and realise their expected value on budget and on schedule may have a material impact on the Issuer's business, financial condition and results of operations. • The Issuer needs to generate sufficient cash or raise finance to achieve growth. This financing may not be available. • The Issuer's success is dependent upon its ability to attract and retain key personnel who have expertise in the areas of exploration and development, operations, engineering, business development, oil and gas marketing, finance and accounting. • The Issuer is reliant on the regulatory or fiscal environment in which it operates. Any change to this environment may have a material impact on the Issuer's business, financial condition and results of operations. • Non-alignment on various strategic decisions in joint ventures entered into by the Issuer, may result in operational or production inefficiencies or delay. • The Issuer operates in a competitive environment across many areas particularly relating to the acquisition of oil and gas assets, the marketing of oil and gas, the procurement of oil and gas services and access to human resources, which may cause the Issuer's revenue to decline over time. • The Issuer's operations are subject to liabilities arising from health and safety matters, including operational safety, personal health and safety, compliance with regulatory requirements and potential environmental

Section D - Summary Risk Factors		
		harm. • The reputational and commercial exposures of the Issuer to a major offshore incident are significant. If any member of the Group suffered a major offshore incident, this may have a material negative impact on the Issuer's reputation and performance.
D.3	**Key information on the key risks that are specific to the Notes:**	There are also risks associated with specific types of Notes, and with the Notes and the markets generally, as follows: • The Group has a revolving credit facility whereby the Issuer has granted security to the lenders over the shares it holds in various subsidiaries which hold petroleum assets as well as floating charges over its own and those subsidiaries' assets. The lenders will therefore have priority over the Noteholders in relation to these secured assets and, for example, should the Issuer become subject to insolvency proceedings, the lenders, as secured creditors, would be paid the debt owed to them in full ahead of the Noteholders, as unsecured creditors as a result of which the Noteholders may not get all of their money back. • An optional redemption feature of Notes is likely to limit their market value; the market value is unlikely to rise above the redemption price during any period when the Issuer may elect to redeem the Notes. In addition, the Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes; at those times, an investor may only be able to reinvest its money at a significantly lower rate. • The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. • If a payment to an individual were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. • Notes may have no established trading market when issued, and one

Section D - Summary Risk Factors		
		may never develop, or may be illiquid. In such case, investors may not be able to sell their Notes easily or at favourable prices. • investors in CDIs will have an interest in a separate legal instrument and will not be the legal owners of the Notes in respect of which the CDIs are issued. Accordingly, rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians. Further, such investor will be subject to provisions outside of, and different from, the Notes by virtue of its holding CDIs issued by the CREST Depository.

Section E - Offer:		
E.2b	**Reasons for the offer and use of proceeds:**	***Programme summary:*** The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms. ***Issue specific summary:*** Reasons for the offer: [●] Use of proceeds: [●]
E.3	**Terms and Conditions of the Offer:**	***Programme summary:*** The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealers at the time of issue and specified in the applicable Final Terms. An investor intending to acquire or acquiring any Notes in a Public Offer from an offeror other than the Issuer will do so, and offers and sales of such Notes to an investor by such offeror will be made, in accordance with any terms and other arrangements in place between such offeror and such investor including as to price, allocations, expenses and settlement arrangements. The investor must look to the relevant Authorised Offeror for the provision of such information and the Authorised Offeror will be responsible for such information. The Issuer has no responsibility or liability to an investor in respect of such information. ***Issue specific summary:*** [(i) Offer Price: [●]; (ii) Conditions to which the offer is subject: [●]; (iii) Description of the application process: [●]; (iv) Details of the minimum and/or maximum amout of application: [●]; (v) Description of the possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [●]; (vi) Details of the method and time limits for

Section E - Offer:		
		paying up and delivering the Notes: [●]; (vii) Manner in and date on which results of the offer are to be made public: [●]; (viii) Procedure for exercise of any right of pre-emption, negotiatility of subscription rights and treatment of subscription rights not exercised: [●]; (ix) Categories of potential investors to which the Notes are offered and whether tranches(s) have been reserved for certain countries: [●]; (x) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [●]; (xi) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [●]; (xii) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [●]; and (xiii) Name(s) and address(es) of the entities which have a firm commitment to act as intermediaries in the secondary market trading, providing lliquidity through bid and offer rates and desription of the main terms of its/their commitment: [●].] [Not Applicable]
E.4	**Interests of natural and legal persons involved in the issue of the Notes:**	***Programme summary:*** The relevant Dealer(s) may be paid fees in relation to any issue of Notes under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its respective affiliates in the ordinary course of business. ***Issue specific summary:*** [Save for [●], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.]
E.7	**Estimated expenses charged to the investor by the Issuer or the offeror:**	***Programme summary:*** There are no expenses charged to the investor by the Issuer. Any investor intending to acquire any Notes from a bank, financial intermediary or other entity (including an Authorised Offeror) other than a Dealer in its capacity as such will do so in accordance with any terms and other arrangements in place between the seller or distributor and such investor, including as to price and any expenses that may be payable, allocations and settlement arrangements. Neither the Issuer nor any of the Dealers are party to such terms or other arrangements. ***Issue specific summary:*** [There are no expenses charged to the investor by the Issuer] [The following expenses are to be charged to the investor by the [Issuer]: [●] [The expenses to be charged by those Authorised Offerors not known to the Issuer as of the date of this Prospectus are unknown.] [The Issuer estimates that, in connection with the sale of Notes to an investor, the expenses

Section E - Offer:		
		charged by the [Specified] Authorised Offeror(s) to such investor will be up to [●] per cent. of the aggregate principal amount of the Notes sold to such investor].

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with Notes issued under the Programme

Risks relating to the Group

Production, development and exploration activities are dependent on the availability of capital infrastructure and third party contractors

The Group's oil and gas production and development activities are dependent on the availability of drilling equipment and offshore services, including third party services in the North Sea and elsewhere that the Group may have activities. The Group contracts or leases services and equipment from third party providers and suppliers. Such equipment and services may be scarce and may not be readily available at the times and places required. Even where the Group has secured rigs under a contract, the rigs will usually only be available for use after the current user has finished its drilling programme. If there are delays in the completion of the user's drilling programme, the Group could be delayed in procuring contracted rigs. Under the terms of its licences, the Group may have a commitment to drill within a certain time frame. The Group, therefore, risks losing licences if it is delayed in obtaining rigs and thus meeting its drilling commitments. Shortages or the high cost of drilling rigs, equipment, supplies, personnel or oilfield services could delay or adversely affect the Group's production, development and exploration operations, which could have a material adverse effect on its business, financial condition or results of operations.

The scarcity of third party services and equipment as well as any increases in their costs, together with the failure of a third party provider or supplier to perform its contractual obligations, or an inability to achieve a commercially viable contract with a third party provider or supplier could delay, restrict or lower the profitability and viability of the Group's activities. This could have a material adverse impact on the Group's business, the results of operations or financial condition.

The Group's success depends on its ability to appraise, develop and explore oil and gas reserves that are economically recoverable

The Group's long-term commercial success depends on its ability to appraise, develop, explore and commercially produce oil and gas reserves. The Group must continually locate and develop or acquire new reserves to replace its existing reserves that are being depleted by production. Future increases in the Group's reserves will depend not only on its ability to appraise, develop and explore its existing assets but also on its ability to select and acquire suitable additional assets either through awards at licensing rounds or through acquisitions. There are many reasons why the Group may not be able to find or acquire oil and gas reserves or

develop them for commercially viable production. For example, the Group may be unable to negotiate commercially reasonable terms for its acquisition, appraisal, development or production activities. Factors such as adverse weather conditions, natural disasters, equipment or services shortages, procurement delays or difficulties arising from the political, environmental and other conditions in the areas where the reserves are located or through which the Group's products are transported may increase costs and make it uneconomical to develop potential reserves. Without successful exploration or acquisition activities, the Group's reserves, production and revenues will decline. There is no assurance that the Group will discover, acquire or develop further commercial quantities of oil and gas.

The Group may miss out on exploration opportunities if it is unable to successfully co-ordinate its exploration projects

As part of the Group's operations, the Group may undertake exploration projects. These projects require the co-ordination of a number of activities including obtaining seismic data, carrying out subsea surveys, obtaining partner approvals and securing rig capacity for the necessary drilling. There are long lead times to arrange these activities and if the Group fails to successfully co-ordinate the timely delivery or completion, as the case may be, of any of these activities, it may miss out on exploration opportunities or may be required to make additional expenditure.

Development appraisal and exploration projects do not necessarily result in a profit on the investment or the recovery of costs

Development appraisal and exploration activities are capital intensive and inherently uncertain in their outcome. The Group's future oil and gas development appraisal and exploration projects may involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity, or adverse geological conditions. Additional infrastructure required for development projects may also be subject to cost overruns, equipment failure, third party interference and other risks. For additional risks in conducting appraisal and development activities, please see the risk factor "The Group's offshore operations are subject to a number of risks and hazards that may result in material losses in excess of insurance proceeds" below. While diligent well supervision and effective maintenance operations can contribute to maximising production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and may adversely affect the Group's revenues and cash flows.

The Group's offshore operations are subject to a number of risks and hazards that may result in material losses in excess of insurance proceeds

Oil and gas development, production and exploration operations are inherently risky and hazardous. Risks typically associated with these operations include unexpected formations or pressures and premature decline of reservoirs. Losses resulting from the occurrence of any of these risks could have a material adverse effect on the Group's financial position, results of operations and prospects. Hazards typically associated with offshore oil and gas production, development and exploration operations include fires, explosions, blowouts, marine perils, including severe storms and other adverse weather conditions, vessel collisions, gas leaks and oil spills, each of which could result in substantial damage to oil and gas wells, production facilities, other property and the environment or in personal injury. Oil and gas installations are also known to be likely objects, and even targets, of military operations and terrorism.

Although the Group obtains insurance prior to drilling in accordance with industry standards to cover certain of these risks and hazards, insurance is subject to limitations on cover and liability and, as a result, may not be sufficient to cover all of the Group's losses. In addition, the risks or hazards associated with the Group's offshore operations may not in all circumstances be insurable or, in certain circumstances, the Group may elect not to obtain insurance to deal with specific events due to the high premiums associated with such insurance or for other reasons. The Group does not currently have business interruption insurance in place and, therefore, it will suffer losses as a result of a shut-in or cessation in production. The occurrence of a significant event against which the Group is not fully insured, or the insolvency of the insurer of such event, could have a material adverse effect on the Group's financial position, results of operations and prospects.

The Group's business is subject to government regulation with which it may be difficult to comply and which may change

The Group's oil and gas exploration and production operations are principally subject to the laws and regulations of the United Kingdom, including those relating to health and safety and the production, pricing and marketing of oil and gas. In addition, the Group has operations in Malaysia and Norway and is subject to laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange and exchange control. In order to conduct its operations in compliance with these laws and regulations, the Group must obtain licences and permits from various government authorities. The grant, continuity and renewal of the necessary approvals, permits, licences and contracts, including the timing of obtaining such licences and the terms on which they are granted, are subject to the discretion of the relevant governmental and local authorities in the United Kingdom and cannot be assured. In addition, the Group may incur substantial costs in order to maintain compliance with these existing laws and regulations and additional costs if these laws are revised or if new laws affecting the Group's operations are passed.

The Group's operations expose it to significant compliance costs and liabilities in respect of HSE matters

The Group's operations and assets are affected by numerous international, European Union and national laws and regulations concerning HSE matters including, but not limited to, those relating to discharges of hazardous substances into the environment, the handling and disposal of waste and the health and safety of employees. The technical requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with and this trend is likely to continue. The failure to comply with current HSE laws and regulations may result in regulatory action, the imposition of fines or the payment of compensation to third parties which each could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

Certain HSE laws provide for strict, joint and several liability without regard to negligence or fault for natural resource damages, health and safety, remediation and clean-up costs of spills and other releases of hazardous substances, and such laws may impose liability for personal injury or property damage as a result of exposure to hazardous substances. Further, such HSE laws and regulations may expose the Group to liability for the conduct of others or for acts that complied with all applicable HSE laws when they were performed. In addition, the enactment of new HSE laws or regulations or stricter enforcement or new interpretations of existing HSE laws or regulations could have a significant impact on the Group's operating or capital costs and require further expenditure to modify operations, upgrade employee and contractor accommodation as other infrastructure, install pollution control equipment, perform clean-up operations, curtail or cease certain operations, or pay fines or make other payments for pollution, discharges or other breaches of HSE requirements. There can be no assurances that the Group will be able to comply with such HSE laws in the future. The failure to comply with such HSE laws or regulations could result in substantial costs and/or liabilities to third parties or government entities which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Offshore Combustion Installations (Prevention and Control of Pollution) Regulations 2001 (the "PPC") have been implemented in the UK and apply to the Heather and Thistle platforms and the Northern Producer FPF. Permits under the PPC have been issued to the Group by the DECC in 2009. Applications for these PPC permits normally contain an energy efficiency survey. Energy efficiency surveys that the Group has conducted as part of the PPC application process have identified potential energy efficiency measures and other upgrades to the installations that may be implemented by the Group, which have been built into the assets' life-of-field opportunity registers maintained by the Group, for future investment opportunities for improved performance. The PPC was amended by the Offshore Combustion Installations (Prevention and Control of Pollution) (Amendment) Regulations 2007 which imposes additional requirements for publicity and access to justice in environmental matters. The costs associated with the PPC permit compliance and other measures to be undertaken are material for the Group.

All of these factors may lead to delayed or reduced production, development and exploration activity as well as to increased costs.

The Group operates in a competitive industry

The oil and gas industry is competitive in all its phases. The Group's ability to increase reserves in the future will depend not only on its ability to exploit and develop its present assets but also on its ability to select and acquire suitable producing assets or prospects for appraisal or exploratory drilling. The Group competes with numerous other participants in the search for and the acquisition of oil and gas assets, and in the marketing of oil and gas. The Group's competitors include major international oil and gas companies that may have substantially greater financial and technical resources, staff and facilities than those of the Group. These companies have strong market power as a result of several factors, including the diversification and reduction of risk, including geological, price and currency risks; increased financial strength facilitating major capital expenditures; greater integration and the exploitation of economies of scale in technology and organisation; strong technical experience; increased infrastructure and reserves; and strong brand recognition. Due to this competitive environment, the Group may be unable to acquire attractive, suitable assets or prospects on terms that it considers acceptable. As a result, the Group's revenues may decline over time, thereby materially and adversely affecting its business, results of operations and financial condition.

The Group's tax liability could increase substantially as a result of changes in, or new interpretations of, tax laws in the United Kingdom

The Group is subject to taxation in the United Kingdom and is faced with increasingly complex tax laws. The amount of tax the Group pays could increase substantially as a result of changes in, or new interpretations of, these laws, which could have a material adverse effect on its liquidity and results of operations. During periods of high profitability in the oil and gas industry, there are often calls for increased or windfall taxes on oil and gas revenue. Taxes have increased or been imposed in the past and may increase or be imposed again in the future. In addition, taxing authorities could review and question the Group's tax returns leading to additional taxes and penalties which could be material.

The Group cannot accurately predict its future decommissioning liabilities

The Group, through its licence interests, has in the past assumed certain obligations in respect of the decommissioning of its fields and related infrastructure and the Group is expected to assume additional decommissioning liabilities in respect of its future operations. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Group to make provision for and/or underwrite the liabilities relating to such decommissioning. The oil and gas industry currently has little experience of decommissioning petroleum infrastructure on the UKCS as few such structures have been removed in these regions. Although, the Group's accounts make a provision for such decommissioning costs, there can also be no assurances that the costs of decommissioning will not

exceed the value of the long-term provision set aside to cover such decommissioning costs. It is, therefore, difficult to forecast accurately the costs that the Group will incur in satisfying its decommissioning obligations and the Group may have to draw on funds from other sources to bear such costs. When its decommissioning liabilities crystallise, the Group will be jointly and severally liable for them with other former or current partners in the field. If other partners default on their obligations, the Group will remain liable and its decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated decommissioning costs that the Group incurs may adversely affect its financial condition. In the future, the Group may incur liabilities for decommissioning relating to assets outside the UK.

The Group may be unable to acquire, retain, convert or renew the licences, permits and other regulatory approvals necessary for its operations

The ability of the Group to develop and exploit oil and gas reserves depends on the Group's continued compliance with the obligations of its current production licences and the Group's ability to convert its exploration opportunities into production licences. The Group depends on licences whose grant and renewal is subject to the discretion of the relevant governmental authorities and cannot be assured.

It is also possible that the Group may be unable or unwilling to comply with the terms or requirements of the licences it holds, including the meeting of specified deadlines for prescribed tasks and other obligations set out in the work programmes attached to the licences, in circumstances that entitle the relevant authority to suspend or withdraw the terms of such licence. Non-compliance with these obligations may give rise to enforcement action by the relevant authorities, who may agree to waivers and extensions or may require remedial action but who are also entitled to revoke the licences in such circumstances.

Moreover, some of the production licences may expire before the end of what the Group estimates to be the productive life of its licensed fields. The Group intends to apply for extensions to such licences. There is no assurance that the Group will be able to secure extensions to the terms of its licences. Any premature termination, suspension or withdrawal of licences may have a material adverse effect on the Group's business, results of operations and financial condition.

Actions of joint venture partners

Oil and gas operations globally are often conducted in a joint venture environment. Non-alignment on various strategic decisions in joint ventures may result in operational or production inefficiencies or delay. Where the Group is operator, the Group depends on its partners to meet their contractual obligations in respect of "cash calls" and any failure to do so could have a material adverse impact on the Group's operations.

The Group's success is dependent upon its ability to attract and retain key personnel

The Group's success depends, to a large extent, on certain of its key personnel having expertise in the areas of exploration and development, operations, engineering, business development, oil and gas marketing, finance and accounting. The loss of the services of any key personnel could have a material adverse affect on the Group. The Group does not maintain nor does it plan to obtain insurance against the loss of any of its key personnel. In addition, the competition for qualified personnel in the oil and gas industry is intense. There can be no assurance that the Group will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

Business acquisitions – integration and other issues

Part of the Issuer's strategy is to increase oil and gas resources through strategic business acquisitions. Risks commonly associated with acquisitions of companies or businesses include integrating the operations and personnel of the acquired business, problems with minority shareholders in acquired companies, the potential

disruption of the Group's own business, the possibility that indemnification agreements with the sellers may be unenforceable or insufficient to cover potential liabilities and difficulties arising out of integration.

Much of the Group's equipment is old and significant expenditure is required to maintain operability and operations integrity

The Group owns two steel structured drilling and production platforms in the North Sea, Heather and Thistle, each of which is approximately 30 years old. The Group, as operator of the Don fields has also leased the Northern Producer FPF since 2008. The Group intends to incur significant planned capital expenditure on its assets, including an annual contribution towards the maintenance of its leased FPF. Despite the significant planned operating and capital expenditure to ensure the commercial utilisation of the Group's assets for at least the next 15 years and in preparation for workover and infill drilling activity aimed at increasing production in its fields, there can be no guarantee that the assets will not suffer material damage in this period through, for example, wear and tear, natural disasters or industrial accidents, or will not require further significant capital investment for their improvement or maintenance in the future.

The use of improved recovery methods creates uncertainties that could adversely affect the Group's results of operations and financial condition

Some of the Group's oil and gas fields are relatively old and their production had, historically, been declining. In order to increase the production of oil and gas at each of the Group's fields, the Group is using improved recovery methods that involve the injection of water into formations to provide pressure support and sweep oil towards production wells and the injection of gas into production wells to facilitate lifting of oil and water. If the Group's improved recovery methods do not allow for the extraction of oil and gas in the manner or to the extent that the Group anticipates, its future results of operations and financial condition could be materially adversely affected.

The Group's production is concentrated in a small number of offshore fields with high equity interests

From 1 January 2012 to 31 October 2012, the Group's net average daily production was 21,569 Boepd which came from its producing fields in the UKCS which include Thistle, Deveron, Heather, Broom, West Don, Don Southwest and Conrie. If mechanical problems, storms or other events curtail a substantial portion of the Group's production on the UKCS or if the actual reserves associated with any one of the Group's producing fields on the UKCS are less than the Group's estimated reserves, the Group's results of operations and financial condition could be adversely affected. In addition, as a result of the Group's high equity interests (more than 50 per cent.) in five of its producing fields, any decline in the Group's production volumes or reserve estimates would adversely affect the Group's results of operations and financial condition.

The Group holds interests in a number of licences which are in their initial terms

The Group holds interests in a number of licences which are in their initial terms. The early stages or exploration period of a licence are commonly the most risk prone. These phases of the term of a licence require high levels of relatively speculative capital expenditure without a commensurate degree of certainty of a return on that investment.

The Group may experience unexpected shutdowns at its facilities

Mechanical problems, accidents, oil leaks or other events at the Group's Heather or Thistle platforms or the Northern Producer FPF or their pipelines or subsea infrastructure or third party operated infrastructure on which they rely may cause an unexpected production shutdown at these platforms. As a result of the subsea tie-back from the Broom field to the Heather platform, any production shutdown at the Heather platform would also result in a production shutdown at the Broom field. In addition, with the pipeline export route installed in February 2010, production from the Don fields will also be adversely affected by any major shutdowns and losses of power on the Thistle platform. Any unplanned production shutdown of the Group's

facilities could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's delivery infrastructure on the UKCS is dependent on the Sullom Voe Terminal

The Sullom Voe Terminal is an oil terminal located in the Shetland Islands which receives oil from the Brent and Ninian pipelines. The Sullom Voe Terminal is currently the only terminal used by the Group and is therefore the only onshore entry point for the Group's oil. If the Sullom Voe Terminal (or any infrastructure connecting to the terminal) experiences mechanical problems, an explosion, adverse weather conditions, a terrorist attack or any other event that causes an interruption in operations or a shutdown, the Group's ability to transport its oil could be severely affected.

The Group may not be able to identify or take advantage of sufficient suitable acquisition opportunities

The Group's business strategy is dependent to a partial extent on the ability of the Group to identify sufficient suitable acquisition opportunities, whether they are asset or corporate acquisitions. There can be no assurance that the Group will identify sufficient suitable acquisition opportunities or that the Group will be able to make such acquisitions on appropriate terms.

Although the Group believes that it is well placed to take advantage of potential acquisition opportunities, it may have to compete with a number of entities for these opportunities, which may have considerably greater financial, technical and marketing resources than are available to the Group. Some of these competitors may also have a lower cost of capital and access to funding sources that are not readily available to the Group, which may create competitive disadvantages for the Group with respect to acquisition opportunities.

Future litigation could adversely affect the Group's business, results of operations or financial condition

Damages claimed under any litigation are difficult to predict, and may be material. The outcome of such litigation may materially impact the Group's business, results of operations or financial condition. While the Group will assess the merits of each lawsuit and defend itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation. In addition, adverse publicity surrounding such claims may have a material adverse effect on the Group's business, results of operations or financial condition.

Risks relating to the Group's financial condition

A default and/or acceleration of repayment of debt under the Group's revolving credit facility may have a material adverse effect on the Group's business, prospects, results of operations and financial condition

The Group has a revolving credit facility (the "**Facility Agreement**") with aggregate commitments which started at US$525 million when the debt facility was entered into on 6 March 2012 but may be increased to US$900 million, with the agreement of the lenders. A revolving credit facility allows borrowers to borrow up to the amount permitted, typically for 6 months, and upon repayment to redraw again. The lenders have the right to refuse to re-lend if there is, among other things, a breach of one of the covenants, particularly the financial covenants.

The Facility Agreement contains numerous covenants, undertakings and warranties by the Issuer and the asset owning subsidiaries of the Issuer as borrowers and the Issuer and certain of its subsidiaries as guarantors (together, the "Obligors"). Such covenants include restrictions on disposal of any of the Group's oil and gas assets save for certain permitted disposals, restrictions on amalgamations, mergers and demergers, maintenance of all material authorisations, licences and permissions required for the Group's operations, a negative pledge, the Group's indebtedness to EBITDA ratio being lower than an agreed threshold at all times, and an interest cover ratio, reserve base value and liquidity test.

The covenants are designed to prevent the Group incurring too much debt or interest costs relative to its earnings and profits as well as its ability to make timely payments to the lenders and also to ensure that the underlying reserves of oil in the Group's assets are not depleted below a certain level and not replenished so as to jeopardise, in the eyes of the lenders, its ability to repay the amounts borrowed.

The current 'indebtedness to EBITDA ratio' in the Facility Agreement is set at 3.0 : 1.0 - in other words - the Group's debts (less cash or cash equivalents) are not permitted to exceed, on certain fixed dates in any year, three times its profit on ordinary activities (before tax, interest costs and other non-monetary items).

The current 'EBITDA to finance charges' (commonly known as an 'interest cover ratio') is set at a minimum of 5.0 : 1.0 - in other words - the Group must ensure that its profits on ordinary activities (as described above) are, on certain fixed dates and by reference to its latest annual or semi-annual accounts, at least five times the amount it pays by way of interest, commission, fees, prepayment charges and other finance payments on its borrowings over any 12 month period. Noteholders should note that the threshold on the Notes is set at a lower level of 4.0 : 1.0 (in other words the terms of the Notes allow the Group to incur greater finance charges relative to its profits before the Group would breach the terms of the Notes and be in default thereunder).

The current 'reserve base value' is set at 1:0 to 1:0 - in other words - the value of the number of barrels of proven and probable reserves of oil which the Group is interested in equals or exceeds the aggregate of its borrowings under the Facility Agreement and the amount of other debt (including accrued interest and fees) it has outstanding.

The 'liquidity test' is calculated on various dates in the year or certain other events at which point the Issuer must demonstrate to the lenders that it has sufficient funds available, taking into account its future funding plans, to meet all liabilities of the Group when due and payable on or before the final date on which the loans under the facility are due to be paid, which may be earlier than the maturity date of the Notes.

The breach of any covenants or warranties, or non-performance of the obligations by one or more of the Obligors under the Facility Agreement if not cured or waived within specified periods would result in a default under the Facility Agreement and could result in the acceleration of debt repayment thereunder. The lenders could also exercise their security rights over the Group’s assets or deny the Group access to any unused amounts under the Facility Agreement and appoint administrators over the Group companies.

In addition, the Issuer has granted security to the lenders over the shares it holds in various subsidiaries which hold petroleum assets as well as floating charges over its own and those subsidiaries’ assets. The security over the shares would entitle the lenders to appropriate these shares if the Group defaults under the credit facility and in theory, subject to consent of the relevant government body having jurisdiction over UKCS licences (currently the Department of Energy and Climate Change), to deal with them, including selling them, as they so wish. The floating charge would entitle the lenders to appoint administrators over the Group and its assets if the Group defaults under the credit facility, with a view to realising from the sale of those assets enough money to repay the lenders.

The lenders will therefore have priority over the Noteholders in relation to these secured assets and, for example, should the Issuer become subject to insolvency proceedings, the lenders, as secured creditors, would be paid the debt owed to them in full ahead of the Noteholders, as unsecured creditors as a result of which the Noteholders may not get all of their money back.

A default and/or acceleration of repayment of debt under the Facility Agreement may affect the Group’s ability to obtain alternative financing in the longer term, either on a timely basis or on terms favourable to the Group, and the Group’s ability to pursue its strategic business plans. This could have a material adverse effect on the Group’s financial condition, results of operations and prospects.

The Notes do not benefit from guarantees from the asset-holding subsidiaries of the Issuer and do not benefit from any Security over the Issuer's assets.

Further details of the Facility Agreement can be found at page 94 of the Material Contracts section below.

The Group may not be able to generate sufficient cash flows to finance its activities in the longer term if it is unable to raise additional capital

The Group will be required to make substantial capital expenditure for the identification, acquisition, production, development and exploration of oil and gas reserves in the future. If the Group's revenues decline, it may have limited ability to expend the capital necessary to undertake or complete future drilling or other programmes which may adversely affect the Group's operations and prospects. There can be no guarantee that cash generated by operations or additional debt or equity financing, will be available or will be sufficient to meet the Group's funding requirements in the longer term to pursue its future strategic decisions or that if additional debt or equity financing is available, that it will be on terms acceptable to the Group. The Group's inability to access sufficient capital for its operations may have a material adverse effect on its financial condition, results of operations and prospects.

The Group may experience losses and will face other risks as a result of hedging a portion of its production

To offset the risk of revenue losses if commodity prices decline, the Group may enter into hedging transactions to receive fixed prices on its oil and gas production. The Group currently hedges up to 50 per cent. of its anticipated production in any year. In a typical hedging transaction, the Group has the right to receive from the hedge counterparty the excess of the fixed price specified in the hedge agreement over a floating price based on a market index, multiplied by the quantity of production hedged. Thus, the Group is protected if the market index is lower than the fixed price in the contract but misses out on potential profit where the market index is higher. If the floating price exceeds the fixed price, the Group is required to pay the counterparty this difference multiplied by the quantity hedged even if it has insufficient production to cover the quantities specified in the hedge agreement. Accordingly, any production shortfalls that result in the Group having significantly less production than it has hedged when the floating price exceeds the fixed price would result in the Group being required to make payments where it has had no offsetting sales of production. There can be no assurance that the Group will not be required to make large payments in connection with hedging transactions in the future. If this were to happen, the remainder of the Group's business may be adversely affected. In addition, hedging agreements expose the Group to risk of financial loss in circumstances where the counterparty to a hedging contract defaults on its contractual obligations.

Exchange rate fluctuations and devaluations could have a material adverse effect on the Group's results of operations

Currency exchange rate fluctuations and currency devaluations could have a material adverse effect on the Group's results of operations from time to time. As the Group's reporting currency is the U.S. dollar but it predominantly incurs operating expenses in pounds sterling, a depreciation of the U.S. dollar against sterling adversely affects the Group's reported results of operations. Although the Group may undertake limited hedging activities on expenditure in an attempt to reduce certain currency fluctuation risks, these activities provide only limited protection against currency-related losses. In addition, in some circumstances hedging activities may require the Group to make cash outlays.

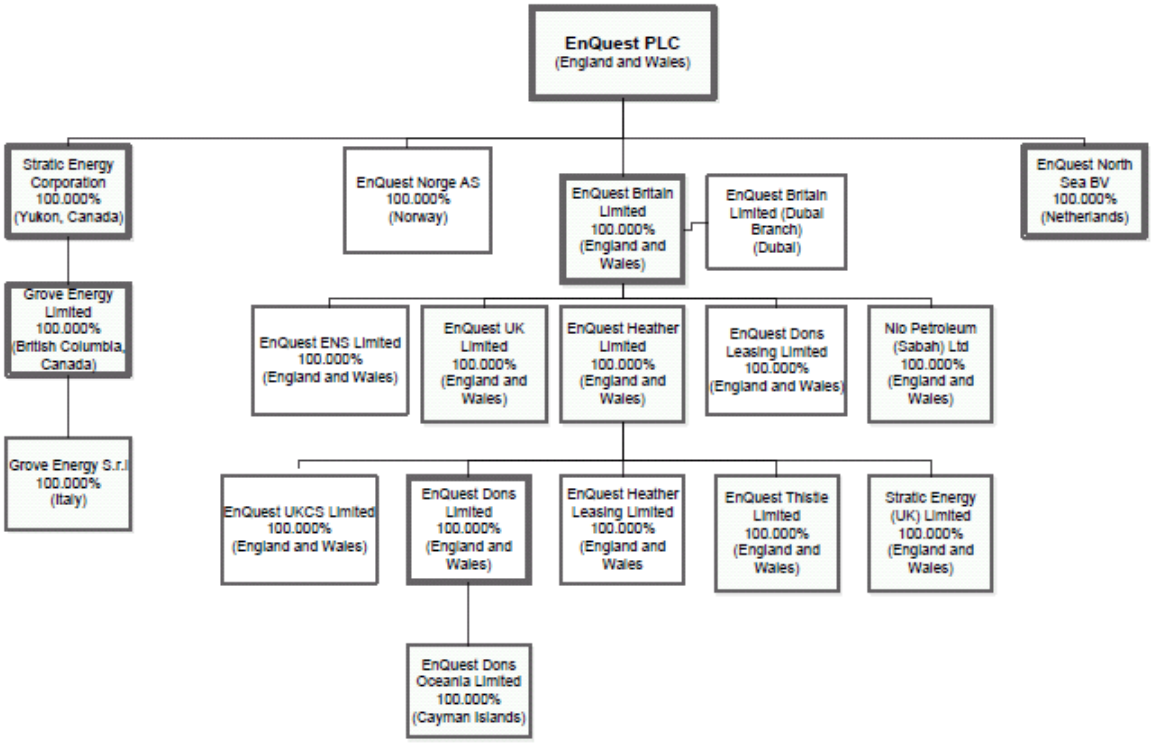
Macroeconomic risks could result in an adverse impact on the Group's financial condition

One of the principal uncertainties for the Group at present is the extent to which the global economic slowdown currently being experienced may feed through into the Group's operations, and the timing of that impact. The links between economic activities in different markets and sectors are complex and depend not only on direct drivers such as the balance of trade and investment between countries, but also on domestic monetary, fiscal and other policy responses to address macroeconomic conditions.

Risks relating to the Group's structure

The holding company structure means that the Issuer's ability to pay interest is dependent on distributions received from its subsidiaries

Since the Issuer is a holding company, its operating results and financial condition are entirely dependent on the performance of members of the Group. The ability of the Issuer's subsidiaries to make distributions to the Issuer may, from time to time, be restricted as a result of several factors, including restrictive covenants in loan agreements, foreign exchange limitations, the requirements of applicable law and regulatory, fiscal or other restrictions.



Participation by the Issuer in a distribution of a subsidiary's assets will generally be subject to prior claims of creditors

The Issuer holds all of its assets in its subsidiaries. The Issuer's rights to participate in a distribution of its subsidiaries' assets upon their liquidation, re-organisation or insolvency is generally subject to prior claims of the subsidiaries' creditors, including secured creditors such as its lending banks, any trade creditors and preferred shareholders.

Risks related to the Oil and Gas Industry and the Countries in which the Group Operates

A material decline in oil and gas prices may adversely affect the Group's results of operations and financial condition

Both oil and gas prices can be volatile and subject to fluctuation due to a variety of factors beyond the Group's control. Any material decline in oil prices could result in a reduction of the Group's net production revenue. Historically, oil prices have fluctuated widely for many reasons, including global and regional supply and demand, and expectations regarding future supply and demand for oil and petroleum products; geopolitical uncertainty; access to pipelines, tanker ships and other means of transporting oil, gas and

petroleum products; price, availability and government subsidies of alternative fuels; price and availability of new technologies; the ability of the members of OPEC and other oil-producing nations to set and maintain specified levels of production and prices; political, economic and military developments in oil producing regions, particularly the Middle East; domestic and foreign governmental regulations and actions, including export restrictions, taxes, repatriations and nationalisations; global and regional economic conditions; and weather conditions and natural disasters.

Oil prices have changed significantly over the last few years. According to Bloomberg the spot price of European Brent Blend increased from approximately US$60.28 per barrel on 29 December 2006 to a historic peak of US$145.86 per barrel on 3 July 2008 and fell to a low of US$33.79 per barrel on 24 December 2008 following the global financial crisis in 2008. In 2009, the oil price for European Brent Blend increased again and marked US$77.50 per barrel on 31 December 2009. Year average prices from 2008-2011 were US$97.95, US$62.26, US$80.16 and US111.69 per barrel respectively. However, in the past the oil price has been significantly lower. According to BP Statistical Review of World Energy (June 2009) the average price for Brent Blend crude in 1999 and 2000 was US$17.97 and US$28.50 respectively.

It is impossible to predict accurately future oil and gas price movements. Accordingly, oil and gas prices may not remain at their current levels. The economics of producing from some of the Group's wells may change as a result of lower prices, which could result in a reduction in the volumes of the Group's reserves if some are no longer economically viable to develop. The Group might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Group's net production revenue adversely affecting its acquisition, development and exploration activities and financial condition.

IFRS provides that the net capitalised cost of oil and gas properties may not exceed their recoverable amount which is based, in part, upon estimated future net cash flows from oil and gas reserves. If the net capitalised costs exceed this limit, the Group must charge the amount of the excess against earnings. If oil or gas prices were to decline, the Group's net capitalised cost of oil and gas properties may approach or exceed their recoverable amount, resulting in a charge against earnings. While any write downs would not directly affect cash flows, the charges to earnings could be viewed unfavourably in the market and could limit the Group's ability to borrow funds or comply with covenants contained in current or future credit agreements or other debt instruments, which could result in the delay or postponement of the Group's production and development activities. This could have a material adverse effect on the Group's results of operation and financial condition.

The Group's reserves information represents estimates that may turn out to be incorrect or inaccurate

The process of estimating oil and gas reserves and the cash flows that may be derived from them is very complex. The reserves and associated cash flow information relating to the Group set out or incorporated by reference in this document represent estimates only. In general, estimates of the quantity and value of economically recoverable oil and gas reserves and possible future net cash flows are based upon a number of variable factors and assumptions, such as historic production rates, ultimate reserves recovery, interpretation of geological and geophysical data, timing and amount of capital expenditures, marketability of oil and gas, Government share, continuity of current fiscal policies and regulatory regimes, future oil and gas prices, operating costs, development and production costs and workover and remedial costs, all of which may vary from actual results. Estimates are also to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For these reasons, estimates of the economically recoverable oil and gas reserves attributable to a particular group of properties, the classification of such reserves based on risk of recovery and estimates of expected future net revenues prepared by different engineers, or by the same engineers at different times, may vary. As a result, the estimates of the Group's reserves may require substantial upward or downward revisions if subsequent drilling, testing and production reveal differences or if a development does not proceed. Any downward adjustment could indicate lower

future production and thus adversely affect the Group's financial condition, future prospects and market value. Furthermore, a decline in the Group's reserves may affect its ability to raise or access sufficient capital in the longer term for its future operations.

Estimates of proved, probable and possible reserves that may be developed and produced in the future are often not based on actual production history but on volumetric calculations and analogies to similar types of reserves. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based on production history and production practices may result in variations in the estimated reserves and these variations could be material.

In this document, the standards applied by the SPE are applied with respect to estimates of the Group's reserves. Under the SPE standards, probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. Probable reserves are more difficult to determine than proved reserves and involve a greater risk that they may not be actually recovered.

The Group may not be able to develop commercially its contingent resources

The standards applied by the SPE are applied to the Group's contingent resources. Under SPE standards, contingent resources are those deposits that are estimated, on a given date, to be potentially recoverable from known accumulations but that are not currently considered commercially recoverable. The resources may not be considered commercially recoverable by the Group for a variety of reasons, including the high costs involved in recovering the contingent resources, the price of oil at the time, the availability of the Group's resources and other development plans that the Group may have. The Group's estimates of its contingent resources are uncertain and can change with time and there can be no guarantee that the Group will be able to develop these resources commercially.

Future legislation may require further reductions of greenhouse gas emissions and discharges of oil in produced waters

The United Kingdom is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol established thereunder to set legally binding targets to reduce nationwide emissions of carbon dioxide, methane, nitrous oxide and other so called "greenhouse gases".

Due to the requirements of the European Union's Emissions Trading Scheme (the "**EU ETS**"), Member States' governments have put forward national plans that set carbon dioxide emission reduction requirements for various industrial activities, including offshore oil and gas exploration and production facilities incorporating combustion plants (including flaring) with aggregate thermal ratings of greater than 20 megawatts (thermal input).

Under the EU ETS, Member States allocate emissions allowances to installations within the scheme. Therefore, if the Group's verified emissions are less than its prescribed allocation, then it may sell its excess allocations by means of a market auction. However, if the Group's verified emissions from an installation exceed its allocated allowances, then it will have to purchase extra allowances to cover those excess emissions from the market.

During Phase II EU ETS (which ran from 2008 to 2012, coinciding with the applicable time period of the Kyoto Protocol), the majority of allowances for emissions were allocated to individual installations free of charge based on forecast emissions. However, under the current Phase III of EU ETS (which runs from 2013 to 2020), an increasing level of an installation's allowances will have to be purchased at market auctions, as a result of Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009. Furthermore, the number of allowances available to installations will decrease and allocations will be managed centrally by the EU Commission rather than by Member States. However, the oil and gas industry (specifically for

activities relating to extraction of crude oil and natural gas) is currently an exception to this rule and, therefore, a flat rate of free allowances will continue to apply in 2013 and 2014. The EU Commission is due to reassess the exceptions in 2014 for application in 2015 to 2019. The costs of emissions allowances are built into the life-of-field cost forecasts. The EU ETS may change considerably if a successor to the Kyoto Protocol is agreed. The costs of these allowances is built into the life-of-field cost forecasts.

Controls on the quantities of oil that can be discharged in process waters in the course of offshore operations have been implemented in the UK by the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (the "**OPPC**"). The OPPC was amended by the Offshore Petroleum Activities (Oil Pollution Prevention and Control) (Amendment) Regulations 2011 which, among other things, extends the scope of the OPPC to apply to all emissions of oil from pipelines used for offshore oil and gas activities and for gas storage and unloading activities. Future compliance by the Heather and Thistle platforms, the Northern Producer FPF and the EnQuest Producer FPSO with the OPPC may require material expenditure by the Group if the Group is required to modify its operations.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The Notes are not protected by the Financial Services Compensation Scheme

Unlike a bank deposit, the Notes are not protected by the Financial Services Compensation Scheme (the "**FSCS**"). As a result, the FSCS will not pay compensation to an investor in the Notes upon the failure of the Issuer. If the Issuer goes out of business or become insolvent, Noteholders may lose all or part of their investment in the Notes.

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and for obtaining resolutions in writing on matters relating to the

Notes from Noteholders without calling a meeting. A resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes of the relevant Series who for the time being are entitled to receive notice of a meeting in accordance with the provisions of the Trust Deed and whose Notes are outstanding shall, for all purposes, take effect as an Extraordinary Resolution.

In certain circumstances, where the Notes are held in global form in the clearing systems, the Issuer and the Trustee (as the case may be) will be entitled to rely upon:

(i) where the terms of the proposed resolution have been notified through the relevant clearing system(s), approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing systems in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes of the relevant Series for the time being outstanding; and

(ii) where electronic consent is not being sought, consent or instructions given in writing directly to the Issuer and/or the Trustee (as the case may be) by accountholders in the clearing systems with entitlements to such global Note or certificate or, where the accountholders hold such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held (directly or via one or more intermediaries), provided that the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and taken reasonable steps to ensure such holding does not alter following the given of such consent/instruction and prior to effecting such resolution.

A resolution in writing or an electronic consent as described above may be effected in connection with any matter affecting the interests of Noteholders, including the modification of the Conditions, that would otherwise be required to be passed at a meeting of Noteholders satisfying the special quorum in accordance with the provisions of the Trust Deed, and shall for all purposes take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 11 of the Terms and Conditions of the Notes.

European Monetary Union

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes. It is possible that prior to the maturity of the Notes the United Kingdom may become a participating Member State and that the Euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes denominated in Sterling may become payable in Euro (ii) the law may allow or require such Notes to be re-denominated into Euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the Euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes.

EU Directive on the taxation of savings income

EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment to an individual were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

Change of law

The Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Bearer Notes where denominations involve integral multiples

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denominations (as defined in the Conditions). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment

requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

One or more Dealers may be appointed as market-makers in respect of one or more Series of Notes. In such circumstances, there would be no guarantee that any such market-maker would remain as a market-maker for the life of the relevant Notes. If no replacement market-maker were appointed in such circumstances, this could have an adverse impact on an investor's ability to sell its Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Risks relating to holding CREST Depository Interests

CREST Depository Interests are separate legal obligations distinct from the Notes and holders of CREST Depository Interests will be subject to provisions outside the Notes

Holders of CDIs ("**CDI Holders**") will hold or have an interest in a separate legal instrument and will not be holders of the Notes in respect of which the CDIs are issued (the "**Underlying Notes**"). The rights of CDI Holders to the Notes are represented by the relevant entitlements against the CREST Depository (as defined herein) which (through the CREST Nominee (as defined herein)) holds interests in the Notes. Accordingly, rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians. The enforcement of rights under the Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll (as defined herein). Potential investors should Note that the provisions of the CREST Deed Poll, the CREST Manual (as defined herein) and the CREST Rules (as defined herein) contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights

of, and returns received by, CDI Holders may differ from those of holders of Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service. Potential investors should note that none of the Issuer, the relevant Dealer(s), the Trustee and the Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

For further information on the issue and holding of CDIs see the section entitled "*Clearing and Settlement*" in this Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2010 and 31 December 2011, respectively, together in each case with the audit report thereon, and the unaudited consolidated financial statements for the six months ended 30 June 2012 which have been previously published or are published simultaneously with this Prospectus and which have been approved by the Financial Services Authority or filed with it. Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. Non-incorporated parts of any document are either not relevant for the investor or are covered elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer at 5th Floor, Cunard House, 15 Regent Street, London, SW1Y 4LR, the website of the Regulatory News Service operated by the London Stock Exchange at *http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html* and at the Issuer's website at *http://www.enquest.com*.

The table below sets out the relevant page references for the audited consolidated annual financial statements for the financial years ended 31 December 2010 and 31 December 2011, respectively, of the Issuer, as set out in the Issuer's Annual Report and Accounts for such period. Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only, and does not form part of this Prospectus.

Audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2010 and 31 December 2011 as contained in the EnQuest PLC Annual Report and Accounts 2010 and the EnQuest PLC Annual Report and Accounts 2011, respectively

	EnQuest PLC Annual Report and Accounts 2010	**EnQuest PLC Annual Report and Accounts 2011**
Group Statement of Comprehensive Income	Page 55	Page 54
Group Balance Sheet	Page 56	Page 55
Group Statement of Changes in Equity	Page 57	Page 56
Group Statement of Cash Flows	Page 58	Page 57
Notes to the Group Financial Statements	Page 59 – 79	Page 58 – 86
Independent Auditors' Report	Page 54	Page 53

The table below sets out the relevant page references for the unaudited interim consolidated financial statements of the Issuer for the six months ended 30 June 2012. Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only, and does not form part of this Prospectus.

Unaudited interim consolidated financial statements of the Issuer as contained in the EnQuest PLC Half year results, for the six months ended 30 June 2012

	EnQuest PLC Half year results, for the six months ended 30 June 2012
Group Statement of Comprehensive Income	Page 5
Group Balance Sheet	Page 6
Group Statement of Changes in Equity	Page 7
Group Statement of Cash Flows	Page 8
Notes to the Group Financial Statements	Page 9 - 11

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the ("**Trust Deed**") dated 24 January 2013 between the Issuer and U.S. Bank Trustees Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 24 January 2013 has been entered into in relation to the Notes between the Issuer, the Trustee, Elavon Financial Services Limited as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Calculation Agent(s)**". Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 125 Old Broad Street, London EC2N 1AR) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the

enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) Transfers Free of Charge

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date.

3 Status of the Notes

The Notes and the Coupons relating to them constitute (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

4 Covenants

(a) Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee

shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

(b) Financial Covenants

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer shall ensure that, as at each Reference Date:

(i) the Leverage Ratio is less than 3.0 : 1.0; and

(ii) the ratio of EBITDA to Finance Charges for the period of 12 months ending on such Reference Date is not less than 4.0 : 1.0.

(c) Financial Information

(i) as soon as they may become available, but in any event within four months of its most recent financial year-end, the Issuer shall send to the Trustee a copy of its audited Consolidated Financial Statements for such financial year, together with the report thereon of the Issuer's independent auditors, and

(ii) within two months of the end of the first half of each financial year, the Issuer shall send to the Trustee a copy of its unaudited Consolidated Financial Statements for such period.

(d) Compliance Certificate

The Issuer shall, concurrently with the delivery of each of the annual and semi-annual Consolidated Financial Statements referred to in Condition 4(c), provide to the Trustee a Directors' Certificate confirming compliance with each of the covenants contained in Condition 4(b) with respect to the most recent Reference Date.

(e) Definitions:

In these Conditions:

(i) "**Cash**" means, at any time, cash that is freely and immediately available to the Issuer;

(ii) "**Cash Equivalent Investments**" means at any time:

(A) certificates of deposit maturing within one year after the relevant date of calculation and issued by a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of "A-" or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd. or "A3" or higher by Moody's Investor's Services Limited or a comparable rating from an internationally recognised credit rating agency; or

(B) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, any member state of the European Economic Area or any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union, at any time when any such state or country has a credit rating of no less than the Minimum Rating or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to or for any other security;

(iii) "**Consolidated Financial Statements**" means the Issuer's audited annual consolidated financial statements or its unaudited semi-annual consolidated financial statements, as the case may be, including the relevant accounting policies and notes to the accounts and in each case prepared in accordance with IFRS from time to time;

(iv) "**Consolidated Net Financial Indebtedness**" means the aggregate of all Financial Indebtedness of the Group (other than Financial Indebtedness owed to another member of the Group) at the relevant time less the aggregate of (i) Cash and (ii) Cash Equivalent Investments;

(v) "**Directors' Certificate**" means a certificate signed on behalf of the Issuer by two directors of the Issuer;

(vi) "**EBITDA**" means, in relation to any period, the profit of the Group on ordinary activities for such period:

(A) before deduction of any corporation tax on such activities during such period;

(B) before any extraordinary or exceptional items during such period;

(C) before deduction of any Interest Costs during such period;

(D) before any amount attributable to amortisation of intangible assets and depreciation of tangible assets;

(E) after deducting any gain over book value and after adding back any loss on book value arising on the disposal of any fixed asset of any member of the Group (other than the sale of trading stock) during such period; and

(F) after deducting any gain and adding back any loss on movements in foreign exchange by the Group during such period;

(vii) "**Finance Charges**" means, in relation to any period, the aggregate amount of the accrued interest, commission, fees, prepayment charges and other finance payments (excluding any payment in respect of any Hedging Agreement save for premia paid to buy put options) in respect of Financial Indebtedness paid by any member of the Group during such period:

(A) excluding any such obligations paid to any other member of the Group during such period;

(B) including the interest element of leasing and hire purchase payments during such period; and

(C) deducting any accrued commission, fees, and other finance payments received by any member of the Group under any interest hedging instrument during such period;

(viii) "**Financial Indebtedness**" means any indebtedness for or in respect of:

(A) money's borrowed;

(B) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(C) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(D) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;

(E) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(F) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(G) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculation the value of any derivative transaction, only the marked to market value shall be taken into account);

(H) any counter-indemnity obligation in respect of a guarantee, indemnity, bond or any other instrument issued by a bank or financial institution; and

(I) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (A) to (H) above;

(ix) "**Group**" means the Issuer and its Subsidiaries for the time being;

(x) "**Hedging Agreement**" means each interest, currency or commodity swap, option, cap, collar, floor or similar arrangement or other hedging arrangement;

(xi) "**Interest Costs**" means in relation to any period the aggregate of interest and finance charges paid or payable by any member of the Group in respect of Financial Indebtedness during such period including:

(A) discount and acceptance fees;

(B) fees payable to any person for the issue by that person of any guarantee or other assurance against financial loss;

(C) amounts due under any swap, cap, floor, collar, option or other derivative transaction (taking into account only the net indebtedness of the relevant person under that instrument at the relevant time) relating to protection against changes in interest rates;

(xii) "**IFRS**" means the generally accepted accounting practice and principles applicable to the business the Issuer conducts, currently International Financial Reporting Standards;

(xiii) "**Leverage Ratio**" means the ratio of Consolidated Net Financial Indebtedness to EBITDA;

(xiv) "**Minimum Rating**" means a credit rating of either "A-1" or higher by Standard & Poor's Rating Services or "F1" or higher by Fitch Ratings Ltd. or "P-1" or higher by Moody's Investor Services Limited;

(xv) "**Reference Date**" means such annual or semi-annual date or dates as at which the Issuer prepares its audited annual Consolidated Financial Statements or unaudited semi-annual Consolidated Financial Statements, as the case may be and as at the Issue Date those are 31 December and 30 June in each year;

(xvi) "**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and

(xvii) "**Subsidiary**" means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 as amended.

5 Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).

(b) Interest on Floating Rate Notes:

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon

(y) the Designated Maturity is a period specified hereon and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits

in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(e) Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(f) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(g) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee in its sole discretion otherwise requires. The determination of any rate or amount, the obtaining

of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) Determination or Calculation by Trustee

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) but in each case without liability to any person for so doing and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(i) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**") and/or

(iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365

(iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction = $\frac{[360 \times (Y_2\text{-}Y_1)] + [30 \times (M_2\text{-}M_1)] + (D_2\text{-}D_1)}{360}$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction = $\frac{[360 \times (Y_2\text{-}Y_1)] + [30 \times (M_2\text{-}M_1)] + (D_2\text{-}D_1)}{360}$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30

(vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction = $\frac{[360 \times (Y_2\text{-}Y_1)] + [30 \times (M_2\text{-}M_1)] + (D_2\text{-}D_1)}{360}$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30

(viii) if "**Actual/Actual-ICMA**" is specified hereon,

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s)

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and

unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent.

"**Reference Rate**" means the rate specified as such hereon.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon.

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(j) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the

Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior written approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount).

(b) Early Redemption:

(i) Zero Coupon Notes:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Conditions 6(c), 6(d), 6(e) or 6(f) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Conditions 6(c), 6(d), 6(e) or 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Conditions 6(c), 6(d), 6(e) or

6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a Directors' Certificate stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) Redemption at the Option of the Issuer

If Call Option is specified hereon, the Issuer may, unless either an Exercise Notice or a Change of Control Put Event Notice has been given pursuant to Condition 6(e) or 6(f), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

If Make-whole Amount is specified hereon as the Optional Redemption Amount, the Optional Redemption Amount per Note shall be equal to the higher of the following, in each case together with interest accrued to but excluding the Optional Redemption Date(s):

(i) the nominal amount of the Note; and

(ii) the nominal amount of the Note multiplied by the price (as reported in writing to the Issuer and the Trustee by an independent financial adviser acting as expert (the "**Financial Adviser**") appointed by the Issuer and approved in writing by the Trustee) expressed as a percentage (rounded to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up)) at which the Gross Redemption Yield on the Notes on the Determination Date is equal to the Gross Redemption Yield at the Quotation Time specified

hereon on the Determination Date specified hereon of the Reference Bond specified hereon (or, where the Financial Adviser advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such Reference Bond is not appropriate for such purpose, such other government stock as such Financial Adviser may recommend) plus any applicable Redemption Margin specified hereon.

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon. Any notice of redemption given under this Condition 6(d) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 6(c).

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Issuer may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

The Trustee shall be entitled to rely on any advice of the Financial Adviser pursuant to this Condition without liability to any person and without further enquiry or evidence and such advice shall be binding on all parties.

In this Condition:

"**Gross Redemption Yield**" means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Issuer and the Trustee by the Financial Adviser.

(e) Redemption at the Option of Noteholders

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption Following Change of Control

If Change of Control Put Option (as defined below) is specified hereon and a Change of Control Put Event occurs, the holder of any such Note will have the option (a "**Change of Control Put Option**") (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(c) or 6(d) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Change of Control Put Date (as defined below) at its principal amount together with interest accrued to (but excluding) the Change of Control Put Date.

A "**Change of Control Put Event**" will be deemed to occur if any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (each such event being, a "**Change of Control**").

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall, and at any time upon the Trustee having actual notice thereof the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a Bearer Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "**Change of Control Put Period**") of 30 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Change of Control Put Notice**"). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Change of Control Put Period (the "**Change of Control Put Date**"), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 14) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 6(f) shall be treated as if they were Notes.

To exercise the Change of Control Put Option, the holder of a Registered Note must deposit the Certificate evidencing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly signed and completed Change of Control Put Notice obtainable from the Registrar or any Transfer Agent within the Change of Control Put Period. No Certificate so deposited and option so exercised may be withdrawn without the prior consent of the Issuer. Payment in respect of any Certificate so deposited will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6(f), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Change of Control Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred or may occur, and, until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

(g) Purchases

The Issuer and its Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(h) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be held and resold or be surrendered for cancellation at the discretion of the Issuer, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered for cancellation, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Registered Notes:

(i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by transfer to the account denominated in such currency, with a Bank of the holder appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (vi) at least one Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) Unmatured Coupons and unexchanged Talons:

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) Non-Business Days

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) ***Other connection:*** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having or having had, directly or indirectly, some personal or business connection with the United Kingdom other than the mere holding of the Note or Coupon or

(b) ***Presentation more than 30 days after the Relevant Date:*** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day or

(c) ***Payment to individuals:*** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or

(d) ***Payment by another Paying Agent:*** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9 Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to its being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(i) ***Non-Payment:*** default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes or

(ii) ***Breach of Other Obligations:*** the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee or

(iii) ***Cross-Acceleration:*** (A) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in (A), (B) or (C) of this paragraph (iii) have occurred, and is continuing, equals or exceeds £15,000,000 or its equivalent or

(iv) ***Enforcement Proceedings:*** a distress, attachment, execution or other legal process enforcing a judgment is levied or enforced against a material part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 30 days unless such distress, attachment, execution or other such process is subject to a *bone fide* dispute being brought by the Issuer or

(v) ***Security Enforced:*** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) and in any such case is not discharged or stayed within 30 days or

(vi) ***Insolvency:*** the Issuer or any of its Material Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or, in the opinion of the Trustee, a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared

or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries or

(vii) ***Winding-up:*** an administrator is appointed an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries, or the Issuer or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of the Issuer's Subsidiaries or for the purposes of a *bona fide* disposal for full value on an arm's length basis of all or substantially all of the business or operations of the Issuer or, as the case may be, the Material Subsidiary the proceeds have been reinvested in the Group or

(viii) ***Authorisation and Consents:*** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done or

(ix) ***Illegality:*** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed,

provided that in the case of any event as is specified in any of paragraphs (ii), (iv), (v), (viii) or (ix) and, in relation of a Material Subsidiary of the Issuer only, (vi) or (vii), the Trustee shall have certified in writing to the Issuer that in its opinion such event is materially prejudicial to the interests of the Noteholders.

"**Material Subsidiary**" means any Subsidiary:

(a) whose profits before interest, taxation and exceptional or extraordinary items (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total net assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the consolidated profits before interest, taxation and exceptional or extraordinary items, or, as the case may be, the consolidated total net assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest accounts (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; provided that in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer and its Subsidiaries relate, the reference to the latest audited financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first mentioned financial statements as if such Subsidiary had been shown in such financial statements by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Issuer after consultation with the Issuer; or

(b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (x) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (y) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the financial statements for the financial period current at the date of such transfer are

published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph (a) above.

A Directors' Certificate stating that a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Noteholders.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that (i) a resolution in writing signed by or (ii) consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the

Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed, the conditions set out in the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings, steps or actions unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

As further specified in the Trust Deed, the Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely without liability to any person for so doing on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

14 Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in Luxembourg (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed or any deed supplemental to it. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

If the Global Notes or the Global Certificates are intended to be issued in new global note ("**NGN**") form or to be held under the New Safekeeping Structure ("**NSS**") (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear and Clearstream, Luxembourg. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

If the relevant Global Notes or Global Certificates are to be issued in NGN form or are to be held under the NSS (as the case may be), the Issuer shall confirm to the Issuing and Paying Agent and to the clearing systems whether or not such Global Notes or Global Certificates are intended to be held in a manner which would allow recognition as eligible collateral for Eurosystem monetary policy and intra-day credit operations and if such relevant Global Note or relevant Global Certificate (as the case may be) is to be deposited with one of the ICSDs as Common Safekeeper and registered in the name of a nominee of one of the ICSDs acting as Common Safekeeper.

Global Notes which are issued in classic global note ("**CGN**") form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**").

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depositary for Euroclear and Clearstream, Luxembourg or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may

be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Summary of the Programme – Element C.5*"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

(i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or

(ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Permanent Global Certificates

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

(i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or, if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.5 Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Temporary Global Notes will not be expressed to be exchangeable upon notice into Definitive Notes if the relevant Notes have denominations consisting of minimum specified denominations plus one or more integral multiples of another smaller amount in excess thereof.

4 Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(e)(vi) and Condition 8(d) will apply to the Definitive Notes only. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

4.3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.8 NGN nominal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

4.9 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.10 Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Issuing and Paying Agent the nominal amount of such Global Note that is becoming due and repayable. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

4.11 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

5 Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

(a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of

interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

6 Crest Depository Interests

Investors may also hold interests in the Notes indirectly through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) ("**CREST**") through the issuance of dematerialised depository interests ("**CREST Depository Interests**" or "**CDIs**") issued, held, settled and transferred through CREST, representing interests in the relevant Notes in respect of which the CDIs are issued (the "**Underlying Notes**"). CREST Depository Interests are independent securities distinct from the Notes, constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the "**CREST Depository**") pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the "**CREST Deed Poll**"). See "*Clearing and Settlement*" for more information regarding holding CDIs.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes may be applied by the Issuer for refinancing of indebtedness and/or for its general corporate purposes and/or may be applied for particular uses, as determined by the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this may be stated in the applicable Final Terms.

DESCRIPTION OF THE ISSUER AND THE GROUP

Introduction and History

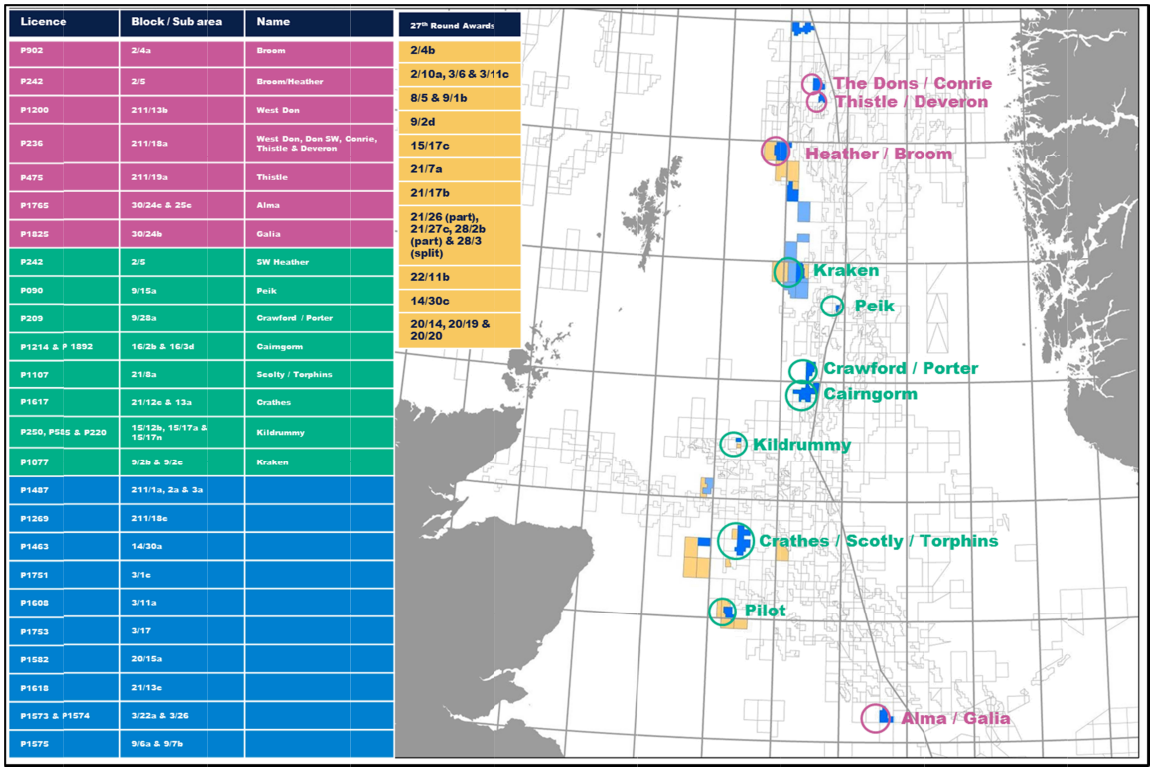
EnQuest PLC (the "**Issuer**") is an independent oil and gas production and development company whose current activities are primarily focused on the United Kingdom Continental Shelf ("**UKCS**"). It was incorporated on 29 January 2010 as a limited liability company in England and Wales under the Companies Act 2006 with registered number 7140891. The registered office and the principal place of business in the United Kingdom of the Issuer is: 5th Floor Cunard House, 15 Regent Street, London SW1Y 4LR and its telephone number is +44 (0)20 7925 4900.

The Issuer's objects and purposes are unrestricted in its Articles of Association.

The Issuer is the holding company of a group (the "**Group**") which covers a full range of upstream activities, with a portfolio of production and development assets, together with appraisal and exploration opportunities. A Group structure chart showing subsidiaries can be found at page 88 in the Group's Subsidiaries section of the Business Overview.

The Issuer was originally incorporated to acquire the UKCS assets and operations of Lundin Petroleum AB ("**Lundin**") and Petrofac Limited ("**Petrofac**"). The Issuer's principal assets are interests in the Thistle and Deveron fields, the Heather field, the Broom subsea development which is tied back to the Heather platform, and the West Don field, the Don Southwest field, and the Conrie field, all of which are processed on the Northern Producer floating production facility. The Issuer also owns a 60 per cent. interest in the Kraken discovery and a 65 per cent. interest in the Alma and Galia fields.

The following diagram shows the asset portfolio in which the Issuer has a working interest in the UKCS as per the EnQuest PLC Annual Report and Accounts 2011 (also including the licences offered to the Issuer in the 27th Oil and Gas Licensing Round of the UK's Department of Energy and Climate Change ("**DECC**") in 2012):



In the year to 31 December 2011, the Group's reported revenue increased to US$936.0 million and its pre exceptional EBITDA increased to US$629.1 million. This was the result of higher production volumes and higher realised oil sales prices. For the six months ending 30 June 2012, the Group's revenue decreased by 13.9 per cent. and its EBITDA decreased by 12.2 per cent. compared to the corresponding period in 2011, in line with the production profiles for its existing producing oil fields and the phasing of drilling new wells, weighted towards the second half of 2012. The Issuer generated US$656.3 million of cash flow from operations in the year to 31 December 2011.

Selected Financial Information

The tables below set out selected financial information of the Issuer from a) the audited financial statements of the Issuer for the financial year ended 31 December 2011 and the financial year ended 31 December 2010, and b) the unaudited financial statements of the Issuer for the six months ended 30 June 2012 and the six months ended 30 June 2011. The selected financial information should be read in conjunction with the financial statements. The audited financial statements of the Issuer for the financial year ended 31 December 2011 and the financial year ended 31 December 2010, and the unaudited financial statements of the Issuer for the six months ended 30 June 2012 are incorporated by reference in this Prospectus.

Group Statement of Comprehensive Income for the financial year ended 31 December 2011

	2011			2010		
	Business performance	Exceptional items and depletion of fair value uplift	Reported in year	Business performance	Exceptional items and depletion of fair value uplift	Reported in year
			(US$'000)			
Revenue	935,974	—	935,974	583,468	—	583,468
Cost of sales	(491,817)	(16,973)	(508,790)	(384,485)	(16,319)	(400,804)
Gross profit/(loss)	444,157	(16,973)	427,184	198,983	(16,319)	182,664
Exploration and evaluation expenses	(36,962)	—	(36,962)	(22,987)	(57,870)	(80,857)
Gain on disposal of asset held for sale	—	8,644	8,644	—	—	—
Impairment on investments	—	(12,497)	(12,497)	—	—	—
Impairment of oil and gas assets	—	—	—	—	(2,121)	(2,121)
Well abandonment	—	8,194	8,194	—	(8,194)	(8,194)
General and administration expenses	(16,049)	—	(16,049)	(13,770)	(13,432)	(27,202)
Other income	7,336	—	7,336	7,024	—	7,024
Other expenses	(8,386)	—	(8,386)	(5,526)	—	(5,526)
Profit/(loss) from operations before tax and finance income/(costs)	390,096	(12,632)	377,464	163,724	(97,936)	65,788
Finance costs	(18,598)	—	(18,598)	(11,187)	-	(11,187)
Finance income	3,955	—	3,955	1,174	—	1,174
Profit/(loss) before tax	375,453	(12,632)	362,821	153,711	(97,936)	55,775
Income tax	(239,400)	(62,430)	(301,830)	(78,647)	49,948	(28,699)
Profit/(loss) for the year attributable to owners of the parent	136,053	(75,062)	60,991	75,064	(47,988)	27,076
Other comprehensive income for the year, after tax:						
Cash flow hedges (net of tax)			(2,600)			—
Available for sale financial assets			—			—
Total comprehensive income for the year, attributable to owners of the parent			58,391			27,076

Group Balance Sheet at 31 December 2011

	2011	2010 Restated
	(US$'000)	
Assets		
Non-current assets		
Property, plant and equipment	1,273,558	1,134,249
Goodwill	107,760	107,760
Intangible oil and gas assets	24,347	9,602
Asset held for sale	1,254	9,778
Investments	6,734	—
Deferred tax assets	12,617	13,227
	1,426,270	1,274,616
Current assets		
Inventories	11,842	12,404
Trade and other receivables	126,554	132,617
Income tax receivable	2,618	—
Cash and cash equivalents	378,907	41,395
Other financial assets	2,510	—
	522,431	186,416
Total Assets	1,948,701	1,461,032
Equity and Liabilities		
Equity		
Share capital	113,433	113,174
Merger reserve	662,855	662,855
Cash flow hedge reserve	(2,600)	—
Share-based payment reserve	(5,961)	2,540
Retained earnings	166,481	104,327
Total Equity	934,208	882,896
Non-current liabilities		
Provisions	181,237	140,108
Other financial liabilities	335	—
Deferred tax liabilities	590,010	294,699
	771,582	434,807
Current liabilities		
Trade and other payables	234,337	135,723
Other financial liabilities	6,870	—
Income tax payable	1,704	7,606
	242,911	143,329
Total Liabilities	1,014,493	578,136
Total Equity and Liabilities	1,948,701	1,461,032

Statement of Cash Flows for the financial year ended 31 December 2011

	2011	2010
	(US$'000)	
Cash Flow from Operating Activities		
Profit before tax	362,821	55,775
Depreciation	1,784	845
Depletion	217,233	177,185
Exploration costs impaired and written off	36,962	80,857
Impairment of oil and gas assets	—	2,121
Well abandonment	(8,194)	—
Gain on disposal of asset held for sale	(8,644)	—
Impairment on available for sale investments	12,497	—
Share-based payment charge	4,881	3,070
Long term incentive plan	—	717
Unwinding of discount on decommissioning provisions	7,793	5,196
Unrealised exchange losses	3,344	164
Net finance costs	6,850	4,817
Operating profit before working capital changes	637,327	330,747
(Increase)/decrease in trade and other receivables	(1,940)	8,532
Decrease in due from related parties	—	552
Decrease in inventories	562	442
Increase/(decrease) in trade and other payables	20,383	(72,038)
Decrease in due to related parties	—	(497)
Cash generated from operations	656,332	267,738
Long term incentive plan	—	(1,036)
Decommissioning spend	(9,192)	—
Income taxes paid	(10,855)	(4,093)
Net cash flows from operating activities	636,285	262,609
Investing Activities		
Purchase of property, plant and equipment	(223,947)	(137,494)
Purchase of intangible oil and gas assets	(53,964)	(17,374)
Acquisition of subsidiaries - cash	—	21,556
Acquisition of available for sale investments	(808)	—
Interest received	1,834	35
Net cash flows used in investing activities	(276,885)	(133,277)
Financing Activities		
Shares purchased by Employee Benefit Trust	(13,123)	—
Repayment of loans and borrowings	—	(86,251)
Interest paid	(1)	(3,393)
Other finance costs paid	(9,633)	(5,030)
Net cash flows used in financing activities	(22,757)	(94,674)
Net Increase in Cash and Cash Equivalents	336,643	34,658
Net foreign exchange on cash and cash equivalents	869	(1,156)
Cash and cash equivalents at 1 January	41,395	7,893
Cash and Cash Equivalents at 31 December	378,907	41,395

Group Statement of Comprehensive Income for six months ended 30 June 2012

	2012			2011		
	Business performance	Depletion of fair value uplift	Reported in period	Business performance	Exceptional items and depletion of fair value uplift	Reported in period
			(US$'000)	*(Unaudited)*		
Revenue	440,086	—	440,086	511,425	—	511,425
Cost of sales	(235,992)	(4,091)	(240,083)	(278,966)	(9,233)	(288,199)
Gross profit/(loss)	204,094	(4,091)	200,003	232,459	(9,233)	223,226
Exploration and evaluation expenses	(9,395)	—	(9,395)	(5,325)	—	(5,325)
Gain on disposal of asset held for sale	—	—	—	—	8,644	8,644
Impairment on investments	—	—	—	—	(10,629)	(10,629)
Well abandonment	—	—	—	—	8,194	8,194
General and administration expenses	(7,905)	—	(7,905)	(7,982)	—	(7,982)
Other income	16,292	—	16,292	4,349	—	4,349
Other expenses	(10,455)	—	(10,455)	(8,266)	—	(8,266)
Profit/(loss) from operations before tax and finance income/(costs)	192,631	(4,091)	188,540	215,235	(3,024)	212,211
Finance costs	(9,362)	—	(9,362)	(6,700)	—	(6,700)
Finance income	5,439	—	5,439	617	—	617
Profit/(loss) before tax	188,708	(4,091)	184,617	209,152	(3,024)	206,128
Income tax	(59,450)	1,289	(58,161)	(140,132)	(43,308)	(183,440)
Profit/(loss) for the period attributable to owners of the parent	129,258	(2,802)	126,456	69,020	(46,332)	22,688
Other comprehensive income for the period after tax:						
Cash flow hedges (net of tax)			1,453			(9,080)
Total comprehensive income for the period, attributable to owners of the parent			127,909			13,608

Group Balance Sheet at 30 June 2012

	30 June 2012	31 December 2011
	(US$'000)	
	(Unaudited)	
Assets		
Non-current assets		
Property, plant and equipment	1,724,723	1,273,558
Goodwill	107,760	107,760
Intangible oil and gas assets	123,402	24,347
Asset held for sale	1,254	1,254
Investments	6,734	6,734
Deferred tax asset	19,583	12,617
	1,983,456	1,426,270
Current assets		
Inventories	13,870	11,842
Trade and other receivables	185,007	126,554
Income tax receivable	—	2,618
Cash and cash equivalents	117,041	378,907
Other financial assets	7,020	2,510
	322,938	522,431
Total assets	2,306,394	1,948,701
Equity and Liabilities		
Equity		
Share capital	113,433	113,433
Merger reserve	662,855	662,855
Cash flow hedge reserve	(1,147)	(2,600)
Share-based payment reserve	(2,495)	(5,961)
Retained earnings	292,937	166,481
Total Equity	1,065,583	934,208
Non-current liabilities		
Borrowings	24,490	—
Obligations under finance leases	106	—
Provisions	229,743	181,237
Other financial liabilities	—	335
Deferred tax liabilities	638,261	590,010
	892,600	771,582
Current liabilities		
Trade and other payables	337,393	234,337
Obligations under finance leases	34	—
Other financial liabilities	3,128	6,870
Income tax payable	7,656	1,704
	348,211	242,911
Total Liabilities	1,240,811	1,014,493
Total Equity and Liabilities	2,306,394	1,948,701

Statement of Cash Flows for six months ended 30 June 2012

	2012	2011
	(US$'000)	
	(Unaudited)	
Cash Flow from Operating Activities		
Profit before tax	184,617	206,128
Depreciation	746	921
Depletion	93,426	114,708
Exploration costs impaired and written off	4,504	5,325
Well abandonment	—	(8,194)
Gain on disposal of asset held for sale	—	(8,644)
Impairment on available for sale investments	—	10,629
Share-based payment charge	3,466	2,403
Unwinding of discount on decommissioning provisions	5,093	3,796
Unrealised exchange losses	1,651	3,422
Net finance costs	(1,170)	2,287
Operating profit before working capital changes	292,333	332,781
Increase in trade and other receivables	(51,968)	(4,541)
Increase in inventories	(2,028)	(4,103)
Increase in trade and other payables	1,265	14,299
Cash generated from operations	239,602	338,436
Decommissioning spend	(1,987)	—
Income taxes paid	(676)	(2,681)
Purchase of tax losses	(10,000)	—
Net cash flows from operating activities	226,939	335,755
Investing Activities		
Purchase of property, plant and equipment	(448,610)	(103,742)
Purchase of intangible oil and gas assets	(55,842)	(4,217)
Acquisition of available for sale investments	—	(808)
Interest received	677	403
Net cash flows used in investing activities	(503,775)	(108,364)
Financing Activities		
Proceeds from bank facilities	24,980	—
Repayments of obligations under finance leases	(89)	—
Interest paid	—	(1)
Other finance costs paid	(11,880)	(1,541)
Net cash flows used in financing activities	13,011	(1,542)
Net(Decrease)/Increase in Cash and Cash Equivalents	(263,825)	225,849
Net foreign exchange on cash and cash equivalents	1,959	(1,572)
Cash and cash equivalents at 1 January	378,907	41,395
Cash and Cash Equivalents at 30 June	117,041	265,672

Strategy

The Issuer's development and production model is focused on realising the potential in mature assets and undeveloped oil fields. The Issuer concentrates on production hubs, on near field appraisal and exploration, and on business development. Since its initial public offer in March 2010, the Issuer has established a strong track record of delivering on all of these fronts.

Key Strengths

The Issuer believes that it benefits from the following key strengths:

- operational and technical expertise;
- operatorship and high equity interest;
- strong balance sheet; and
- cash generation from existing operations.

The combination of the Group's technical skills, its operational scale and financial strength, positions the Group to deliver on its strategy and take advantage of the production and development opportunities both in the UKCS and in other selected geographies.

Operational and technical expertise

The Group's senior management team is among the most experienced and competent teams operating in the UKCS with a proven track record of identifying valuable assets and developing and producing oil and gas, using innovative and cost efficient solutions.

The Issuer's management has demonstrated that it has differentiated project management and execution capabilities and that this has led to innovative, fast and cost efficient development of challenging hydrocarbon assets.

Operatorship and high equity interest

The Issuer is operator of all of its producing fields and has an equity interest of over 60 per cent. in all of its producing assets. This allows the Group to have a significant influence over the field development, production and near-field appraisal and exploration activities. As a result of its operatorship and high equity interest, the Issuer is well positioned to extract material value from its operated assets.

Strong balance sheet

The Issuer is well funded to pursue its intended development plans and acquisition opportunities and other funding requirements, from anticipated free cash flow generation and its access to a fully committed debt facility (which is described in more detail at page 94 in the Material Contracts section below).

In addition, the Issuer benefits from having limited decommissioning obligations. The Group aims to keep its decommissioning obligations to a minimum and will take on further decommissioning obligations on a case by case basis, where it is felt appropriate.

Cash generation from existing operations

The Group's ability to generate significant cash flow enables it to actively pursue an investment programme to support medium term cash flow generation by increasing recovery from existing assets and pursuing new developments.

Business Overview

The Group's operations are primarily focused on production and development activities conducted on the UKCS. As at 30 June 2012, the Group had working interests in 29 production licences covering 36 blocks or part blocks in the UKCS, of which 22 licences are operated by the Group. These production licences have been acquired pursuant to successful applications and awards in the licensing rounds, farm-in arrangements and acquisitions.

Recently, the Issuer was offered 11 licences in the 27th Oil and Gas Licensing Round of the DECC, providing a number of new opportunities for growth.

The major operated assets of the Group include the Thistle and Deveron fields, the Heather field, the Broom subsea development (which is tied back to the Heather platform), and the West Don field, the Don Southwest field, and the Conrie field (all of which are processed on the Northern Producer floating production facility). Furthermore, the Issuer owns 60 per cent. of the Kraken discovery and a 65 per cent. interest in the Alma and Galia fields.

Production increased by 12.5 per cent. for the financial year ended 31 December 2011 compared to the financial year ended 31 December 2010. The Issuer had proven plus probable ("**2P**") reserves of 88.51 MMboe at the start of 2011 and produced 8.4 MMboe. The reserves grew by 30.2 per cent. to 115.21 MMboe in the financial year ended 31 December 2011, with a large part of the increase due to the Alma and Galia development which added 2P reserves of 29.3 MMboe in 2011. This was equivalent to a reserves replacement ratio of 419.4 per cent. The Issuer increased contingent resources to 116.78 MMboe by the end of the financial year ended 31 December 2011. Nine wells were finished during 2011 (eight of which were operated by the Issuer). Of these, five were exploration wells from which two new discoveries were made at Conrie and Crathes.

Production Assets and Development Opportunities

A summary of the Group's production assets and development opportunities (including potential near term development opportunities in discoveries) is set out below.

Thistle and Deveron

Production at Thistle and Deveron achieved a net 5,436 Boepd in the financial year ended 31 December 2011, an increase of 12.4 per cent. compared to the financial year ended 31 December 2010, despite poorer power generating uptime which impacted on water injection. Two new wells were finished during 2011. A56/13 was the first well on Thistle to be completed with an electric submersible pump; this well came on stream in May 2011. A57/58 came on stream in October 2011. As part of the life extension project on Thistle, a new 30 MW power generation turbine was sanctioned for installation which is now on the platform.

The daily average production from 1 January 2012 to 31 October 2012 was 7,845 Boepd, which was a 49.5 per cent. increase when compared to the same period in 2011.

Dons and Conrie

Production at the Dons and Conrie achieved a net 12,770 Boepd in the financial year ended 31 December 2011, an increase of 9.5 per cent. compared to the financial year ended 31 December 2010. The Conrie discovery was made early in 2011; the development plan was prepared, the well completed and brought into production less than eight months from discovery.

The daily average production from 1 January 2012 to 31 October 2012 was 10,203 Boepd at Dons and Conrie, a 22.4 per cent. decrease when compared to the same period in 2011. The year on year natural decline rate was as expected.

Heather and Broom

Production at Heather and Broom achieved a net 5,492 Boepd in the financial year ended 31 December 2011, an increase of 20 per cent. compared to the financial year ended 31 December 2010. This resulted from the benefit of the mid-year increase in the Issuer's working interest in Broom from 55 per cent. to 63 per cent. and from better than expected performance from the existing well stock. The Broom field also had a full year's benefit of the new Broom to Heather flowline which was installed in 2010.

The daily average production from 1 January 2012 to 31 October 2012 was 3,521 Boepd at Heather and Broom, a 36.6 per cent. decrease when compared to the same period in 2011. This decrease was a result of a planned month long shutdown of Heather and Broom during September and October, as well as being negatively impacted in mid 2012 by an unscheduled third party related closure of the Ninian pipeline system for twenty days.

Alma and Galia Development

The Alma and Galia fields, previously called Argyll and Duncan, were awarded to the Issuer in the 26th Oil and Gas Licensing Round of the DECC in early 2011. The Issuer has designed a redevelopment project with nine wells to recover 29 MMboe of 2P reserves with first production anticipated at the end of 2013 at a gross peak rate of over 20,000 Boepd.

On 18 May 2012 the Issuer announced that the DECC had approved the field development plan ("**FDP**") for the Alma field.

On 29 May 2012, the Issuer announced an agreement to farm out 35 per cent. of Alma and Galia to the Kuwait Foreign Petroleum Exploration Company ("KUFPEC"). This is described in more detail at page 92 in the Material Contracts section below.

On 9 November 2012, the Issuer announced that the Alma and Galia development remained on schedule for first oil at the end of 2013 and that the farm-out to KUFPEC had been completed.

Crathes, Scolty and Torphins

During 2011, it was reported that the Issuer's Crathes exploration well, 21/13a-5, encountered a 52ft light oil column in excellent quality Palaeocene sands. Following this result, the Issuer planned to evaluate the potential commerciality of the Crathes, Scolty and Torphins area. The Issuer acquired its 40 per cent. interest in Crathes through a farm-in early in 2011.

Crawford

During 2011, it was reported that the Issuer was evaluating development options for the Crawford field and expected to make a decision regarding development during 2012. On 9 November 2012, the Issuer announced that, together with its partners, they had concluded that the original development plan of a tie back to East Brea was not the best way to proceed and are considering alternative development concepts. A broad range of development options are being evaluated.

Kildrummy

In 2011, the Issuer agreed a farm-in to a 40 per cent. interest in the Kildrummy discovery on 15/12b and 15/17, by drilling an appraisal well. The Issuer has now assumed operatorship of Kildrummy and drilling on the well began in 2012. On 9 November 2012 the Issuer announced the completion of an agreement to acquire an additional 20 per cent. interest in Kildrummy from Eni UK Limited for a deferred contingent US$3 million cash consideration.

Kraken

Kraken is a large heavy oil accumulation in the UKCS, located in the East Shetland basin, to the west of the North Viking Graben.

On 31 January 2012, the Issuer announced the completion of an agreement with Canamens Limited to acquire two of its companies (Canamens Energy North Sea Limited and Canamens UK 814 and 815 Limited), whose assets included the 20 per cent. interest in the Kraken discovery. This is described in more detail at page 89 in the Material Contracts section below.

On 16 March 2012 the Issuer announced the completion of the acquisition of a further 25 per cent. of the Kraken discovery, together with interests in the surrounding exploration acreage, from Nautical Petroleum Plc ("**Nautical**") and Nautical AG. This is described in more detail at page 90 in the Material Contracts section below.

On 14 September 2012, the Issuer announced the completion of the acquisition of a third tranche of the Kraken discovery, which was a 15 per cent. interest, from First Oil Plc. This acquisition brought the Issuer's overall interest in the Kraken discovery to 60 per cent. This is described in more detail at page 91 in the Material Contracts section below.

As at 9 November 2012, the Issuer confirmed that the proposed development of the Kraken discovery was on track for submission of its FDP in the first half of 2013. Having formally taken over as operator in September 2012, the Issuer remained supportive of the development concept proposed by Nautical which is a conventional rather than a heavy oil type of development. As at 9 November 2012, the Issuer anticipates that first oil should be deliverable in 2016.

Following its acquisition of Nautical, Cairn Energy Plc has now been fully integrated into the partnership.

International Expansion

On 9 November 2012 the Issuer announced that it was establishing early positions in two mature oil basins outside the UK North Sea, with the intention of continuing to pursue its development and production model in these regions.

Norway

The Issuer has qualified as an operator in the Norwegian North Sea.

Malaysia

The Issuer has acquired Nio Petroleum (Sabah) Limited ("**Nio**") from Nio Petroleum Limited (the "**Nio Petroleum Acquisition**") for an initial cash payment of US$3 million, plus a further contingent consideration of up to US$20 million, which will be determined based on 2P reserves associated with an approved FDP on blocks SB307 and SB308 offshore in Sabah, Malaysia (the "**Sabah Blocks**"). Nio's principal asset is a 42.5 per cent. interest in the Sabah Blocks, with one existing near field appraisal opportunity at the Bambazon oil discovery and five other prospects. The partners on the Sabah Blocks are Lundin and Lundin Malaysia B.V. and Petronas Carigali SDN. BHD. The Nio Petroleum Acquisition provides the Issuer with an office base in Kuala Lumpur and a management team with extensive experience in South East Asia, including Nio Petroleum's CEO Richard Hall who joined the Issuer as its new General Manager, International.

RECENT DEVELOPMENTS

The Issuer announced on 23 January 2013 that its wholly owned subsidiary, EnQuest Britain Limited ("**EnQuest Britain**") has agreed with CIECO Energy (UK) Limited ("**CIECO**") to acquire two of its affiliate companies which together hold a total of an 8 per cent. non-operated interest in the producing oil field Alba. The agreement is subject to the normal regulatory consent.

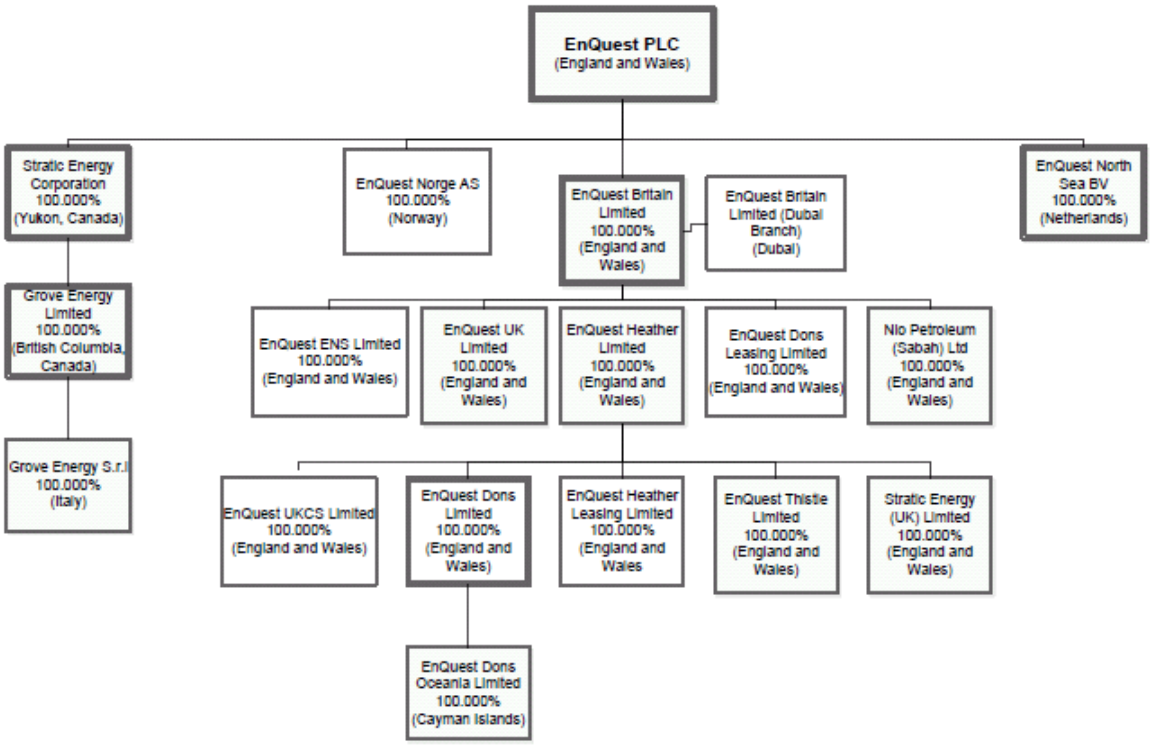
EnQuest Britain will pay a base consideration of £18.75 million in cash (based on working capital at 1 January 2012 (the **"Economic Date"**), and tax and other adjustments with respect to the period from the Economic Date to the date of completion of the acquisition), plus a further deferred consideration of up to £0.5 million contingent on certain project milestones. The acquired 8 per cent. interest had net remaining 2P reserves of 5.9 MMboe attributable as at the Economic Date.

Financing Arrangements

As at the date of this Prospectus, the Group has a debt facility in place of up to US$900 million, of which US$525 million was committed when the Facility Agreement was entered into on 6 March 2012 with the remaining US$375 million available dependent on certain conditions and with the agreement of the lenders. The Group's obligations under the debt facility are secured by way of (i) charges over the shares of certain Group subsidiaries and EnQuest Britain, as a Guarantor, and (ii) floating charges over the assets of the Issuer and certain Group subsidiaries. This is described in more detail at page 94 in the Material Contracts section.

Group Subsidiaries

The Group structure chart below includes the subsidiaries of the Group:



Material Contracts

Acquisition by the Issuer of the entire issued share capital in Canamens Energy North Sea Limited ("CENSL")

On 8 January 2012 Canamens Limited (the "**Seller**") and the Issuer entered into an agreement relating to the acquisition, subject to satisfaction of certain conditions precedent, of 100 per cent. of the issued share capital of CENSL (the "**CENSL Shares**") by the Issuer. The Issuer completed the acquisition of the CENSL Shares on 31 January 2012 ("**CENSL Closing**").

The consideration payable for the CENSL Shares comprised initial consideration and contingent consideration. The initial consideration was payable on CENSL Closing and was US$35 million subject to certain adjustments, including, *inter alia*: (a) any amounts paid by the Seller under an informal capital contribution agreement during the period of 31 October 2011 to CENSL Closing; (b) any amounts owing to the Seller pursuant to an asset management agreement; and (c) interest calculated pursuant to the agreement. The contingent consideration is US$45 million and payable, except as otherwise set out therein, within 30 days of the date of the Secretary of State's authorisation of a field development plan by for a development programme for the development of a discovery relating to Licence P.1077.

Under the terms of the agreement, the Seller provided warranties to the Issuer relating to, among other things, title to the CENSL Shares, capacity and authority to enter into the agreement, and general business, operational and tax warranties. The Seller's liability to the Issuer under the warranties is limited to, in respect of any taxation warranties, six years from the date of CENSL Closing, and 15 months from the date of CENSL Closing in respect of any other claim.

The Issuer has agreed, in the event that the Secretary of State requires CENSL to submit, fund, or carry out a decommissioning programme or otherwise pay monies in respect of residual liabilities relating to the P.1077, P.1573, P.1574 and P.1575 Licences (the "**Liabilities**"), to procure that CENSL complies and funds all such obligations and, in the event CENSL fails to do so, the Issuer shall indemnify the Seller for all costs incurred by the Seller, its shareholders or affiliates against such Liabilities.

Acquisition by the Issuer of the entire issued share capital in Canamens UK 814 and 815 Limited ("CUKL")

On 8 January 2012 Canamens Limited (the "**Seller**") and the Issuer entered into an agreement relating to the acquisition, subject to completion of the Issuer's acquisition of the CENSL Shares referred to above, of 100 per cent. of the issued share capital of CUKL (the "**CUKL Shares**") by the Issuer. The Issuer completed the acquisition of the CUKL Shares on 31 January 2012 ("**CUKL Closing**").

The consideration payable for the CUKL Shares was US$10 million payable on CUKL Closing. Under the terms of the agreement, the Seller provided certain warranties to the Issuer relating to, among other things, title to the CUKL Shares, capacity and authority to enter into the agreement, and general business, operational and tax warranties. The Seller's liability to the Issuer under the warranties is limited to, in respect of any taxation warranties, six years from the date of CUKL Closing, and 15 months from the date of CUKL Closing in respect of any other claim.

The Issuer has agreed, in the event that the Secretary of State requires CUKL to submit, fund, or carry out a decommissioning programme or otherwise pay monies in respect of residual liabilities relating to the P.1278 Licence (the "**Liabilities**"), to procure that CUKL complies and funds all such obligations and, in the event CUKL fails to do so, the Issuer shall indemnify the Seller for all costs incurred by the Seller, its shareholders or affiliates against such Liabilities.

Acquisition of an interest in the Crawford and Porter fields

On 9 May 2011 EnQuest Heather Limited ("**EnQuest Heather**") and Fairfield Acer Limited ("**Fairfield**") entered into an agreement (the "**Crawford Porter Acquisition Agreement**") relating to the transfer of an interest in Licence P.209, a 32 per cent. participating interest in Block 9/28a Area B and a corresponding interest under relevant licence interest documents (the "**Interests**") by Fairfield to EnQuest Heather. The Interests were transferred in consideration for the payment by EnQuest Heather of the development and appraisal costs incurred from 1 January 2011 in respect of a development programme for the Porter Field and the Crawford Field which would otherwise have been payable by Fairfield in respect of its remaining 20 per cent. interest in Block 9/28a Area B, up to a maximum of £34.85 million.

If a development programme in respect of the Porter field and the Crawford field has not been submitted by to the Secretary of State by 30 June 2013, then Fairfield may within six months of such date require EnQuest Heather to re-transfer the Interests to it for nominal consideration. If EnQuest Heather defaults in its payment of the development and appraisal costs payable by it under the Crawford Porter Acquisition Agreement, Fairfield may require EnQuest Heather to transfer to Fairfield a proportion of the Interests equal to the proportion of £34.85 million represented by the defaulted payment.

EnQuest Heather has indemnified Fairfield against decommissioning and environmental liabilities arising in respect of the Interests with effect from 1 January 2011. Fairfield provided EnQuest Heather with customary warranties. The warranties are subject to certain limitations including a cap on Fairfield's liability of £34.85 million and a time limit for bringing claims of 30 June 2012.

By a guarantee dated 30 June 2011, EnQuest Britain guaranteed to Fairfield the obligations and liabilities of EnQuest Heather under the Crawford Porter Acquisition Agreement.

Acquisition of interests, inter alia in the Kraken discovery, from Nautical and Nautical Petroleum AG

On 24 January 2012 EnQuest Dons Limited ("**EnQuest Dons**"), Nautical and Nautical Petroleum AG ("**Nautical AG**" and together with Nautical, the "**Sellers**") entered into an agreement (the "**Nautical Acquisition Agreement**") relating to the transfer of interests in Licence P.1077, Licence P.1573, Licence P1574 and Licence P.1575, a 25 per cent. participating interest in Block 9/2b, a 25 per cent. participating interest in Block 9/2c, a 10 per cent. participating interest in each of Block 9/6a and Block 9/7b, a 15 per cent. participating interest in each of Block 3/22a and Block 3/26 and a corresponding interest under the relevant licence interest documents (the "**Interests**") by the Sellers to EnQuest Dons. The Interests were transferred in consideration for the payment by EnQuest Dons of the development costs (other than operator costs) incurred from 1 January 2012 in respect of a development programme for the Kraken discovery which would otherwise have been payable by the Sellers in respect of their aggregate remaining 25 per cent. interest in Licence P.1077, up to a maximum of US$150 million, plus an amount dependent on a future determination of the gross 2P reserves in the Kraken discovery.

The amount payable by EnQuest Dons as additional consideration may increase dependent on a future determination of the gross 2P reserves in the Kraken discovery as determined by a competent person. If the determination of the 2P reserves of the Kraken discovery is:

(a) less than or equal to 100 MMboe, then EnQuest Dons will pay no further consideration to the Sellers;

(b) equal to or greater than 166 MMboe, then EnQuest Dons will pay a further US$90 million of consideration to the Sellers; and

(c) greater than 100 MMboe but less than 166 MMboe, then EnQuest Dons will pay a further amount of consideration to the Sellers equal to a proportion of US$90 million pro rated on a linear basis to the amount by which the reserves are determined to be in excess of 100 MMboe but less than 166 MMboe.

In the event that a field development plan approved by the Secretary for State for the Licence P.1077 does not provide for the burning of crude oil as the primary source of supplementary fuel and instead requires a supplementary fuel gas import line then the maximum initial amount payable by EnQuest Dons as consideration under the Nautical Acquisition Agreement shall be reduced from US$150 million to US$130 million and the additional maximum consideration payable shall be reduced from US$90 million to US$80 million (the actual amount payable otherwise being calculated in the same manner as stated above).

If EnQuest Dons defaults in its payment of the development costs payable by it under the Nautical Acquisition Agreement or, if a field development plan in respect of Licence P.1077 has not been submitted by to the Secretary of State by 31 May 2013 (or such other date agreed by the parties acting reasonably), then the Sellers may within 30 days of such event require EnQuest Dons to re-transfer to them the Interests.

EnQuest Dons has indemnified the Sellers against decommissioning and environmental liabilities arising in respect of the Interests with effect from 1 January 2012. The Sellers provided EnQuest Dons with customary warranties. The warranties are subject to certain limitations including a cap on the Sellers' liability of the amounts payable by EnQuest Dons under the Nautical Acquisition Agreement and a time limit for bringing claims of 16 June 2013.

By a guarantee dated 15 March 2012, the Issuer guaranteed to the Sellers the obligations and liabilities of EnQuest Dons under the Nautical Acquisition Agreement.

The rights and obligations of EnQuest Dons under the Nautical Acquisition Agreement were transferred to EnQuest Heather effective 1 January 2013.

Acquisition of interests in the Kraken discovery from First Oil Plc ("First Oil")

On 25 April 2012, EnQuest Dons entered into a conditional farm-in agreement with First Oil (the "**First Oil Agreement**") to acquire a 15 per cent. interest in each of Block 9/2b, Block 9/2c, Block 9/6a and Block 9/7b of the UKCS (together with interests in the P.1077 and P.1575 Licences and documents related to the P.1077 and P.1575 Licences) (the "**Transferred Interest**").

The interests acquired included a 15 per cent. interest in the Kraken discovery which, together with the Group's then existing 45 per cent. interest, gave the Group an aggregate 60 per cent. interest in the Kraken field.

In consideration of the transfer of the above, EnQuest Dons shall pay certain costs which would otherwise be borne by First Oil as holder of its remaining 15 per cent. participating interest in Licences P.1077 and P.1575 (the "**Carried Interest**").

The amount payable by EnQuest Dons as consideration is dependent on a future determination of the gross 2P reserves in the Kraken discovery as determined by an independent assessor. If the determination of the 2P reserves of the Kraken discovery is:

(a) less than or equal to 100 MMboe, then EnQuest Dons will pay a maximum consideration of US$90 million;

(b) less than 166 MMboe, but more than 100 MMboe, then the amount of consideration will be increased from US$90 million by an amount of up to a further US$54 million, calculated on a linear *pro-rata* basis; or

(c) equal to or greater than 166MMboe, then the amount of consideration will be the maximum of US$144 million.

In the event that a field development plan for the Kraken discovery does not provide for the burning of crude oil as the primary source of supplementary fuel and instead requires a supplementary fuel gas import line then

the maximum initial amount payable by EnQuest Dons as consideration under the Nautical Acquisition Agreement shall be reduced from US$90 million to US$78 million and the additional maximum consideration payable shall be reduced from US$54 million to US$48 million (the actual amount payable otherwise being calculated in the same manner as stated above).

The effect of the structure of the consideration payable by EnQuest Dons is such that EnQuest Dons will not be committed to paying a significant part of the consideration until the Secretary of State's approval of the field development plan in respect of the Kraken discovery has been obtained and a viable development project has been formulated. Therefore, considerable flexibility is maintained for the Issuer without having to commit significant amounts of funding.

In the event that EnQuest Dons is in material breach of its obligations to pay any amount of consideration due in respect of the Carried Interests; or a field development plan has not been submitted to the Secretary of State for the Department of Energy and Climate Change by 31 December 2013 (or such other date as the parties may agree acting reasonably), then First Oil may require EnQuest Dons to re-assign and re-transfer the Transferred Interest to it.

By a guarantee dated 13 September 2012, the Issuer guaranteed to First Oil the obligations and liabilities of EnQuest Dons under the First Oil Agreement.

The rights and obligations of EnQuest Dons under the First Oil Agreement were transferred to EnQuest Heather effective 1 January 2013.

Disposal of interests in the Alma Field and the Galia Field to KUFPEC UK Limited

On 29 May 2012, EnQuest Heather and KUFPEC UK Limited ("**KUFPEC**") entered into an agreement, which was amended and restated on 7 October 2012 (the "**KUFPEC Disposal Agreement**"), relating to the disposal of interests, by EnQuest Heather to KUFPEC, in Licence P. 1765 and Licence P. 1825, a 35 per cent. interest in each of Block 30/24b, Block 30/24c and Block 30/25c, a 35 per cent. interest in asset data (in the possession of under the control of EnQuest Heather), assets and property derived from Licence P. 1765 and Licence P. 1825, and a corresponding interest under the relevant licence interest documents (together the "**A&G Interests**"). The A&G Interests were transferred on 12 October 2012 (the "**Transfer Date**"), in consideration for the payment by KUFPEC:

(a) of the costs that have been incurred by EnQuest Heather in relation to the A&G Interests during the period between 1 January 2012 and 30 September 2012;

(b) of the costs arising, from and including 1 October 2012, in respect of the A&G Interests in accordance with the terms of the agreed form joint operating agreement entered into on the Transfer Date by EnQuest Heather and KUFPEC (the "**A&G JOA**");

(c) of the development costs (excluding such costs for equipment items) incurred, from and including the Transfer Date, for EnQuest Heather's 65 per cent. carried interest in the Alma Field and the Galia Field up to a maximum sum of US$182 million (the "**Cap**");

(d) as an additional capital contribution to development costs, the sum of US$15 million; and

(e) an additional contribution to operating costs of US$647 million each month for a period of 36 months commencing on the first working day of the month following the date of first production from the fields.

In the event that the costs of the base case development (the scope of which is set out in an Annex to the KUFPEC Disposal Agreement) from 1 January 2012 (the "**Base Case Costs**") exceed US$1055 million (excluding any expenditure on equipment items in excess of US$90 million), EnQuest Heather shall pay (in

addition to its own share) an additional 17.5 per cent. of any Base Case Costs in excess of US$1055 million (the "**Balancing Payment**"). This arrangement shall cease and no further balancing payment shall be due once the total Base Case Costs reach US$1,153 million (or no further Base Case Costs are payable).

Following the exhaustion of the Cap, the development costs for the Alma field and the Galia field shall be satisfied by EnQuest Heather and KUFPEC in accordance with their respective participating interests in the Alma Field and the Galia Field in accordance with the A&G JOA.

As security for the payment by KUFPEC of such development costs referred to in (c) above, KUFPEC has agreed to procure, on the Transfer Date, a letter of guarantee under which KUFPEC's payment obligations under the KUFPEC Disposal Agreement are guaranteed by Deutsche Bank in favour of EnQuest Heather up to the value of the Cap.

If on 1 January 2017, the "**KUFPEC Costs**", being:

(a) the development costs KUFPEC has incurred and paid, in respect to the A&G Interests (including any carried costs paid in accordance with (c) above, and the additional capital contribution paid in accordance with (d) above) up to the date of first production from the fields;

(b) a deemed payment of US$19.3 million in respect of the operating costs payment to be made in accordance with (e) above; and

(c) a deduction in respect of any element of the Balancing Payment paid by EnQuest Heather between the date of first production and 1 October 2016,

exceeds the higher of: (i) the actual revenue (net of operating expenditure) KUFPEC has received from the sale of petroleum relating to the A&G JOA; or (ii) the deemed revenue (net of operating expenditure) in accordance with a US dollar multiplier, specified in the KUFPEC Disposal Agreement, based on the A&G Interests' share of the number of barrels of petroleum produced by the Alma Field and the Galia Field, then KUFPEC shall be entitled, from 1 January 2017, to receive from EnQuest Heather an additional 20 per cent. share of the revenue (net of operating expenditure) received from the sale of petroleum relating to the A&G JOA (the **"Additional Revenue"**). EnQuest Heather shall continue to attribute this Additional Revenue to KUFPEC until the earlier of: (i) the date the actual revenue (net of operating expenditure) KUFPEC has received from the sale of petroleum relating to the A&G JOA equals or exceeds the KUFPEC Costs; or (ii) the date the deemed revenue (calculated in accordance with the formula described above) equals or exceeds the KUFPEC Costs.

EnQuest Heather has agreed, with effect from the Transfer Date, to indemnify KUFPEC in respect of any liabilities in respect to the A&G Interests (save for any environmental liabilities or decommissioning liabilities) that accrued in or relate to the period prior to 1 January 2012. Furthermore, the Issuer has agreed, with effect from the Transfer Date, to guarantee the obligations and liabilities of EnQuest Heather under the KUFPEC Disposal Agreement.

Heather Field Arrangements

The Group's decommissioning liabilities in respect of the Heather field are not based on its equity interest in this field. Instead, the Group's decommissioning liabilities are based on a contractual obligation of 37.5 per cent. of such decommissioning liability, for which there is: (i) a letter of credit in place expiring on 6 February 2014 (or as extended), for the sum of US$5 million, issued by BNP Paribas on behalf of EnQuest Heather and in favour of Unocal International Corporation ("**Unocal**"); and (ii) a letter of credit in place expiring on 31 December 2013, for the sum of £75 million issued by BNP Paribas on behalf of EnQuest Heather and in favour of BG Great Britain Limited ("**BGGL**") (the "**Letters of Credit**"). Pursuant to the terms of the Letters

of Credit, BNP Paribas, as the issuing bank, is required to pay the respective values of the Letters of Credit on demand from Unocal or BGGL.

Thistle and Deveron Field Arrangements

Intervening Period Agreement

The Intervening Period Agreement ("**IPA**") sets out the rights and obligations of EnQuest Thistle Limited ("**EnQuest Thistle**") in relation to the interests it acquired from Britoil Plc ("**Britoil**") and Conoco Phillips (U.K.) Limited ("**Conoco**") in the Thistle and Deveron fields (the "**Thistle Interests**") during the period between 1 January 2003 and the re-transfer of the Thistle Interests to Britoil, Conoco and BP Exploration Operating Company Limited ("**BP Exploration**") at a future date in accordance with the RSPA (defined below) and a termination notice being duly served under the IPA. Britoil and Conoco may serve a joint termination notice on EnQuest Thistle with 12 months notice. The IPA does not provide EnQuest Thistle with a specific right of compensation following such termination for monies spent on the field. Ownership of field equipment transferred to EnQuest Thistle under an initial sale and purchase agreement of the Thistle Interests (the "**ISPA**") (including replaced equipment), reverts to Britoil and Conoco upon re-transfer of the Thistle Interests for no additional consideration. EnQuest Thistle owns equipment which it has purchased for field operations since completion of the ISPA. If the Group's interests in the Thistle and Deveron fields are loss making for at least three months and losses exceed £1.5 million, the re-transfer may be effected without compensating the Group, otherwise compensation is based on estimated future cash flows. EnQuest Thistle and Britoil each have a 50 per cent. voting interest in the Thistle Interests in respect of certain reserved matters, notwithstanding that EnQuest Thistle's working interest is 99 per cent. These reserved matters include the decommissioning of unit property operated by EnQuest Thistle, the approval of the annual programme and budget relating to major structural repairs and items noted as reserved matters in the decommissioning liability agreement which apportions liability between Britoil, Conoco and EnQuest Thistle for the decommissioning of the Thistle and Deveron fields' facilities and provides for security to be given by Britoil, Conoco and EnQuest Thistle in respect of such liabilities.

Retransfer Sale and Purchase Agreement (the "RSPA")

The Retransfer Sale and Purchase Agreement provides the arrangements for the retransfer of the Thistle Interests transferred under the ISPA by EnQuest Thistle back to Britoil, Conoco and BP Exploration.

The rights and obligations of EnQuest Thistle under the IPA and RSPA were transferred to EnQuest Heather effective 1 January 2013.

The Facility Agreement

Overview

The Issuer and certain of its subsidiaries entered into an English law governed credit agreement on 6 March 2012 with, amongst others, Lloyds TSB Bank Plc, BNP Paribas, Barclays Corporate, The Royal Bank of Scotland Plc, Banc of America Securities Limited and Credit Agricole Corporate and Investment Bank (as mandated lead arrangers), NIBC Bank N.V. (as lead arranger) and Lloyds TSB Bank Plc (as facility agent) (the "**Facility Agreement**").

The Facility Agreement provides a multicurrency revolving credit facility, the aggregate commitments of which started at US$525 million when the Facility Agreement was entered into on 6 March 2012 but may be increased, with the agreement of the lenders, to US$900 million (the "**Aggregate Commitments**"). The amounts that may be borrowed are adjusted by reference to the hydrocarbon reserves held by the Group. The Facility Agreement allows for six of the Group's companies (the Issuer and certain subsidiaries) to borrow

funds ("**Borrowers**")[1]. The obligations on the Group under the Facility Agreement are guaranteed by the Borrowers and nine additional group companies (collectively, the "**Guarantors**")[2].

The Borrowers' obligations under the Facility Agreement are secured by way of (i) charges over the shares of all the Borrowers (except for the Issuer) and EnQuest Britain, as a Guarantor, and (ii) floating charges over the assets of all the Borrowers (the "**Secured Assets**"). This means that the lenders will have priority in respect of these Secured Assets and, as a result, for example, in the event of insolvency proceedings would be paid the debt owed to them ahead of any other creditors except for any creditors which are preferred by operation of law.

The Facility Agreement contains provisions for further Group companies to accede as Guarantors and Borrowers from time to time.

Purpose

The Facility Agreement provides funding to the Group for general corporate purposes.

The facilities may also be used by the Borrowers to obtain letters of credit ("**LOCs**") in connection with the operation, development and decommissioning of petroleum assets, and infrastructure related to such assets.

Utilisations and interest

The amount of funds that the Borrowers may draw under the Facility Agreement is limited to the lower of (i) the Aggregate Commitments, and (ii) the maximum amount that may be drawn without the Borrowers breaching the financial covenants less US$5 million. The amount drawn under the LOCs is limited to the greater of (a) US$300 million and (b) 50 per cent. of the Aggregate Commitments. A utilisation request made in US dollars must be in a minimum amount of US$5 million; a request in sterling, £3 million; and a request in euros, €3 million. Loans made under the Facility Agreement bear interest at the aggregate of (a) an agreed margin ratchet that varies depending on the group's leverage ratio; (b) LIBOR or, in the case of any euro loan, EURIBOR; and (c) additional mandatory costs of the lenders (if any). Interest on overdue amounts is charged at a rate of 2 per cent. above the rate at which loans are drawn down or LOCs are issued under the Facility Agreement.

Cancellation and repayment

The Issuer is able to cancel the unutilised amount of the total commitments in whole or in part. Partial cancellation of Facility Agreement commitments must be in a minimum amount of US$1 million and an integral multiple of US$1 million. In addition, the Facility Agreement will allow voluntary prepayment of a loan, on the giving of five business days' notice, provided that each voluntary prepayment is a minimum of US$1 million (or the equivalent in other currencies where the loan is in another currency).

Each lender may request mandatory prepayment of its outstanding loans/LOCs if a change of control occurs. A 'change of control' is defined in the Facility Agreement as occurring if any person or group of persons acting in concert gains control of the Issuer.

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[1] The Borrowers include EnQuest PLC, EnQuest Heather Limited, EnQuest Heather Leasing Limited, Nio Petroleum (Sabah) Limited, EnQuest ENS Limited and EnQuest Norge A.S.

[2] The Guarantors include EnQuest PLC, EnQuest Dons Limited, EnQuest Dons Oceania Limited, EnQuest Heather Limited, EnQuest Thistle Limited, EnQuest North Sea B.V., EnQuest Britain Limited, Stratic UK Holdings Limited, Stratic Energy (UK) Limited, EnQuest Heather Leasing Limited, EnQuest ENS Limited, EnQuest UKCS Limited, Nio Petroleum (Sabah) Limited, EnQuest Norge A.S. and EnQuest Dons Leasing Limited.

Maturity

Each Borrower which has drawn a loan shall repay that loan in full on the last day of the interest period chosen by such Borrower for that loan. As is typical with a revolving facility, the amounts that are repaid may then be re-borrowed. Each LOC issued shall expire one month before the final maturity date of the facilities unless such LOC is deemed to be an extended LOC where, subject to certain conditions, it shall expire five years after the final maturity date of the facility. The final maturity date for the facility is three years from the date that the Facility Agreement is entered into, subject to a provision which allows the Issuer, provided certain conditions are met, to extend the Facility Agreement for a further year (i.e. four years from the date of the Facility Agreement) and a further provision that subsequently allows the Issuer, with lender consent and provided certain conditions are met, to again extend the Facility Agreement for a further year (i.e. five years from the date of the Facility Agreement).

Controls on the Group's activities

The Facility Agreement contains customary representations and warranties and affirmative and negative covenants. In particular, unless the lenders agree in writing, neither the Issuer nor any other Borrower or Guarantor under the Facility Agreement may enter into a merger or reconstruction. Coupled with this, neither the Issuer nor any of its subsidiaries may enter into any transaction that is a Class 1 transaction unless it is agreed to by the lenders and certain conditions are met. The Facility Agreement also contains a negative pledge, restrictions on financial indebtedness and disposals and requires, at the Group level, the maintenance of specified leverage, reserve base value and interest cover ratios.

The Facility Agreement contains certain customary events of default for this type of facility, including:

(a) any event or series of events which has, or is reasonably likely to have, a material adverse effect on the business or financial condition of any Borrower or Guarantor;

(b) a cross-default provision applicable if a debt, or an aggregate of debts, valued at US$1 million or more is not paid when due (after the expiry of any grace period);

(c) if all or any part of any petroleum asset or petroleum or revenues derived from any petroleum asset is nationalised, expropriated, compulsorily acquired or seized by any government entity or any such government entity announces that it shall take such action and that action is likely to have a material adverse effect on the business or financial condition of any Borrower or Guarantor; and

(d) the initiation of certain insolvency proceedings by any Borrower or Guarantor.

Share Capital and Major Shareholders

As at the date of this Prospectus, the Issuer had 802,660,757 Ordinary Shares in issue and all of the Ordinary Shares have been fully paid up.

So far as the Issuer is aware, as at the date of this Prospectus, the following persons had notifiable interests in three per cent. or more of the issued share capital of the Issuer:

Name	Number of Ordinary shares held	Percentage of issued share capital
Amjad Bseisu and family[(1)]	70,797,182	8.82%
Swedbank Robur Asset Management	59,098,399	7.36%
Baillie Gifford & Co	62,244,543	7.75%

Name	Number of Ordinary shares held	Percentage of issued share capital
Acadian Asset Management	26,395,592	3.16%
Montanaro Investment Managers Ltd	32,354,249	4.03%

Notes:

(1) These Ordinary Shares are held by Double A Limited, a discretionary trust in which the extended family of Amjad Bseisu has a beneficial interest.

So far as the Issuer is aware, the Issuer is not directly or indirectly owned or controlled by any natural or legal person. So far as management is aware, there are no existing or anticipated arrangements which may at a subsequent date result in a change of control of the Issuer.

Board of Directors

The table below sets out the names of the Issuer's Directors, their principal outside activities and their current role in the Issuer. The business address of each of the Directors is 5th Floor Cunard House, 15 Regent Street, London SW1Y 4LR.

Name	Function	Other Principal Activities
Dr James Buckee	Chairman	• non-executive director of Cairn Energy PLC with its registered office at 50 Lothian Road, Edinburgh, EH3 9BY, United Kingdom; • non-executive director of Magma Global Limited with its registered office at 1000 Lakeside North Harbour, Western Road, Portsmouth, PO6 3EZ, United Kingdom; • non-executive director of Rodinia Oil Corp. with its registered office at 320, 715 - 5th Ave SW, Calgary, Alberta, T2P 2X6, Canada; • non-executive director of Petro Frontier Corp. with its registered office at 320, 715 - 5th Ave SW, Calgary, Alberta T2P 2X6, Canada; • non-executive director of Black Swan Energy Ltd. with its registered office at Suite 1200, Bow Valley Square III, 255 - 5th Avenue SW, Calgary, Alberta, T2P 3G6, Canada; • non-executive director of Kern Partners Ltd. with its registered office at Centennial Place East, 3110 - 520 3rd Avenue SW, Calgary, Alberta, T2P 0R3, Canada.
Amjad Bseisu	Chief Executive	• chairperson of Enviromena with its registered office at Masdar City, SAF Block 5, Opposite Presidential Flight, Khalifa City A, Abu Dhabi, UAE; • director and trustee of The Amjad and Suha Bseisu Foundation with its registered office at 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR, United Kingdom; • non-executive director of Mecon Holdings WLL with its registered office at Office No. 51, 5th Floor, Building No. 8, Road 1901, Block 319, Near Bait Al Quran, Manama, Kingdom of Bahrain.
Jonathan Swinney	Chief Financial Officer	
Helmut Langanger	Non-Executive Director	• non-executive director of Schoeller Bleckmann Oilfield Equipment AG with its registered office at Hauptstraße 2, A-

		2630 Ternitz, Austria; • non-executive vice-chairperson of MND AS with its registered office at Úprkova 807/6, 695 01 Hodonín, Prague, Czech Republic; • non-executive director of Kulczyk Oil Ventures Inc. with its registered office at Suite 1170, 700 - 4th Avenue SW, Calgary, Alberta, T2P 3J4, Canada.
Jock Lennox	Non-Executive Director	• non-executive director of Dixons Retail plc with its registered office at Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TG, United Kingdom; • non-executive director of Hill & Smith Holdings PLC with its registered office at Westhaven House, Arleston Way, Shirley, Solihull, West Midlands, B90 4LH, United Kingdom; • non-executive director of A&J Mucklow Group Plc with its registered office at 60 Whitehall Road, Halesowen, West Midlands, B63 3JS, United Kingdom; • non-executive director of Oxford Instruments plc with its registered office at Tubney Woods, Abingdon, Oxon, OX13 5QX, United Kingdom; • non-executive chairperson of Tall Ships Youth Trust with its registered office at 2a The Hard, Portsmouth, PO1 3PT, United Kingdom.
Dr Philip Nolan	Non-Executive Director	• non-executive chairperson of John Laing plc with its registered office at 1 Kingsway, London, WC2B 6AN, United Kingdom; • executive chairperson of The Irish Management Institute with its registered office at Sandyford Road, Dublin 16, Ireland; • deputy chairperson of Ulster Bank Limited with its registered office at 11-16 Donegall Square East, Belfast, BT1 5UB, United Kingdom; • non-executive director at Providence Resources Plc with its registered office

		at Airfield House, Airfield Park, Dublin 4, Ireland; • director of The Ireland Funds.
Clare Spottiswoode	Non-Executive Director	• chairperson of Gas Strategies Group Limited with its registered office at 10 St. Bride Street, London, EC4A 4AD, United Kingdom; • director of Gas Strategies Holdings Limited with its registered office at 10 St. Bride Street, London, EC4A 4AD, United Kingdom; • non-executive chairperson at Energetix Group Plc with its registered office at Castlefield House, Liverpool Road, Castlefield, Manchester, Greater Manchester, M3 4SB, United Kingdom; • non-executive director of G4S plc with its registered office at The Manor, Manor Royal, Crawley, West Sussex, RH10 9UN, United Kingdom; • non-executive director of Ilika plc with its registered office at Kenneth Dibben House, Enterprise Road, University Of Southampton Science Park, Chilworth, Southampton, SO16 7NS, United Kingdom; • non-executive director of Payments Council Limited with its registered office at 2 Thomas More Square, London, E1W 1YN, United Kingdom; • non-executive director of RBC Europe Limited with its registered office at Riverbank House, 2 Swan Lane, London, EC4R 3BF, United Kingdom; • chairperson of EnergySolutions EU Ltd. with its registered office at First Floor Stella Building, Windmill Hill Business Park, Swindon, Wiltshire, SN5 6NX, United Kingdom; • chairperson of Magnox Limited with its registered office at Berkeley Centre, Berkeley, Gloucestershire, GL13 9PB, United Kingdom; • non-executive director of The British Management Data Foundation with its registered office at 6 Little London

Court, Albert Street, Old Town,
Swindon, Wiltshire, SN1 3HY, United
Kingdom.

There are no material conflicts of interest or potential conflicts of interest between the duties to the Issuer of each member of the Board of Directors of the Issuer and his/her private interests or other duties.

Further information regarding the board practices

The Issuer is committed to high standards of corporate governance as set down in the Combined Code on Corporate Governance (as amended from time to time) (the "**Combined Code**"). Compliance with the Combined Code is reported on annually. The most recent report was published in the 2011 Annual Report in relation to the financial year ended 31 December 2011, at which point the Issuer had complied with the provisions of the Combined Code.

The Board of Directors has established Audit, Renumeration and Nomination Committees, with formally delegated duties and responsibilities, and written terms of reference. From time to time, separate committees may be set up by the Board of Directors to consider specific issues when the need arises. The terms of reference for each of these committees satisfy the requirements of the Combined Code and are reviewed internally on an ongoing basis by the Board. The committees are provided with all necessary resources to enable them to undertake their duties in an effective manner. The company secretary acts as secretary to the committees and minutes of all committee meetings are available to all Directors.

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting and external and internal audits and controls, including reviewing the Issuer's annual and interim financial statements, reviewing and monitoring the process of audit of the Group's Proven and Probable Reserves by a recognised Competent Person, reviewing and monitoring the Issuer's internal control procedures and risk management systems, and reviewing and monitoring the effectiveness of the external and internal audit activities. The membership of the Issuer's Audit Committee comprises three members, all of whom are independent Non-executive Directors, namely Helmut Langanger, Dr Philip Nolan and Clare Spottiswoode. Jock Lennox is chairman of the Audit Committee. The Issuer therefore considers that it complies with the Combined Code recommendation regarding the composition of the Audit Committee.

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including setting the remuneration policy for the chairman, executive Directors and senior executives, assessing and determining total compensation packages available to the executive and non-executive Directors, and monitoring the remuneration of senior management other than the executive Directors whose remuneration it sets. The Combined Code provides that the Remuneration Committee should comprise at least three members, all of whom are independent non-executive Directors. The membership of the Issuer's Remuneration Committee comprises three members, all of whom are independent Non-executive Directors, namely Jock Lennox, Dr Philip Nolan and Clare Spottiswoode. The chairman of the Remuneration Committee is Helmut Langanger. The Issuer therefore considers that it complies with the Combined Code recommendations regarding the composition of the Remuneration Committee.

The Nomination Committee assists the Board in reviewing the functions and make up of the Board, including reviewing the size, structure and composition of the Board in order to recommend changes to the Board and to ensure the orderly succession of Directors, and formalising succession planning and the process for new Director appointments. The membership of the Issuer's Nomination Committee comprises the Dr James Buckee (the Chairman), Amjad Bseisu (the Chief Executive) and four members, all of whom are independent Non-executive Directors, namely Helmut Langanger, Clare Spottiswoode, Jock Lennox and Dr Philip Nolan. The chairman of the Nomination Committee is Dr James Buckee.

Health and Safety and Environmental Matters

The Issuer's focus on the safety of its staff and environmental impact remains critical to the way it operates as a business. This is embedded in the Issuer's culture, in its management and in the way its employees organise their work every day.

Personal Safety performance in 2011 was good with just two Lost Time Incidents ("**LTI**") recorded, both hand injuries, and this put the Issuer in the top quartile of industry performance with a Lost Time Injury Frequency Rate (LTIFR) of 0.44 compared with the latest industry average of 1.82. In 2012 the Issuer reached a new North Sea safety milestone by recording five years free of Lost Time Incidents (LTIs) on drilling operations in the Thistle field. The LTI achievement covers a period of major operational activity which saw the Issuer bring Thistle drilling back online to drill its first new wells in 20 years. The Issuer's drilling team, supported by a KCA Deutag drill crew, an Aker well services crew and a range of other offshore contractors have taken Thistle from a rig upgrade through to rig start up, followed by two-and-a-half years of drilling operations involving workovers, sidetracks and the installation of three electrical submersible pumps (ESPs).

Safety leadership is critical to the Issuer's success. Each member of the leadership team makes frequent offshore safety visits, auditing specific activities and generally raising the safety profile. The Issuer continues to invest in this area; it strengthened the Health, Safety, Environment and Quality (HSEQ) team with a new manager, John Atkinson, who was formerly asset manager of Heather and Broom and consequently brings considerable operational experience to the role.

The Issuer's environmental performance has remained in line with the industry average. The installation of hydrocyclones has significantly improved the OIW performance on Heather bringing the Issuer's OIW emissions back in line with its target. In 2011, a number of minor OIW incidents occurred, relating to the transfer of fluids from supply vessels. A specific project to tackle this issue has recommended modifications to the bunkering processes. CO_2 emissions in the financial year ended 31 December 2011 were marginally ahead of those in the financial year ended 31 December 2010 as a result of additional flaring on Thistle but gas flaring overall remained below permitted limits.

The Issuer's efforts to promote a healthy working environment achieved external recognition in 2011 when it was awarded the Healthy Working Lives Bronze award, part of a Scottish Government initiative, and the Issuer is now working towards the Silver award.

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg and/or CREST currently in effect. Investors wishing to use the facilities of any of the clearing systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. None of the Issuer, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Notes. Global Notes will be deposited with a common depositary or common safekeeper, as the case may be, for Euroclear and/or Clearstream, Luxembourg or an alternative clearing system as agreed between the Issuer and the relevant Dealer(s) and, in the case of Registered Global Notes, registered in the name of a common nominee of the relevant clearing system(s) or in the name of a nominee of the common safekeeper. Transfers of interests in such Global Notes will be made in accordance with the normal operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the alternative clearing system. Each Global Note deposited with a common depositary or common safekeeper, as the case may be, on behalf of Euroclear and Clearstream, Luxembourg will have an ISIN and a Common Code.

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

CREST Depository Interests

Following their delivery into Euroclear and/or Clearstream, Luxembourg, interests in Notes may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Underlying Notes. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the "**CREST Nominee**") in the Underlying Notes. Pursuant to the CREST Manual (as defined below), Notes held in global form by the common depositary or common safekeeper may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities distinct from the Notes, constituted under English law and may be held and transferred through CREST.

Interests in the Underlying Notes will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Notes by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the corresponding CDIs and transfer of an interest in such Underlying Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISlN of the Underlying Notes and will not require a separate listing on the Official List maintained by the UK Listing Authority.

Prospective subscribers for Notes represented by CDIs are referred to Section 3 (Crest International Manual) of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll in the form contained in Section 3 of the CREST Manual executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service. The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

(a) CDI Holders will not be the legal owners of the Underlying Notes or have a direct beneficial interest in the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.

(b) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depositary links through the appropriate clearing systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.

(c) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

(d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed

pursuant to the CREST manual issued by Euroclear UK & Ireland (including the CREST International Manual dated 14 April 2008) as amended, modified, varied or supplemented from time to time (the "**CREST Manual**") and the CREST Rules (the "**CREST Rules**") (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.

(e) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository as issuer of the CDIs.

(f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from the CREST website from time to time (at the date of this Prospectus, being at *www.euroclear.com/site/public/EUI*).

(g) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.

(h) Potential investors should note that none of the Issuer, the relevant Dealer, the Trustee and the Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

(i) Potential investors should note that Notes represented upon issue by a Temporary Global Note exchangeable for a Permanent Global Note will not be immediately eligible for CREST settlement as CDIs. In such case, investors investing in the Underlying Notes through CDIs will only receive the CDIs after such Temporary Global Note is exchanged for a Permanent Global Note, which could take up to 40 days after the issue of the Notes. It is anticipated that Notes eligible for CREST settlement as CDIs will be issued in registered form or, if issued in bearer form, will be represented upon issue by a Permanent Global Note.

TAXATION

United Kingdom

The comments below are of a general nature based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) and are not intended to be exhaustive. In particular, they relate only to the position of persons who are the absolute beneficial owners of the Notes and of all payments made thereon. The comments relate only to withholding tax on payments of, or in respect of, interest on the Notes and various information reporting provisions and do not deal with any other aspect of United Kingdom taxation treatment that may be applicable to a holder of such Notes. The comments below do not deal with the tax consequences of any substitution of the Issuer in accordance with Condition 11 (Meetings of Noteholders, Modification, Waiver and Substitution). References to "interest" in this section mean "interest" as understood in United Kingdom tax law, and do not take account of any different definitions of "interest" which may prevail under (a) any other law; or (b) any other term contained in the terms and conditions of the Notes or any related documentation. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

1 Withholding

The Notes issued will constitute "quoted Eurobonds" provided they carry a right to interest and are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange.

Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom tax.

Interest on the Notes may also be paid by the Issuer without withholding or deduction on account of United Kingdom income tax where, at the time the payment is made, the Issuer reasonably believes either:

(a) that the person beneficially entitled to the income in respect of which the payment is made is either within the charge to United Kingdom corporation tax as regards the payment of interest or is a partnership, each partner of which is a person or body mentioned in section 936 of the ITA or is within the charge to United Kingdom corporation tax as regards the payment of interest; or

(b) that the payment is made to one of the bodies or persons set out in sections 935 or 936 of the ITA,

provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the relevant above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax provided the term of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 365 days.

In all other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to such relief as may be

available following a direction to the contrary by HMRC pursuant to the provisions of any applicable double taxation treaty or any other exemption which may apply.

2 Information Reporting

Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual, or (ii) paying amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual, may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, in relation to amounts payable on the redemption of such Notes HM Revenue & Customs published practice indicates that, generally, HM Revenue & Customs will not exercise its power to obtain information where such amounts are paid or received on or before 5 April 2013.

3 EU Directive on the Taxation of Savings Income

EC Council Directive 2003/48/EC (the "**Savings Directive**") requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted and implemented similar measures (either provision of information or transitional withholding) in relation to payments of savings income made by a person within its jurisdiction to an individual, or to certain non-corporate entities, resident in a Member State.

In addition, Member States have entered into reciprocal arrangements with certain of those non-EU countries and dependent or associated territories of certain Member States in relation to payments of savings income made by a person in a Member State to an individual, or to certain non-corporate entities, resident in certain dependent or associated territories or non-EU countries.

4 FATCA

On 18 December 2012, HM Treasury and HMRC released the draft International Tax Compliance (United States of America) Regulations 2013 to implement the Agreement between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland to Improve International Tax Compliance and to Implement FATCA. Assuming the regulations come into force in their current form, they may broaden the scope of information relating to holders of the Notes that the Issuer must supply to HMRC and that may then be passed on to the US Internal Revenue Service.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 24 January 2013 (the "**Dealer Agreement**") between the Issuer, the Permanent Dealers and the Arranger, the Notes may be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches. Tranches of Notes may or may not be underwritten by the relevant Dealer(s).

The Issuer will pay each relevant Dealer(s) a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis may be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act, as amended and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder. The applicable Final Terms will identify whether the TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

The Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it will not offer or sell Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(iii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Jersey

Each Dealer has represented and agreed that it has not circulated, and will not circulate, in Jersey any offer for subscription, sale or exchange of any Notes unless such offer is circulated in Jersey by a person or persons authorised to conduct investment business under the Financial Services (Jersey) Law 1998, as amended and (a) such offer does not for the purposes of Article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, constitute an offer to the public; or (b) an identical offer is for the time being circulated in the United Kingdom without contravening the Financial Services and Markets Act 2000 and is, *mutatis mutandis*, circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom.

Guernsey

Each Dealer has represented and agreed that Notes cannot be marketed, offered or sold in or to persons resident in Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended or any exemption therefrom.

Isle of Man

Each Dealer has represented and agreed that it has not circulated, and will not circulate, in the Isle of Man, any offer for subscription, sale or exchange of any Notes unless such offer is made by (i) an Isle of Man financial services licenceholder licensed under section 7 of the Financial Services Act 2008 to do so; or (ii) in accordance with any relevant exclusion contained within the Regulated Activities Order 2011 or exemption contained in the Financial Services (Exemptions) Regulations 2011.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms in all cases at its own expense.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which have a denomination of less than €100,000 (or its equivalent in any other currency) issued under the Programme.

Final Terms dated [●]

EnQuest PLC
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the £500,000,000
Euro Medium Term Note Programme

Any person making or intending to make an offer of the Notes may only do so[:

(i) in those Public Offer Jurisdictions mentioned in Paragraph [●] of Part B below, provided such person is of a kind specified in that paragraph and that such offer is made during the Offer Period specified for such purpose therein; or

(ii) otherwise] in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 24 January 2013 [and the supplement(s) to it dated [●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Prospectus has been published via the regulatory news service maintained by the London Stock Exchange (*www.londonstockexchange.com/exchange/news/market-news/market*-news-*home.html*).

1	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [●] on [the Issue Date/exchange of Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [●]] [Not Applicable]

2	Specified Currency or Currencies:		[●]
3	Aggregate Nominal Amount:		
	(a)	Series:	[●]
	(b)	Tranche:	[●]
4	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
5	(a)	Specified Denominations:	[●]
	(b)	Calculation Amount:	[●]
6	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[[●]/Issue Date/Not Applicable]
7	Maturity Date:		[[●]/[Interest Payment Date falling in or nearest to [●]]
8	Interest Basis:		[[●] per cent. Fixed Rate] [[●] +/– [●] per cent. Floating Rate] [Zero Coupon] (see paragraph [13/14/15] below)
9	Redemption:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per cent. of their nominal amount
10	Change of Interest Basis:		[●] [Not Applicable]
11	Put/Call Options:		[Issuer Call Option] [Investor Put Option] [Change of Control Put Option] [(further particulars specified below)]
12	(a)	Status of the Notes:	Senior
	(b)	Date of Board/Committee approval for issuance of Notes obtained:	The Issuer has authorised the issue of the Notes at a meeting of the Board of Directors held on [●] [and a meeting of a duly authorised Committee of the Board of Directors held on [●]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13	Fixed Rate Note Provisions		[Applicable/Not Applicable]
	(a)	Rate(s) of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[●] in each year up to and including the Maturity Date
	(c)	Fixed Coupon Amount(s):	[●] per Calculation Amount
	(d)	Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f)	Determination Dates:	[[●] in each year] [Not Applicable]
14	Floating Rate Note Provisions		[Applicable/Not Applicable]
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[●]

	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
	(c)	Additional Business Centre(s):	[●]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[●]
	(f)	Screen Rate Determination:	
		– Reference Rate and Relevant Financial Centre:	Reference Rate: [●] month [LIBOR/ EURIBOR]. Relevant Financial Centre: [London/Brussels/[●]]
		– Interest Determination Date(s):	[●]
		– Relevant Screen Page:	[●]
	(g)	ISDA Determination:	
		– Floating Rate Option:	[●]
		– Designated Maturity:	[●]
		– Reset Date:	[●]
	(h)	Margin(s):	[+/-][●] per cent. per annum
	(i)	Minimum Rate of Interest:	[[●] per cent. per annum/Not Applicable]
	(j)	Maximum Rate of Interest:	[[●] per cent. per annum/Not Applicable]
	(k)	Day Count Fraction:	[[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond basis] 30E/360 (ISDA)]
15	Zero Coupon Note Provisions		[Applicable/Not Applicable]
	(a)	Accrual Yield:	[●] per cent. per annum
	(b)	Reference Price:	[●]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[[30/360][Actual/360][Actual/365]]
PROVISIONS RELATING TO REDEMPTION			
16	Notice periods for Condition 6(c):		Minimum period: [30][●] days Maximum period: [60][●] days
17	Issuer Call Option (Condition 6(d)):		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount(s):	[[●] per Calculation Amount]
		(i) Condition 6(b) applies	[Applicable/Not Applicable]

	(ii) Make-Whole Amount:	[Applicable/Not Applicable]
	Quotation Time:	[●]
	Determination Date:	[●]
	Reference Bond:	[●]
	Redemption Margin:	[●] per cent.
	(c) If redeemable in part:	
	(i) Minimum Redemption Amount:	[●]
	(ii) Maximum Redemption Amount:	[●]
	(d) Notice period:	Minimum period: [15][●] days Maximum period: [30][●] days
18	Investor Put Option (Condition 6(e)):	[Applicable/Not Applicable]
	(a) Optional Redemption Date(s):	[●]
	(b) Optional Redemption Amount(s):	[●] per Calculation Amount
	Condition 6(b) applies	[Applicable/Not Applicable]
	(c) Notice period:	Minimum period: [15][●] days Maximum period: [30][●] days
19	Change of Control Put Option (Condition 6(f)):	[Applicable/Not Applicable]
20	Final Redemption Amount:	[●] per Calculation Amount
21	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22	Form of Notes:	
	(a) Form:	[Bearer Notes:] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [in the limited circumstances specified in the Permanent Global Note]] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes [in the limited circumstances specified in the Permanent Global Note]] [Registered Notes:] [Registered Global Note ([●] nominal amount) [, to be held under the New Safekeeping Structure,] registered in the name of a nominee for a common [depositary/safekeeper] for Euroclear and Clearstream, Luxembourg]

		[CREST Depository Interests ("**CDIs**") representing the Notes may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited ("**CREST**")][
	(b) New Global Note:	[Yes][No]
23	Additional Financial Centre(s):	[Not Applicable/[●]]
24	Talons for future Coupons to be attached to Definitive Notes in bearer form:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

Third Party Information

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of **EnQuest PLC**:

By: .....
Duly authorised

PART B – OTHER INFORMATION

1 **LISTING AND ADMISSION TO TRADING**

[Not Applicable] [Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the order book for retail bonds segment of] [the regulated market of the London Stock Exchange] and to be listed on the [Official List of the UK listing Authority] with effect from [●].]

2 **RATINGS**

Ratings: [The Notes to be issued [are not/have been/are expected to be] specifically rated [●] by [●].]

3 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealers][[●] (the "**Manager[s]**")] as discussed under "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business] [So far as the Issuer is aware, the following persons have an interest material to the issue/offer: [●]. The nature of such interest[s] [is/are] that: [●].]

4 **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer [●]

(ii) Estimated net proceeds: [●]

(iii) Estimated total expenses: [●]

5 **YIELD** (*Fixed Rate Notes only*)

Indication of yield: The yield in respect of this issue of Fixed Rate Notes is [●].

The yield is calculated at the Issue Date on the basis of the Issue Price, using the formula below. It is not an indication of future yield.

$$P = \frac{C}{r}(1-(1+r)^{-n}) + A(1+r)^{-n}$$

Where:

"**P**" is the Issue Price of the Notes;

"**C**" is the annualised Interest Amount;

"**A**" is the redemption amount of Notes;

"**n**" is time to maturity in years; and

"**r**" is the annualised yield.

6 **[HISTORIC INTEREST RATES** *(Floating Rate Notes only*)

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]

7 **OPERATIONAL INFORMATION**

(i) ISIN Code: [●]

(ii)	Common Code:	[●]
(iii)	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/[●]] [The Notes will settle in Euroclear Bank S.A./ N.V. and Clearstream Banking, *société anonyme*. The Notes will also be made eligible for CREST via the issue of CDIs representing the Notes]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Agent(s) (if any):	[●]

8 DISTRIBUTION

(i)	Names and addresses of Manager(s):	[Not Applicable] [●]
(ii)	Underwriting/placing obligations of the Manager(s):	[Not Applicable] [●]
(iii)	Date and material features of the underwriting/placing agreement:	[Not Applicable] [●]
(iv)	Total commission and concession:	[[●] per cent. of the Aggregate Nominal Amount] [●]
(v)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2; TEFRA D/ TEFRA C/TEFRA not applicable]]
(vi)	Public Offer:	
	(a) Public Offer:	[Not Applicable] [An offer of the Notes may be made by the Managers [and [●]] (together [with the Managers], the "**Initial Authorised Offerors**") [and any other Authorised Offerors in accordance with paragraph [●] below] other than pursuant to Article 3(2) of the Prospectus Directive in [●] (the "**Public Offer Jurisdictions**") during the period from [●] until [●] (the "**Offer Period**"). See further paragraph [●] below.
	(b) General Consent:	[Applicable] [Not Applicable]

9 [TERMS AND CONDITIONS OF THE OFFER

(i)	Offer Price:	[Issue Price] [Not Applicable] [●]
(ii)	Conditions to which the offer is subject:	[Not Applicable/[●]]
(iii)	Description of the application process:	[Not Applicable/[●]]
(iv)	Details of the minimum and/or maximum amount of application:	[Not Applicable/[●]]
(v)	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/[●]]
(vi)	Details of the method and time limits	[Not Applicable/[●]]

	for paying up and delivering the Notes:	
(vii)	Manner in and date on which results of the offer are to be made public:	[Not Applicable/[●]]
(viii)	Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/[●]]
(ix)	Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/[●]]
(x)	Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/[●]]
(xi)	Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/[●]]
(xii)	Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	The Initial Authorised Offerors identified in paragraph [●] above [and any additional financial intermediaries who have or obtain the Issuer's consent to use the Prospectus in connection with the Public Offer and who are identified on the website of [●] as an Authorised Offeror] (together, the "**Authorised Offerors**").
(xiii)	Name(s) and address(es) of the entities which have a firm commitment to act as intermediaries in secondary market trading, providing liquidity through bid and offer rates and description of the main terms of its/their commitment:	[●] will be appointed as registered market maker[s] [through ORB (*www.londonstockexchange.com/exchange/prices-and-markets/retail-bonds/retail-bonds-search.html*)] when the Notes are issued.]]

ANNEX TO FINAL TERMS

SUMMARY OF THE NOTES

[●]

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which have a denomination of €100,000 (or its equivalent in any other currency) or more issued under the Programme.

Final Terms dated [●]

EnQuest PLC
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the £500,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 24 January 2013 [and the supplement[s] to it dated [●] [and [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. However, a summary of the Notes is annexed to these Final Terms. The Prospectus has been published via the regulatory news service maintained by the London Stock Exchange (*www.londonstockexchange.com/exchange/news/market-news/market-news-home.html*).]

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

1	(a) Series Number:	[●]
	(b) Tranche Number:	[●]
	(c) Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [●] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [●]][Not Applicable]
2	Specified Currency or Currencies:	[●]
3	Aggregate Nominal Amount:	
	(a) Series:	[●]
	(b) Tranche:	[●]
4	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
5	(a) Specified Denominations:	[●]
	(b) Calculation Amount:	[●]
6	(a) Issue Date:	[●]
	(b) Interest Commencement Date	[[●]/Issue Date/Not Applicable]
7	Maturity Date:	[●] [Interest Payment Date falling in or nearest to [●]]
8	Interest Basis:	[[●] per cent. Fixed Rate]

		[[●]+/- [●] per cent. Floating Rate] [Zero Coupon] (see paragraph [13/14/15] below)
9	Redemption[/Payment] Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●]per cent. of their nominal amount.
10	Change of Interest Basis:	[●] [Not Applicable]
11	Put/Call Options:	[Issuer Call Option] [Investor Put Option] [Change of Control Put Option] [(further particulars specified below)]
12	(a) Status of the Notes:	Senior
	(b) Date of Board/Committee approval for issuance of Notes obtained:	The Issuer has authorised the issue of the Notes at a meeting of the Board of Directors held on [●] [and a meeting of a duly authorised Committee of the Board of Directors held on [●]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13	Fixed Rate Note Provisions	[Applicable/Not Applicable]
	(a) Rate(s) of Interest:	[●] per cent. per annum [payable in arrear on each Interest Payment Date]
	(b) Interest Payment Date(s):	[●] in each year up to and including the Maturity Date
	(c) Fixed Coupon Amount(s):	[●] per Calculation Amount
	(d) Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]
	(e) Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f) [Determination Dates:	[●] in each year] [Not Applicable]
14	Floating Rate Note Provisions	[Applicable/Not Applicable]
	(a) Specified Period(s)/Specified Interest Payment Dates:	[●]
	(b) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(c) Additional Business Centre(s):	[●]
	(d) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(e) Party responsible for calculating the Rate of Interest and/or Interest Amount (if not the Principal Paying Agent):	[●]
	(f) Screen Rate Determination:	
	– Reference Rate and Relevant Financial Centre:	Reference Rate: [●] month [LIBOR/EURIBOR] Relevant Financial Centre: [London/Brussels/ [●]]

	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
	(g) ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
	(h) Margin(s):	[+/-][●] per cent. per annum
	(i) Minimum Rate of Interest:	[●] per cent. per annum
	(j) Maximum Rate of Interest:	[●] per cent. per annum
	(k) Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] 30E/360 (ISDA)]
15	Zero Coupon Note Provisions	[Applicable/Not Applicable]
	(a) Accrual Yield:	[●] per cent. per annum
	(b) Reference Price:	[●]
	(c) Day Count Fraction in Amounts:	[[30/360][Actual/360][Actual/365]]
PROVISIONS RELATING TO REDEMPTION		
16	Notice periods for Condition 6(c):	Minimum period: [30][●] days Maximum period: [60][●]days
17	Issuer Call Option (Condition 6(d)):	[Applicable/Not Applicable]
	(a) Optional Redemption Date(s):	[●]
	(b) Optional Redemption Amount(s):	[[●] per Calculation Amount]
	(i) Condition 6(b) applies	[Applicable/Not Applicable]
	(ii) Make-Whole Amount:	[Applicable/Not Applicable]
	Quotation Time:	[●]
	Determination Date:	[●]
	Reference Bond:	[●]
	Redemption Margin:	[●] per cent.
	(c) If redeemable in part:	
	(i) Minimum Redemption Amount:	[●]
	(ii) Maximum Redemption Amount:	[●]
	(d) Notice period:	Minimum period: [15][●] days Maximum period: [30][●] days
18	Investor Put Option (Condition 6(e)):	[Applicable/Not Applicable]
	(a) Optional Redemption Date(s):	[●]
	(b) Optional Redemption Amount(s):	[●] per Calculation Amount

	Condition 6(b) applies	[Applicable/Not Applicable]
	(c) Notice period:	Minimum period: [15][●] days Maximum period: [30][●] days
19	Change of Control Put Option (Condition 6(f)):	[Applicable/Not Applicable]
20	Final Redemption Amount:	[●] per Calculation Amount
21	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22	Form of Notes:	
	(a) Form:	[Bearer Notes:] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [in the limited circumstances specified in the Permanent Global Note]] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes [in the limited circumstances specified in the Permanent Global Note]] [Registered Notes:] [Registered Global Note ([●] nominal amount) [, to be held under the New Safekeeping Structure,] registered in the name of a nominee for a common [depositary/safekeeper] for Euroclear and Clearstream, Luxembourg]
	(b) New Global Note:	[Yes][No]
23	Additional Financial Centre(s)	[Not Applicable/[●]]
24	Talons for future Coupons to be attached to Definitive Notes in bearer form:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

Third Party Information

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of **EnQuest PLC**:

By: ....
Duly authorised

PART B – OTHER INFORMATION

1 **LISTING AND ADMISSION TO TRADING**

(i)	Listing and Admission to trading	[Not Applicable][Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the regulated market of the London Stock Exchange] and to be listed on the [Official List of the UK Listing Authority] with effect from [●].]
(ii)	Estimate of total expenses related to admission to trading:	[●]

2 **RATINGS**

Ratings:	[The Notes to be issued [are not/have been/are expected to be] specifically rated [●] by [●].]

3 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Save for any fees payable to the [Managers/Dealers][[●] (the "**Manager[s]**")] as discussed under "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business][So far as the Issuer is aware, the following persons have an interest material to the issue/offer: [●]. The nature of such interest[s] [is/are] that: [●].]

4 **YIELD** *(Fixed Rate Notes only)*

Indication of yield:

The yield in respect of this issue of Fixed Rate Notes is [●].

The yield is calculated at the Issue Date on the basis of the Issue Price, using the formula below. It is not an indication of future yield.

$$P = \frac{C}{r}(1-(1+r)^{-n}) + A(1+r)^{-n}$$

Where:

"**P**" is the Issue Price of the Notes;

"**C**" is the annualised Interest Amount;

"**A**" is the redemption amount of Notes ;

"**n**" is time to maturity in years; and

"**r**" is the annualised yield.

5 **[HISTORIC INTEREST RATES** *(Floating Rate Notes only)*

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]

6 **OPERATIONAL INFORMATION**

(i)	ISIN Code:	[●]

(ii)	Common Code:	[●]
(iii)	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/[●]]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Agent(s) (if any):	[●]

7 **U.S. SELLING RESTRICTIONS**

U.S. Selling Restrictions:	[Reg. S Compliance Category 2; TEFRA D/ TEFRA C/TEFRA not applicable]]

ANNEX TO FINAL TERMS

SUMMARY OF THE NOTES

[●]

GENERAL INFORMATION

(1) The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. The listing of the Programme in respect of the Notes is expected to be granted on or before 29 January 2013. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.

(2) The Issuer has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment of the Programme and the Issue of Notes thereunder. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer dated 18 January 2013.

(3) There has been no significant change in the financial or trading position of the Issuer or of the Group since 30 June 2012 and no material adverse change in the prospects of the Issuer or of the Group since 31 December 2011.

(4) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

(5) Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

(6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

Interests in the Notes may also be held through CREST through the issuance of CDIs representing Underlying Notes. The current address of CREST is Euroclear UK & Ireland Limited, 33 Cannon Street, London EC4M 5SB.

(7) Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

(8) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

(9) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer:

(i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);

(ii) the Agency Agreement;

(iii) the Articles of Association of the Issuer;

(iv) the published annual report and audited accounts of the Issuer and the Group for the two financial years ended 31 December 2011 and 31 December 2010;

(v) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);

(vi) a copy of this Prospectus together with any Supplement to this Prospectus; and

(vii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.

This Prospectus and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be published on the website of the Regulatory News Service operated by the London Stock Exchange at *http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html*.

(10) Copies of the latest annual report and consolidated accounts of the Issuer and the latest interim consolidated accounts of the Issuer may be obtained, and copies of the Trust Deed and Agency Agreement, will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. Although the Issuer publishes both consolidated and non-consolidated accounts, the non-consolidated accounts do not provide significant additional information as compared to the consolidated accounts.

(11) The consolidated accounts of the Issuer for the years ended 31 December 2011 and 31 December 2010 contained in this document do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 (the "**Act**"). Statutory accounts for the two financial years ended 31 December 2011 and 31 December 2010 have been delivered to the Registrar of Companies in England and Wales. The Issuer's auditors have made a report under section 495 of the Act on the last statutory accounts that was not qualified within the meaning of section 539 of the Act and did not contain a statement made under section 498(2) or section 498(3) of the Act. The report of the Issuer's auditors contained the following statement: "To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed".

(12) The auditor of the Issuer for each of the financial years ended 31 December 2010 and 31 December 2011 was Ernst & Young LLP, of 1 More London Place, London SE1 2AF, United Kingdom, which is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. The Group financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the

Group for the years ended 31 December 2010 and 31 December 2011 and applied in accordance with the Companies Act 2006.

(13) The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and/or its affiliates in the ordinary course of business.

Registered Office of the Issuer

EnQuest PLC
5th Floor, Cunard House,
15 Regent Street
London SW1Y 4LR

Arranger and Dealer

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Trustee

U.S. Bank Trustees Limited
Fifth Floor, 125 Old Broad Street
London EC2N 1AR

Issuing and Paying Agent, Paying Agent, Transfer Agent and Calculation Agent

Elavon Financial Services Limited, UK Branch
Fifth Floor, 125 Old Broad Street
London EC2N 1AR

Registrar

Elavon Financial Services Limited
Block E, Cherrywood Business Park
Loughlinstown
Dublin, Ireland

Legal Advisers

To the Issuer in respect of English law

Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA

To the Arranger and Dealer and to the Trustee in respect of English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ

Auditors

Ernst & Young LLP
One More London Place
London SE1 2AF