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EnQuest PLC, 13 October 2016

Proposed c. £82 million Placing and Open Offer and financial restructuring

Overview

The Board of EnQuest PLC today announces the launch of a proposed issuance of equity, by way of a Placing and Open Offer of, in aggregate, 356,738,114 New Ordinary Shares at an Issue Price of 23 pence per New Ordinary Share expected to raise proceeds of approximately £82.0 million (approximately £78.1 million net of estimated expenses).

The Placing and Open Offer is part of a proposed financial restructuring of the Group (the "Restructuring") which the Company has agreed with its key stakeholders following an extensive period of engagement and negotiation.

The aggregate number of New Ordinary Shares issued under the Placing and Open Offer comprises of 356,738,114 New Ordinary Shares, of which Irrevocable Undertakings to take up entitlements under the Open Offer have been received for 42,505,990 New Ordinary Shares from Double A Limited and Capita Trustees Limited, acting in their capacity as trustees of the EnQuest EBT and 314,232,124 New Ordinary Shares are to be conditionally placed (subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer) with Placees during the Bookbuild.

A Bookbuild will open with immediate effect. The timing of the closing of the Bookbuild is at the discretion of J.P. Morgan Cazenove and BofA Merrill Lynch, following consultation with the Company.

Details of the allocation of New Ordinary Shares will be confirmed to Placees as soon as practicable after the close of the Bookbuild.

The Restructuring is comprised of a number of key elements, including the implementation of the Proposed RCF Amendments and the Proposed Note Amendments, the renewal of the Surety Bond Facilities and the Placing and Open Offer (which terms are explained further below). All of these elements are inter-conditional, meaning that none of the elements will become effective if any one of them is not delivered. So the Restructuring would not proceed if for example, the Scheme to effect the Proposed Note Amendments is not approved by the requisite majorities of Scheme Creditors or if the shareholder Resolutions in connection with the Placing and Open Offer are not approved by Shareholders.

The Company believes that, if successful, the Restructuring will provide the Group with a stable and sustainable capital structure, reduced cash debt service obligations and greater liquidity. These will all contribute to the continued delivery by the Group of its strategic objectives.

The proceeds of the Placing and Open Offer will be used to continue the development of the Company's Kraken asset with the aim of achieving first oil in the first half of 2017; continue the development of the Company's Scolty/Crathes asset; and provide general corporate and working capital for the Company. The Company does not intend to use any proceeds from the Placing and Open Offer to repay bank debt.

Jock Lennox, Chairman of EnQuest, said:

"We are very pleased to announce today a comprehensive package of measures to place EnQuest on a strong footing to deliver our Kraken development in H1 2017 and ensure that we are well placed to deliver value to our shareholders in the medium term.

Over the last two years, EnQuest has taken action to implement extensive cost saving programmes to refocus the business for the low oil price environment, including reducing and re-phasing both capital and operating expenditures. Simultaneously, EnQuest has been working on a range of other funding and liquidity options, which culminate in the Restructuring announced today. We have agreed a range of improvements on the terms of our debt facilities and we remain grateful to our RCF lenders for their continuing support. We have also reached agreement with approximately 61 per cent of our High Yield Noteholders on the Proposed Note Amendments.

The proposed Restructuring, which encompasses amendments to EnQuest's existing RCF facility, amendments to the High Yield Notes and the Retail Notes, the renewal of the Company's Surety Bond Facilities and the Placing and Open Offer which is expected to raise £82 million in gross proceeds, will significantly improve the liquidity position of the Company so that EnQuest can deliver first oil from the Kraken development in H1 2017 in accordance with management's projections. The Kraken development continues to be on track with the FPSO set for sail away in H2 2016.

The Board remains confident in the long term potential of the EnQuest business plan, and is of the view that the proposed Restructuring, including the Placing and Open Offer, will enhance value for all stakeholders."

Overview of the Restructuring

The key features of the Restructuring are:

Proposed RCF Amendments

- Certain amendments to the Existing RCF (the "Proposed RCF Amendments"), to, amongst other things:
 - extend the final maturity date of the Existing RCF to October 2021;

- split the maximum aggregate commitments into a term loan facility and a revolving credit facility, amend the margin on each of the facilities and cancel the existing accordion feature;
- amend the Existing RCF amortisation profile;
- relax certain of the financial covenants in the Existing RCF; and
- incorporate terms to allow for new super senior hedging.
- All of the Existing RCF Lenders and all of the Group's Hedging Banks have locked-up to support the Restructuring by entering into a formal agreement (the "Lock-up Agreement") pursuant to which they have agreed to, among other things, vote in favour of the Proposed RCF Amendments.

Proposed Note Amendments

- Certain amendments to the High Yield Notes and the Retail Notes (the "Proposed Note Amendments") are being proposed to, amongst other things:
 - add a condition to payment of interest in cash based on, amongst other things, the average prevailing oil price (dated Brent future (as published by Platts)) for the six month period immediately preceding the day which is one month prior to the relevant interest payment date being at least \$65.00/bbl; otherwise interest payable is to be capitalised;
 - amend the maturity dates of the High Yield Notes and the Retail Notes to April 2022, with an option exercisable by the Company (at its absolute discretion) to extend the maturity date by one year and an automatic further extension of the maturity date to October 2023 if the Existing RCF is not fully repaid or refinanced by October 2020; and
 - amend certain of the financial indebtedness baskets under the High Yield Notes, remove the financial covenants under the Retail Notes, add new cross default provisions and restrict the Company from paying any dividend or distribution on any class of its shares until it has repaid or redeemed all capitalised interest (if any) accruing on the Notes in cash at par, together with any accrued but unpaid interest thereon.
- The Proposed Note Amendments will be effected through an English scheme of arrangement (the "Scheme"), which must be approved by 50 per cent. in number and 75 per cent. in value of Scheme Creditors attending and voting at a meeting convened with the permission of the English Court to consider the Scheme (the "Scheme Meeting"). The High Yield Noteholders and the Retail Noteholders will form a single class of creditors for the purpose of voting on the Scheme and further information has been provided to each of them today with further detail on the proposed terms of, and significant dates in relation to, the Scheme. As noted above, all of the elements of the Restructuring are inter-conditional, meaning that the Scheme will not become effective unless each of the other elements of the Restructuring are approved and/or completed. In addition, the Scheme is subject to the Company obtaining recognition of the Scheme under chapter 15 of Title 11 of the United States Code.
- High Yield Noteholders representing approximately 61 per cent. of the High Yield Notes have locked-up to support the Restructuring by entering into the Lock-up Agreement, pursuant to which they have agreed to, among other things, attend the Scheme Meeting in person or by proxy and to vote in favour of the Proposed Note Amendments. These High Yield Noteholders have also agreed not to take any enforcement action in relation to the interest payment due in respect of the High Yield Notes on 17 October 2016.
- Due to the diverse nature of the holdings of the Retail Notes it was not possible for the Company to approach all Existing Retail Note Holders in advance, but the Restructuring proposal has been considered by a number of significant Existing Retail Noteholders approached by the Company on a confidential basis. The feedback from such Existing Retail Noteholders was very positive and the sample indicated support for the Restructuring from professional investors.

Renewal of Surety Bond Facilities

- The Group's Surety Bond Providers (who provide instruments covering certain decommissioning security obligations) have agreed to renew the Surety Bond Facilities for a period of two years to the end of 2018 (with renewal in 2017 conditional on there being no relevant default at the time), provided that the other elements of the Restructuring are completed.

Placing and Open Offer

- The Company proposes to raise aggregate gross proceeds of approximately £82.0 million (equivalent to SEK 884 million at exchange rate of SEK 1.00 = GBP 0.0928, or approximately \$100 million at an exchange rate of US\$1.00 = GBP 0.8199, each on 12 October 2016), before expenses, of additional equity capital pursuant to the Placing and Open Offer.
- The Issue Price of 23 pence / SEK 2.48 represents a discount of 17.1 per cent. and 17.9 per cent. to the closing middle market price on the London Stock Exchange and NASDAQ Stockholm respectively on 12 October 2016 (being the last trading day prior to the announcement of the Placing and Open Offer).
- Open Offer ratio of 4 New Ordinary Shares for every 9 Existing Ordinary Shares.
- It is expected that all of the Open Offer Shares (other than the Committed Shares) will be conditionally placed (subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer) with Placees pursuant to the Placing by way of the Bookbuild (as described further below).
- Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu, is proposing to participate in the Placing and Open Offer. Double A Limited has irrevocably undertaken to participate in the Open Offer by taking up 31,735,702 New Ordinary Shares representing £7.3 million (approximately \$8.9 million), being its pro rata share of the amount to be raised in the Open Offer. In addition, Double A Limited has committed to participate in the Placing (subject to clawback to satisfy valid applications under the Open Offer and Scale Back) on a dollar for dollar basis against the total number of New Ordinary Shares which Existing Shareholders commit to subscribe for as part of the Placing on a pro rata basis, up to a maximum of £33.7 million (\$41.1 million). Double A Limited's participation in the Placing is currently expected to be £20.4 million (\$24.9 million), with the final amount being determined following completion of the Bookbuild. On that basis, prior to any clawback to satisfy valid applications under the Open Offer and Scale Back, Double A Limited's total commitment in the Placing and Open Offer would be £27.7 million (\$33.8 million).

Background to and reasons for the Restructuring proposal

The decline in oil prices since 2014 and the continuing challenging oil price environment have had a significant negative impact on the Group's revenues, liquidity and available cash resources.

In response to the decline in oil prices, the Group has set a number of strategic priorities, including delivering on execution, streamlining operations and strengthening the Group's balance sheet. The Group has continued to focus on delivering a strong operational performance and has also taken a number of additional measures to address the impact of the decline in oil prices and the Group's cash flow constraints, including the following:

- Negotiating the relaxation of certain financial covenants in the Existing RCF and the Retail Notes
- Engaging in commodity hedging activities
- Divesting non-core assets
- Reducing operating costs
- Reducing capital expenditure on the Kraken development

- Improving future cash flows through the development of Kraken and Scolty/Crathes
- Deferring certain trade creditor obligations

These measures have been significant steps in maintaining the Group's viability in the current environment. However, a longer term solution is needed to strengthen the Group's liquidity position, to reduce the burden of the Group's cash debt service obligations and in order for the Group to continue pursuing its business strategy and, in particular, to bring Kraken to first oil.

As noted above, these elements of the Restructuring are inter-conditional, meaning that none of the elements will become effective if, for example, the Scheme to effect the Proposed Note Amendments is not approved by the requisite majorities of Scheme Creditors or if the shareholder Resolutions in connection with the Placing and Open Offer are not approved by Shareholders.

The Restructuring has the support of stakeholders across the Group's capital structure:

- all of the Existing RCF Lenders have locked-up to support the Restructuring, including by voting in favour of the Proposed RCF Amendments;
- all of the Group's hedging banks (the "Hedging Banks") have locked-up to support the Restructuring, including by voting in favour of the Proposed RCF Amendments;
- holders representing approximately 61 per cent. in aggregate principal amount of the High Yield Notes (the holders of the High Yield Notes, the "High Yield Noteholders") have locked-up to support the Restructuring, including by voting in favour of the Scheme (as defined below) to effect the Proposed Note Amendments (as defined below) and by agreeing not to take any enforcement action in relation to the interest payment due in respect of the High Yield Notes on 17 October 2016;
- due to the diverse nature of the holdings of the Retail Notes it was not possible for the Company to approach all Existing Retail Note Holders in advance, but the Restructuring proposal has been considered by a number of significant Existing Retail Noteholders approached by the Company on a confidential basis; the feedback from such Existing Retail Noteholders was very positive and the sample indicated support for the Restructuring from professional investors; and
- the Company has received the support of its surety bonds providers, who have agreed to renew the Surety Bond Facilities subject to the successful completion of the Restructuring.

Please see below the anticipated key transaction dates (a more detailed timetable is included in Appendix II):

- **14 November 2016:** Shareholder General Meeting
- **14 November 2016:** Scheme Meeting
- **16 November 2016:** Open Offer Period ends
- **16 November 2016:** Scheme sanction hearing
- **17 November 2016:** Chapter 15 recognition obtained. Results of Placing and Open Offer (allocations confirmed to investors)
- **21 November 2016:** Restructuring becomes effective. Settlement of newly issued shares (T+2) – **Transaction close**

Current trading and future prospects, including trend information

Since 30 June 2016, the date of the Group's most recent unaudited interim financial statements, the Group has delivered against its strategic priorities in the continuing lower price environment. Further action to reduce operating and capital expenditure has been accompanied by sustained strength in operations.

The Group announced in September 2016 that as a result of the further phasing of milestone payments and despite additional capital expenditure on drilling the Eagle discovery it was expecting to reduce full year 2016 cash capital expenditure by approximately \$30 million. The Kraken and

Scolty/Crathes development projects are continuing ahead of budget; the Kraken FPSO is on track for sail away in the second half of 2016 and for first oil in H1 2017. In October 2016, the Group is now reducing its gross full cycle capital expenditure estimate for Kraken by approximately a further \$100 million, down to approximately \$2.5 billion, mainly as a result of better performance on drilling and subsea production systems. The Kraken FPSO is very close to mechanical completion, with the focus now on pre-commissioning and commissioning activities. All four engines and boilers are mechanically complete. The latest reductions in the overall full cycle gross capex estimates for Kraken reduce EnQuest's 2016 net cash capital expenditure by a further \$50 million, now down to between \$620 million and \$670 million. The Scolty/Crathes development is also ahead of schedule, with first oil expected to be delivered around the end of 2016. Average production guidance for the full year 2016 continues to be in the range of 42,000 Boepd to 44,000 Boepd. Unit operating expenditure for the first half of 2016 was \$23/bbl, ahead of target. The Company anticipates full year unit operating expenditure around the lower end of the \$25-\$27/bbl guidance for the full year 2016. The Company continues to seek cost reductions across the supply chain.

Substantial works have continued on Alma/Galia. The K1 (AP4) well required a chemical treatment which has been successful and the workover of the K3z (AP1) well, was carried out by early August, further increasing production. The drilling of well K7, the replacement for the uncompleted K6, is in progress, with completion operations underway. K7 should be online around the 2016 year end. On GKA, the planned shutdown during the second half of the year was delivered securely and successfully.

In line with its internal financial policies, the Group has continued to enter into hedging arrangements. Since 30 June 2016, the Group has hedged 1MMbbl of 2017 production (83kbbbls/month) at a fixed price of \$51.50. The Group has also sold 500,000 bbls per month for the first half of 2017 (3 MMbbls total) at a fixed price of \$49/bbl and has bought a call (nil cost) for the same notional quantity, with a strike at \$57.25. Should the price rise above \$57.25, the Group will receive the difference to offset the loss it would make on the \$49/bbl swaps). In addition, the Group has hedged 500,000 bbls for the first half of 2017 at \$54.50.

Update on EnQuest Board Sub-committees

EnQuest also announces the following changes to the Audit and Remuneration Committees with immediate effect

- Helmut Langanger has joined the Audit Committee; and
- Phil Holland has joined the Remuneration Committee.

Stefan Ricketts, General Counsel and Company Secretary, is arranging release of this announcement on behalf of the Company.

Unless otherwise defined herein, all capitalised terms used in the body of this announcement shall have the meaning given to them in Appendix III.

EnQuest PLC

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About EnQuest PLC

EnQuest is an oil and gas production and development company focused on turning opportunities into value by targeting maturing assets and undeveloped oil fields. EnQuest is the largest independent UK oil producer in the UK North Sea (as last measured for the twelve months ended 31 May 2016) and had interests in 29 UK production licences, 26 of which the Group operates, covering 41 blocks or part blocks in the UKCS as of 30 June 2016. In addition, the Group has interests in Malaysia through its PM8/Seligi Production Sharing Contract and the Tanjong Baram Risk Service Contract. The Company trades on both the London Stock Exchange and the NASDAQ OMX Stockholm.

IMPORTANT NOTICE

Shareholders should note that the Open Offer is not a rights issue. Qualifying CREST Shareholders should note that the Open Offer Entitlements will not be tradeable or listed and that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Swedish Shareholders should note that they will not receive Open Offer Entitlements and Qualifying Swedish Directly Registered Shareholders should note that neither the Pre-Printed Issue Account Statement or the Swedish Application Form is a negotiable document and that neither of them can be traded. Any trading in the Pre-Printed Issue Account Statement or the Swedish Application Form will be void and any acquirer thereof will have no rights thereunder.

Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be subscribed for under the Placing with the net proceeds retained for the benefit of the Company and Qualifying Shareholders who do not apply to take up their Open Offer Entitlements will have no rights under the Open Offer to receive any proceeds from it.

This announcement has been issued by and is the sole responsibility of EnQuest. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may or should be placed by any person for any purpose whatsoever on the information contained in this announcement or on its accuracy or completeness. The information in this announcement is subject to change.

This announcement is not a prospectus but an advertisement and investors should not make any decision to purchase, subscribe for, otherwise acquire, sell or otherwise dispose of any New Ordinary Shares, New High Yield Notes, Existing Retail Notes or Amended Retail Notes referred to in this announcement except on the basis of the information contained in the Prospectus to be published by EnQuest in connection with the Placing and Open Offer to be published or the Explanatory Statement to be distributed electronically by EnQuest in connection with the Scheme (as applicable).

Copies of the Prospectus will, following publication, be available from the registered office of EnQuest and on EnQuest's website at www.enquest.com and the Explanatory Statement will, following distribution electronically, be available upon request at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2AG and on the Company's information agent website at www.lucid-is.com/enquest. The Prospectus is not, subject to certain exceptions, available (through the website or otherwise) to Shareholders and prospective investors in the United States, Australia, Canada, Japan and the Republic of South Africa. Neither the content of EnQuest's website nor any website accessible by hyperlinks on EnQuest's website is incorporated in, or forms part of, this announcement. The Prospectus will provide further details of the New Ordinary Shares being offered pursuant to the Placing and Open Offer and the Explanatory Statement will provide further details of the Scheme.

This announcement does not contain or constitute an offer to sell or the solicitation of an offer to purchase securities to any person with a registered address in, or who is resident in, any Excluded Territory or in any jurisdiction in which such an offer or solicitation is unlawful. None of the securities referred to herein have been or will be registered under the relevant laws of any state, province or territory in any Excluded Territory. Subject to certain limited exceptions, none of these materials will be released, published, distributed or forwarded in or into any Excluded Territory.

This announcement does not contain or constitute an offer for sale or the solicitation of an offer to purchase securities in the United States. The New Ordinary Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from or in a transaction not subject to the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Ordinary Shares in the United States.

The New High Yield Notes to be issued pursuant to the Scheme will not be registered under the Securities Act and will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) thereof.

This announcement is for information purposes only and is not intended to and does not constitute or form part of any offer or invitation to purchase or subscribe for, or any solicitation to purchase or subscribe for, any securities in any jurisdiction. No offer or invitation to purchase or subscribe for, or any solicitation to purchase or subscribe for, any securities will be made in any jurisdiction in which such an offer or solicitation is unlawful. The information contained in this announcement is not for release, publication or distribution to persons in the United States or any other Excluded Territory, and should not be distributed, forwarded to or transmitted in or into any jurisdiction, where to do so might constitute a violation of local securities laws or regulations.

This announcement has been prepared in accordance with English law, the EU Market Abuse Regulation and the Disclosure Guidance Rules and Transparency Rules of the Financial Conduct Authority and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

The distribution of this announcement into jurisdictions other than the United Kingdom and Sweden may be restricted by law, and, therefore, persons into whose possession this

announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdiction. In particular, subject to certain exceptions, this announcement, the Prospectus (once published) and the Application Forms should not be distributed, forwarded to or transmitted in or into the United States or any other Excluded Territory.

Recipients of this announcement and/ or the Prospectus and/or the Explanatory Statement should conduct their own investigation, evaluation and analysis of the business, data and property described in this announcement and/or if and when published the Prospectus and/or if and when distributed electronically the Explanatory Statement. This announcement does not constitute a recommendation concerning any investor's options with respect to the Placing and Open Offer. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. The contents of this announcement are not to be construed as legal, business, financial or tax advice. Each investor or prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

Notice to all investors

J.P. Morgan Securities plc (which conducts its UK investment banking services as "J.P. Morgan Cazenove") and Merrill Lynch International ("BofA Merrill Lynch") are each authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority. J.P. Morgan Cazenove and BofA Merrill Lynch are acting for EnQuest and are acting for no one else in connection with the Placing and Open Offer and will not regard any other person as a client in relation to the Placing and Open Offer and will not be responsible to anyone other than EnQuest for providing the protections afforded to their respective clients, nor for providing advice in connection with the Placing and Open Offer or any other matter, transaction or arrangement referred to herein.

N M Rothschild & Sons Limited ("Rothschild"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting for EnQuest solely in the capacity of financial advisor to the Restructuring. Rothschild will not be responsible to anyone other than EnQuest for providing the protections afforded to clients of Rothschild nor for providing advice in relation to the Restructuring.

Apart from the responsibilities and liabilities, if any, which may be imposed upon J.P. Morgan Cazenove, BofA Merrill Lynch and Rothschild by the FSMA, J.P. Morgan Cazenove, BofA Merrill Lynch and/or Rothschild do not accept any responsibility or liability whatsoever and make no representation or warranty, express or implied, for the contents of this announcement, including its accuracy, fairness, sufficiency, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with EnQuest or the New Ordinary Shares or the Placing and Open Offer or the Restructuring and nothing in this announcement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Each of J.P. Morgan Cazenove, BofA Merrill Lynch and Rothschild accordingly disclaims to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this announcement or any such statement. Each of J.P. Morgan Cazenove and BofA Merrill Lynch and/or their respective affiliates have from time to time engaged in, and may in future engage in, various commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with EnQuest. They have received and will receive customary fees and commissions for these transactions and services. In addition, an affiliate of BofA Merrill Lynch and an affiliate of J.P. Morgan Cazenove are lenders under EnQuest's senior secured revolving credit facility and each such affiliate may have performed its own credit analysis on the Company. Rothschild provides financial advisory services to EnQuest from time to time. EnQuest does not intend to use proceeds from the Placing and Open Offer to repay bank debt.

No person has been authorised to give any information or to make any representations other than those contained in this announcement and the Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by EnQuest or J.P. Morgan Cazenove, BofA Merrill Lynch or Rothschild. Subject to the Listing Rules, the Prospectus Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the issue of this announcement shall not, in any circumstances, create any implication that there has been no change in the affairs of EnQuest since the date of this announcement or that the information in it is correct as at any subsequent date.

Cautionary statement regarding forward-looking statements

This announcement may contain certain forward-looking statements, beliefs or opinions, with respect to the financial condition, results of operations and business of EnQuest and the Group.

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". The words "believe," "estimate," "target," "anticipate," "expect," "could," "would," "intend," "aim," "plan," "predict," "continue," "assume," "positioned," "may," "will," "should," "shall," "risk" their negatives and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. An investor should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company's or the Group's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions investors that forward-looking statements are not guarantees of future performance and that its actual results of operations and financial condition, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained in this announcement and/or information incorporated by reference into this announcement. In addition, even if the Company's or the Group's results of operation, financial position and growth, and the development of the markets and the industry in which the Group operates, are consistent with the forward-looking statements contained in this announcement, these results or developments may not be indicative of results or developments in subsequent periods. The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue.

Past performance of the Company cannot be relied on as a guide to future performance. As a result, you are cautioned not to place undue reliance on such forward-looking statements. A variety of factors may cause the Company's or the Group's actual results to differ materially from the forward-looking statements contained in this announcement. Forward-looking statements speak only as of their date and the Company, its parent and subsidiary undertakings, the subsidiary undertakings of such parent undertakings, J.P. Morgan Cazenove, BofA Merrill Lynch and Rothschild and any of such persons' respective directors, officers, employees, agents, affiliates or advisers expressly disclaim any obligation to supplement, amend, update or revise any of the forward-looking statements made herein, except where it would be required to do so under applicable law.

You are advised to read this announcement and the Prospectus (once published) and the Explanatory Statement (once distributed electronically) (if relevant) in their entirety for a further discussion of the factors that could affect EnQuest's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per share of EnQuest for the current or future financial years would necessarily match or exceed the historical published earnings per share of EnQuest.

Further Information in relation to the Placing and Open Offer

Introduction

The Company announced a proposed capital raise, by way of a Placing and Open Offer of, in aggregate, 356,738,114 New Ordinary Shares at an Issue Price of 23 pence (2.48 SEK per New Ordinary Share for Qualifying Swedish Shareholders in the Swedish Open Offer) per New Ordinary Share to raise gross proceeds of approximately £82.0 million (equivalent to SEK 884 million at exchange rate of SEK 1.00 = GBP 0.0928 on 12 October 2016) (approximately £78.1 million net of estimated expenses (equivalent to SEK 842 million at exchange rate of SEK 1.00 = GBP 0.0928 on 12 October 2016)). The Placing and Open Offer forms part of the Restructuring announced today following negotiations with relevant stakeholders, including the Existing RCF Lenders, the Hedging Banks and the Ad Hoc Noteholder Committee. The key features of the Restructuring are (i) the Placing and Open Offer; (ii) the Proposed RCF Amendments extending the final maturity date of the Existing RCF to October 2021, splitting the maximum aggregate commitments into a term loan facility and a revolving credit facility, amending the amortisation profile, relaxing certain of the financial covenants in the Existing RCF and incorporating terms allowing for new super senior hedging; (iii) the Proposed Note Amendments to be effected by way of an English scheme of arrangement amending the High Yield Notes and Retail Notes, amongst other things, to provide that interest will only be payable in cash on any interest payment date if certain conditions are met (including that the prevailing average oil price is at least \$65.00/bbl for a six-month period, otherwise interest will be capitalised), to enable the Company (at its absolute discretion) to extend, at any time, the final maturity dates to April 2023 and automatically to extend the maturity dates to October 2023 if the Company has not repaid or refinanced the Existing RCF by 15 October 2020, to remove certain financial covenants from the Retail Notes, amend certain financial indebtedness baskets in the High Yield Notes and include a restriction on certain payments to shareholders (and their affiliates) if the Company has not redeemed in cash the capitalised interest in respect of the High Yield Notes and the Retail Notes together with any accrued but unpaid interest thereon; and (iv) the renewal of the Surety Bond Facilities.

Bookbuild

A Bookbuild will open with immediate effect. The timing of the closing of the Bookbuild is at the discretion of J.P. Morgan Cazenove and BofA Merrill Lynch, following consultation with the Company.

By choosing to participate in the Placing and by making an oral and legally binding offer to acquire New Ordinary Shares, investors will be deemed to have read and understood this announcement in its entirety (including the Appendices), and to be making such offer on the terms and subject to the conditions of the Placing contained herein, and to be providing the representations, warranties and acknowledgements contained in Appendix I.

Allocations

If bids made in the Bookbuild exceed 314,232,124 New Ordinary Shares, the number of New Ordinary Shares to be subscribed for by Double A Limited in the Placing may, at the discretion of Double A Limited, be reduced on a "first fill basis" ("Scale Back"). Details of Double A Limited's participation in the Placing following Scale Back will be announced as soon as practicable after the Bookbuild.

Participation by Double A Limited

Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu, is proposing to participate in the Placing and Open Offer. As Amjad Bseisu is a Director of the Company, the participation of Double A Limited in the Placing constitutes a “related party transaction” for the purposes of Chapter 11 of the Listing Rules and therefore requires the approval of Shareholders.

Double A Limited has irrevocably undertaken to take up 31,735,702 New Ordinary Shares, representing £7.3 million (\$8.9 million) in the Open Offer, representing its pro rata share of the amount to be raised in the Open Offer. In addition, Double A Limited has committed to participate in the Placing (subject to clawback to satisfy valid acceptances under the Open Offer and Scale Back) on a dollar for dollar basis against the total number of New Ordinary Shares which Existing Shareholders commit to subscribe for as part of the Placing on a pro rata basis for a maximum of £33.7 million (\$41.1 million). Double A Limited’s participation in the Placing is currently expected to be £20.4 million (\$24.9 million), with the final amount being determined following completion of the Bookbuild. On that basis, prior to any clawback to satisfy valid applications under the Open Offer and Scale Back, Double A’s total commitment in the Placing and Open Offer would be £27.7 million (\$33.8 million). Without prejudice to its obligations to subscribe for New Ordinary Shares in the Placing as set out in this announcement, Double A Limited may enter into back to back or other arrangements with pre-identified persons and/or the Company, as the case may be, for the Company to issue to such third parties certain of the New Ordinary Shares which Double A Limited is required to subscribe for in the Placing (following clawback in the Open Offer and Scale Back). The New Ordinary Shares to be subscribed for in the Placing and Open Offer by Double A Limited are not being underwritten by the Joint Bookrunners.

Background to and reasons for the Placing and Open Offer and the Restructuring

Against the backdrop of challenging market conditions, the Group has achieved a robust operational performance in its most recent financial periods, as demonstrated by its increasing production and cost efficiency, as it continues to pursue its strategy of turning opportunities into value by targeting maturing assets and undeveloped oil fields and exploiting its existing reserves. Nevertheless, the decline in oil prices during and since 2014 and the continuing low oil price environment have had a significant negative impact on the Group’s revenues, liquidity and available cash resources. This situation has been exacerbated by the Group’s level of debt and the significant cash resources required to service the interest on this debt, as well as by the significant capital expenditure required for development assets including, in particular, the Group’s Kraken development asset, the Group’s largest project to date. These factors combined have put considerable pressure on the Group’s cash flows. As a result, the Directors are now of the view that, without substantial changes to the Group’s capital and debt structure, the Group will have insufficient cash resources to bring Kraken to first oil and to meet all of its payment obligations as they fall due. In particular, if the Placing and Open Offer and the Restructuring as described in this announcement do not proceed, the Directors believe that there is a substantial risk that the Group will be unable to pay the interest payment due in respect of the High Yield Notes on 17 October 2016. If not remedied within the applicable 30 day grace period, and there is no interest payment standstill agreed by the requisite majority of High Yield Noteholders (being 90 per cent. or more in value), this would constitute a default under the High Yield Notes and a cross default under certain of the Group’s other debt instruments and facilities, including the Existing RCF and the Retail Notes. In addition, the Group has, since January 2015, obtained waivers from the Existing RCF Lenders in respect of the liquidity covenant contained in the Existing RCF and the current waiver from this covenant expires on 31 December 2016. To the extent the Group is unable to improve its liquidity position or obtain further waivers from the Existing RCF Lenders, the Group could fail to meet the liquidity covenant in the Existing RCF when next tested on 31 December 2016 or on a subsequent test date, which would constitute an event of default under the Existing RCF. In either of these circumstances, there is a risk that the Company and/or its subsidiaries may become subject to enforcement action which if not terminated or withdrawn could result in the majority Existing RCF Lenders appointing an administrator to the Company, with a view to the administrator commencing (and/or continuing, if already commenced by the Company at such time) a marketing process for the

sale of the Group on an accelerated basis. However, the Ad Hoc Noteholder Committee may propose an alternative debt restructuring and seek to engage in negotiations with the Existing RCF lenders and the Company (which may involve providing a standstill of the October Interest Payment if the requisite majority has approved such standstill) and the Existing RCF Lenders may or may not accept such proposal or may consider such proposal in the context of the sales process.

Although the Group has already undertaken a number of measures to mitigate the impact of the low oil price environment (as described further below), the Directors believe that in order to continue its operations as currently envisioned the Group must strengthen its balance sheet, reduce the impact of the Group's current debt on its cash flows and increase the Group's cash resources. The Directors are therefore proposing the Restructuring, of which the Placing and Open Offer forms an integral part, and are recommending that Shareholders approve the Resolutions required to complete the Placing and Open Offer. The Directors expect that the proceeds of the Placing and Open Offer will enable the Group to complete the developments of Kraken and Scolty/Crathes, which the Directors expect will lead to both significant increases in production and significant decreases in average operating costs across the Group. The Directors believe that the completion of the Restructuring, including the Placing and Open Offer, will put the Group in a stronger position to meet current oil market conditions, as they continue to believe that the Group's fundamental business, with its strategy of targeting mature and marginal oil assets and its focus on cost efficiency, is well placed to withstand a prolonged period of low oil prices, and will be even better placed to do so after completion of the Kraken development.

The recent significant decline in oil prices began in the second half of 2014, with the average realised price for the Group's UKCS and Malaysian oil sales (excluding hedging) together decreasing from \$100.6 per barrel for the year ended 31 December 2014 to \$50.9 per barrel for the year ended 31 December 2015, and from \$58 per barrel for the six months ended 30 June 2015 to \$41 per barrel for the six months ended 30 June 2016. The Brent crude oil benchmark (which is the benchmark against which the Group's UKCS production is priced) reached a low of \$27.88/bbl on 20 January 2016. Although oil prices have stabilised somewhat, they remain significantly below the levels that prevailed in 2013 and the first half of 2014 (with the Brent crude oil benchmark at a high of \$118.9 on 8 February 2013). The Brent crude oil benchmark was \$51.7/bbl as of 12 October 2016. This reduction in oil prices has had a negative impact on the Group's revenues and cash flows from operating activities.

In response to the decline in oil prices, the Group has set a number of strategic priorities, including delivering on execution, streamlining operations and strengthening the Group's balance sheet. The Group has continued to focus on delivering a strong operational performance, as demonstrated by the 31.1 per cent. increase in the Group's net daily average production in 2015 and a 43.3 per cent. increase in net daily average production in the six months ended 30 June 2016 (compared to the same period in the prior year) and reduced operating costs described in more detail below. The Group has also taken a number of additional measures to address the impact of the decline in oil prices and the Group's cash flow constraints, including the following:

- *Negotiating amendments to certain financial covenants in the Existing RCF and the Existing Retail Notes:* In January 2015, the Group negotiated temporary amendments to certain of its financial covenants in the Existing RCF, raising the net debt/EBITDA covenant to five times and reducing the ratio of EBITDA to financing charges to a minimum of three times, both until mid-2017, providing the Group with additional headroom in the low oil price environment. In May 2015, following approval by the holders of the Existing Retail Notes, the financial covenants in the Existing Retail Notes were amended for consistency with the amendments to the Existing RCF. The Company is seeking further changes to the Existing RCF and Existing Retail Notes as part of the Restructuring as mentioned above.
- *Engaging in commodity hedging activities:* In line with its financial policies, the Group entered into a number of commodity hedging contracts in 2014, partially hedging the Group's exposure to fluctuations in oil prices, and entered into additional hedging contracts in 2015 as a response to the continued low oil price environment. As of 31 December 2015, the Group's

commodity hedging contracts included bought put options over 8MMbbls, maturing throughout 2016, with an average strike price of \$68/bbl and oil swap contracts to sell 2MMbbls at an average price of \$66.64/bbl maturing throughout 2016. These hedging arrangements considerably mitigated the fall in the Group's revenues in 2015, as the Group recognised \$261.2 million in realised gains from its hedging activities (relating to the portion of the Group's commodity hedging contracts that were ineffective for hedging purposes or held for trading purposes) during the year ended 31 December 2015. As of 30 June 2016, the Group's commodity hedging contracts included bought put options over 4.3MMbbls at an average price of \$68/bbl maturing throughout 2016 and oil swap contracts to sell 1.3MMbbls at an average price of \$67/bbl maturing throughout 2016. During the first six months of 2016, the Group realised \$128.1 million in revenue relating to its commodity hedging activities, which partially offset the decline in oil sales. Since 30 June 2016, the Group entered hedging arrangements over 1MMbbl of 2017 production (83kbbbls/ month) at a fixed price of \$51.50. The Group has also sold 500,000bbls per month for the first half of 2017 (3 MMbbls total) at a fixed price of \$49/bbl and has bought a call (nil cost) for the same notional quantity, with a strike at \$57.25. Should the price rise above \$57.25, the Group will receive the difference to offset the loss it would make on the \$49/bbl swaps). In addition, the Group hedged 500,000 bbls for the first half of 2017 at \$54.50.

- *Divesting non-core assets:* In 2015, as part of its investment prioritisation programme, the Group disposed of its interests in assets in Norway, Egypt and Tunisia and its exploration assets in Malaysia. The Group also relinquished its interests in a number of exploration licences in the UK. These divestments have allowed the Group to focus on enhancing production at its currently producing assets, including bringing Alma/Galia into full production, and developing its core development assets, being Kraken and Scolty/Crathes.
- *Reducing operating costs:* In line with the Group's focus on cost efficiency, it has made further significant cuts to its cost base since the decline in oil prices, including through lowering supply chain, contractor and staff costs, moving its procurement team to Dubai to take advantage of lower cost structures and working with the SVT operator to reduce gross cost levels. EnQuest reduced average unit operating costs in 2015 to \$30/bbl (compared to \$42/bbl in 2014) and in the first half of 2016 to \$23/bbl (compared to \$39/bbl in the first half of 2015). The Directors expect average unit operating costs for the full year 2016 to be around the lower end of the guidance of \$25-\$27/bbl and expect that unit operating costs will decrease to the low \$20s per barrel when Kraken comes fully on-stream.
- *Reducing capital expenditure on the Kraken development:* The gross full cycle capital expenditure estimate for Kraken has been reduced to approximately \$2.5 billion from \$3.2 billion at sanction in 2013.
- *Improving future cash flows through the development of Kraken and Scolty/Crathes:* The Directors expect that Kraken will deliver first oil in the first half of 2017 and that the Scolty / Crathes fields will deliver first oil around the end of 2016. The increase in production and, as a result, revenues brought about by the completion of these developments, combined with reduced capital expenditure and operational costs, would improve the Group's cash flow position.
- *Deferring certain trade creditor obligations:* The Group has also recently agreed the deferral of certain payments owed to several of its trade suppliers, which the Directors believe demonstrate trade suppliers' willingness to support the Company. Pursuant to these arrangements, these trade suppliers have agreed for outstanding liabilities to be deferred in accordance with agreed repayment profiles, allowing the Group to repay these liabilities through periodic payments extending to between October 2016 and April 2019. These measures have been significant steps in maintaining the Group's viability in the current environment.

The Directors recognise, however, that in order to allow the Group to continue to pursue its current strategy (and, in particular, to bring Kraken to first oil) and to maintain the viability of the Group's business going forward, a longer term solution is needed to strengthen the Group's liquidity position and reduce the burden of the Group's debt service obligations on its business. Having negotiated with

relevant stakeholders, including the Existing RCF Lenders and the Ad Hoc Noteholder Committee, the Directors have therefore proposed the measures comprised in the Restructuring.

All of the elements of the Restructuring are inter-conditional, meaning that none of the components of the Restructuring will be completed if the Placing and Open Offer is not approved by Shareholders and that the Placing and Open Offer will not proceed if the other components of the Restructuring are not consented to and/or completed.

Principal terms and conditions of the Placing and Open Offer

The Company intends to raise total gross proceeds of an aggregate of approximately £82.0 million (equivalent to SEK 884 million at exchange rate of SEK 1.00 = GBP 0.0928 on 12 October 2016) (approximately \$100 million) (approximately £78.1 million, (equivalent to SEK 842 million at exchange rate of SEK 1.00 = GBP 0.0928 on 12 October 2016) or \$95 million, net of estimated expenses) through the issue of 356,738,114 New Ordinary Shares by way of the Placing and Open Offer at the Issue Price. The Placing and Open Offer is conditional upon, amongst other things, LSE Admission becoming effective by not later than 8.00 a.m. on 21 November 2016 (or such later time and/or date as the Company may agree with the Joint Bookrunners, not being later than 8.00 a.m. on 24 November 2016).

The Issue Price represents a discount of 4.8 pence (17.1 per cent.) to the closing middle market price of 27.8 pence per Existing Ordinary Share on the London Stock Exchange on 12 October 2016 (being the last trading day prior to the announcement of the Placing and Open Offer) and a discount of SEK 0.54 (17.9 per cent.) to the closing middle market price of SEK 3.02 per Existing Ordinary Share on NASDAQ Stockholm on 12 October 2016 (being the last trading day prior to the announcement of the Placing and Open Offer).

Irrevocable undertakings to take up entitlements under the Open Offer have been received from Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu, and the Trustees, representing in aggregate 11.9 per cent. of the New Ordinary Shares.

The Placing and Open Offer is conditional, *inter alia*, upon:

- (a) the Placing Terms Agreement having been duly executed and delivered by the parties thereto by no later 5:00 p.m. on 13 October 2016 (or such later time and/or date as the Joint Bookrunners may agree with the Company);
- (b) the passing without amendment of the Resolutions at the General Meeting (and not, except with the prior written agreement of the Joint Bookrunners, acting jointly, at any adjournment of such meeting) on 14 November 2016 (or such later date as the Joint Bookrunners may agree) and the Resolutions remaining in force;
- (c) the Company having complied with its obligations under the Sponsor and Placing Agreement and under the terms and conditions of the Placing and Open Offer which fall to be performed on or prior to LSE Admission save as otherwise agreed by the Joint Bookrunners, acting jointly;
- (d) save for any condition in relation to Admission, the Proposed RCF Amendments and the Amendment and Restatement Agreement becoming unconditionally effective prior to LSE Admission;
- (e) save for any condition in relation to Admission, the renewal of the Surety Bond Facilities becoming unconditionally effective prior to LSE Admission;
- (f) save for any condition in relation to Admission, the Scheme and the Proposed Note Amendments becoming unconditionally effective prior to LSE Admission;

- (g) LSE Admission becoming effective by not later than 8.00 a.m. on 21 November 2016 (or such later time and/or date as the Company may agree with the Joint Bookrunners, not being later than 8.00 a.m. on 24 November 2016) and application for Stockholm Admission having been made and no notification having been received that Stockholm Admission has been refused or will not become effective on or prior to 24 November 2016; and
- (h) the Double A Placing Letter and associated Letter of Credit being entered into by the parties thereto having, and continuing to have, full force and effect and not having been terminated, varied, modified or supplemented or lapsing before LSE Admission, and no right to terminate or rescind the Double A Placing Letter and associated Letter of Credit having arisen before LSE Admission.

Accordingly, if any such conditions are not satisfied the Placing and Open Offer will not proceed, any Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies received under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders, by way of a CREST payment in the case of Qualifying CREST Shareholders, by way of payment to the Swedish Issuer Agent in the case of Qualifying Swedish Directly Registered Shareholders and by way of payment in accordance with the applicable procedures of the relevant nominee in the case of Qualifying Swedish Nominee Registered Shareholders, without interest, as soon as practicable thereafter.

A Qualifying Shareholder that does not take up any Open Offer Shares under the Open Offer (or a Shareholder in the United States or an Excluded Territory who is not eligible to participate in the Open Offer) will experience a dilution of 30.8 per cent. as a result of the Placing and Open Offer.

Further information on the Placing and Open Offer, and the terms and conditions on which they are made, including the procedure for application and payment in the Open Offer, are set out in the Prospectus.

The Joint Bookrunners have agreed, pursuant to the Sponsor and Placing Agreement, to conditionally place all the Open Offer Shares (other than the Committed Shares) at the Issue Price with Placees. The commitments of these Placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. The commitment of Double A Limited as a Placee is also subject to Scale Back. Subject to the Placing and Open Offer not being terminated, any Open Offer Shares which are not applied for in respect of the Open Offer will be issued to Placees procured by the Joint Bookrunners or, failing which (other than the New Ordinary Shares which the Trustees have undertaken to subscribe for pursuant to the EnQuest EBT Irrevocable Undertaking and which Double A Limited has undertaken to subscribe for pursuant to the Double A Irrevocable Undertaking and the Double A Placing Letter, which are not being underwritten), to the Joint Bookrunners, in each case at the Issue Price, with the net proceeds retained for the benefit of the Company. For the avoidance of doubt, the New Ordinary Shares to be subscribed for by Double A Limited in the Placing and Open Offer are not being underwritten by the Joint Bookrunners.

Qualifying Shareholders are being given the opportunity to apply for the Open Offer Shares at the Issue Price on and subject to the terms and conditions of the Open Offer, *pro rata* to their holdings of Existing Ordinary Shares on the Record Date on the following basis:

4 New Ordinary Shares for every 9 Existing Ordinary Shares

and so in proportion to any other number of Existing Ordinary Shares then held.

Fractions of New Ordinary Shares will not be allotted and each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. Fractional entitlements will be aggregated and will be placed pursuant to the Placing for the benefit of the Company. Accordingly, Qualifying Shareholders with fewer than 3 Existing Ordinary Shares will not have the opportunity to participate in the Open Offer.

The New Ordinary Shares issued under the Placing and Open Offer, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission.

Applications will be made (i) to the Financial Conduct Authority for 356,738,114 New Ordinary Shares to be issued under the Placing and Open Offer to be admitted to the premium listing segment of the Official List; (ii) to the London Stock Exchange for 356,738,114 New Ordinary Shares to be issued under the Placing and Open Offer to be admitted to trading on its main market for listed securities; and (iii) to NASDAQ Stockholm AB for New Ordinary Shares to be issued under the Placing and Open Offer to be listed on NASDAQ Stockholm. Subject to the conditions below being satisfied, it is expected that LSE Admission will become effective on 21 November 2016 and that dealings for normal settlement in the Open Offer Shares will commence at 8.00 a.m. on the same day and Stockholm Admission will become effective on or around 21 November 2016 and that dealings for normal settlement in the Open Offer Shares will commence on the same day.

Application will be made for the Open Offer Entitlements to be admitted to CREST. It is expected that the Open Offer Entitlements will be admitted to CREST as soon as practicable after 8.00 a.m. on 21 October 2016 and that the Open Offer Entitlements will also be enabled for settlement in CREST as soon as practicable after 8.00 a.m. on 21 October 2016. Qualifying Swedish Shareholders will not receive Open Offer Entitlements but instead will receive a Pre-Printed Issue Account Statement and Swedish Application Form if Qualifying Swedish Directly Registered Shareholders or will need to follow instructions from their nominees if Qualifying Swedish Nominee Registered Shareholders.

The Record Date for entitlements under the Open Offer and right to participate in the Swedish Open Offer will be at 6.00 p.m. on 19 October 2016. The ex-entitlement date for the Swedish Open Offer for Ordinary Shares held in the VPC System and traded on NASDAQ Stockholm will be 18 October 2016 and the ex-entitlement date for the Open Offer for Ordinary Shares held in CREST and traded on the London Stock Exchange will be 20 October 2016. It will not be possible to settle any trades in Ordinary Shares between the VPC System and CREST from the ex-entitlement date for the Swedish Open Offer until the ex-entitlement date for the Open Offer. The Open Offer Entitlements will be credited to stock accounts in CREST of Qualifying CREST Shareholders as soon as practicable after 8.00 a.m. on 21 October 2016 and subscription rights, as set out in the Pre-Printed Issue Report, will be credited to the VPC Accounts of Qualifying Swedish Directly Registered Shareholders and, pursuant to the procedures of the relevant nominee, to the nominee accounts of Qualifying Swedish Nominee Registered Shareholders as soon as practicable after 9.00 a.m. (Stockholm time) on 21 October 2016.

Use of proceeds from the Placing and Open Offer

It is intended that the net proceeds of the Placing and Open Offer (being approximately \$95 million, assuming full subscription under the Placing and Open Offer and after expenses in connection with the Placing and Open Offer), will be applied by the Group to:

- (a) continue the development of the Group's Kraken asset with the aim of achieving first oil in the first half of 2017;
- (b) continue the development of the Group's Scolty/Crathes asset; and
- (c) provide general corporate and working capital for the Group.

The Company does not intend to use proceeds from the Placing and Open Offer to repay bank debt.

Financial effects of the Placing and Open Offer and Restructuring

On a pro forma basis and assuming that the Placing and Open Offer and Restructuring had taken place on 30 June 2016, the Group would have had net assets of approximately \$833.4 million, compared with net assets of \$738.1 million reported as at 30 June 2016. Please refer to Part 6 ("*Unaudited Pro Forma Financial Information*") of the Placing and Open Offer Prospectus which contains an unaudited pro forma balance sheet, prepared to illustrate the effect of the Placing and Open Offer and the Proposed Note Amendments on the net assets of the Company as if these events had taken place on 30 June 2016.

The Directors believe that the proposed Restructuring, including the injection of additional equity capital in the Company pursuant to the Placing and Open Offer, will improve the Group's capital structure and improve the ongoing liquidity position of the Group, putting it in a stronger position to withstand a prolonged period of low oil prices.

**APPENDIX I - TERMS AND CONDITIONS OF THE PLACING
IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEES ONLY**

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE CONDITIONAL PLACING OF NEW ORDINARY SHARES SUBJECT TO CLAWBACK TO SATISFY VALID APPLICATIONS BY QUALIFYING SHAREHOLDERS UNDER THE OPEN OFFER. THIS ANNOUNCEMENT (WHICH IS FOR INFORMATION PURPOSES ONLY) AND THE TERMS AND CONDITIONS SET OUT IN THIS APPENDIX ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ("EEA") WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1) (E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC, AS AMENDED FROM TIME TO TIME, INCLUDING DIRECTIVE 2010/73/EC, AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE "PROSPECTUS DIRECTIVE") ("QUALIFIED INVESTORS"); AND (B) PERSONS IN THE UNITED KINGDOM WHO ARE QUALIFIED INVESTORS AND (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2) (A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED; OR (C) PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS APPENDIX DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

THE SECURITIES REFERRED TO IN THIS ANNOUNCEMENT HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION OF THE UNITED STATES. THE NEW ORDINARY SHARES OFFERED AND SOLD PURSUANT TO THE PLACING ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT. NO PUBLIC OFFERING OF SECURITIES IS BEING MADE IN THE UNITED STATES OR ELSEWHERE.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN ACQUISITION OF NEW ORDINARY SHARES.

The New Ordinary Shares have not been, nor will they be, registered or offered under the relevant securities laws of any state, province or territory of any Excluded Territory. Accordingly, the New Ordinary Shares may not be offered or sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, into or within any of the Excluded Territories except pursuant to an applicable exemption from registration or qualification requirements. None of the terms and conditions set out in this Appendix I, the Placing Proof Prospectus, or the Placing Letter is or constitutes an invitation or offer to sell or the solicitation of an invitation or an offer to buy New Ordinary Shares in any jurisdiction

in which such offer to sell or solicitation is unlawful. Persons into whose possession these documents come should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Joint Bookrunners do not make any representation to any Placees regarding an investment in the securities referred to in this announcement (including this Appendix I), the Placing Proof Prospectus, the Placing Letter or the Prospectus.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix I or the announcement of which it forms part should seek appropriate advice before taking any action.

Participation in, and principal terms of, the Placing

1. The Joint Bookrunners are acting as bookrunners and agents of the Company in connection with the Placing.
2. The Joint Bookrunners are arranging the Placing severally (and not jointly nor jointly and severally) as bookrunners and agents of the Company. Participation in the Placing will only be available to persons who are Relevant Persons and who may lawfully be, and are, invited to participate by either of the Joint Bookrunners. Each of the Joint Bookrunners and their respective affiliates are entitled to enter bids as principal in the Bookbuild.
3. The Bookbuild will establish the identity of the Placees and allocations of New Ordinary Shares to be allocated to Placees pursuant to the Placing whose bids are successful. The results of the Placing will be announced through a Regulatory Information Service following completion of the Bookbuild (the "Pricing Information").
4. To bid in the Bookbuild, Placees should communicate their bid by telephone to their usual sales contact at one of the Joint Bookrunners. Each bid should state the number of New Ordinary Shares which the prospective Placee wishes to acquire at the Issue Price. Bids may be scaled down by the Joint Bookrunners on the basis referred to in paragraph 9 below.
5. A bid in the Bookbuild will be made on the terms and subject to the conditions in this Appendix I, the Placing Letter, the Placing Proof Prospectus and the Pricing Information, will be legally binding on the Placee on behalf of which it is made and, except with the Joint Bookrunners' consent, will not be capable of variation or revocation after the time at which it is submitted. Each Placee will also have an immediate, separate, irrevocable and legally binding obligation owed to the Joint Bookrunners, as agent for the Company, to pay the Joint Bookrunners (or as they may direct) in cleared funds an amount equal to the product of the Issue Price and the number of New Ordinary Shares that such Placee has agreed to acquire (subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer) on the basis explained below under "Placing Procedure" and in the Placing Letter. Each Placee's obligations will be owed to the Joint Bookrunners.
6. The book will open with immediate effect and may close at any time thereafter, at the discretion of the Joint Bookrunners following consultation with the Company. The Joint Bookrunners may, in agreement with the Company, accept bids that are received after the Bookbuild has closed.

7. Each prospective Placee's allocation ("Provisional Placing Participation") will be agreed between the Joint Bookrunners and will be confirmed to Placees orally by the relevant Joint Bookrunner following the close of the Bookbuild, and the Placing Letter will be dispatched as soon as possible thereafter. The relevant Joint Bookrunner's oral confirmation to such Placee will constitute an irrevocable and legally binding commitment upon such person (who will at that point become a Placee) in favour of such Joint Bookrunner and the Company, to acquire the number of New Ordinary Shares allocated to it (subject to clawback to satisfy valid application by Qualifying Shareholders under the Open Offer) and to pay the Issue Price on the terms and conditions set out in this Appendix I, the Placing Proof, the Placing Letter and in accordance with the Company's articles of association. Each Placee will confirm such irrevocable and legally binding commitment by completing, signing and returning the form of acceptance contained in the Placing Letter in accordance with the instructions therein, and should a Placee fail to do so, the Joint Bookrunners will retain the right to cancel their allocation or terminate such irrevocable and legally binding commitment.
8. All obligations under the Bookbuild and the Placing will be subject to fulfilment or (where applicable) waiver of the conditions referred to in this announcement and to the Sponsor and Placing Agreement not having being terminated on the basis referred to below under "Right to terminate under the Sponsor and Placing Agreement".
9. The Joint Bookrunners may choose to accept bids, either in whole or in part, on the basis of allocations determined in agreement with the Company and may scale down any bids for this purpose on such basis as they may determine. The Joint Bookrunners may also, notwithstanding paragraphs 4 and 5 above and subject to prior consent of the Company (i) allocate New Ordinary Shares after the time of any initial allocation to any person submitting a bid after that time; and (ii) allocate New Ordinary Shares after the Bookbuild has closed to any person submitting a bid after that time. The Company reserves the right (upon agreement with the Joint Bookrunners) to reduce or seek to increase the amount to be raised pursuant to the Placing, at its absolute discretion. The acceptance of the bids shall be at the relevant Joint Bookrunner's absolute discretion, subject to agreement with the Company.
10. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all New Ordinary Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement" and in the Placing Letter.
11. Except as required by law or regulation, no press release or other announcement will be made by the Joint Bookrunners or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
12. By participating in the Bookbuild, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
13. To the fullest extent permissible by law, neither of the Joint Bookrunners nor any of their respective affiliates, agents, directors, officers or employees shall have any responsibility or liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither of the Joint Bookrunners nor any of their respective affiliates, agents, directors, officers or employees shall have any responsibility or liability (including, to the fullest extent permissible by law any fiduciary duties) in respect of the Joint Bookrunners' conduct of the Bookbuild or such alternative method of effecting the Placing as the Joint Bookrunners and the Company may agree.

Lock-up

Pursuant to the terms of the Sponsor and Placing Agreement, the Company has undertaken that it will not without the prior written consent of the Joint Bookrunners, during the period ending six months from the date of LSE Admission: (i) directly or indirectly, issue, allot, offer, pledge, sell, contract to sell, lend, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, deposit into any depositary receipt facility or otherwise transfer or dispose of any Ordinary Shares or any interest in Ordinary Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares or file any registration statement under the Securities Act with respect to any of the foregoing (or publicly announce the same or any intention to do the same); or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly, or indirectly, the economic consequences of ownership of the Ordinary Shares (or publicly announce the same or any intention to do the same), whether any such swap or transaction described in (i) or (ii) above is to be settled by delivery of the Ordinary Shares or such other securities, in cash or otherwise.

The foregoing undertaking does not apply to: (a) the issue and offer by or on behalf of the Company of the New Ordinary Shares; (b) any Ordinary Shares issued or to be issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof and disclosed in this document; and (iii) any Ordinary Shares issued or to be issued or options to subscribe for or acquire Ordinary Shares granted pursuant to existing or proposed employee benefit plans of the Company.

By participating in the Placing, Placees agree that the exercise by any Joint Bookrunner of any power to grant consent to the undertaking by the Company of a transaction which would otherwise be subject to the lockup under the Sponsor and Placing Agreement shall be within the absolute discretion of that Joint Bookrunner and that it need not make any reference to, or consult with, Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise of the power to grant consent.

Right to terminate under the Sponsor and Placing Agreement

The Joint Bookrunners may terminate the Sponsor and Placing Agreement in certain circumstances (such as a material adverse change or force majeure event) but only prior to the earlier of LSE Admission and Stockholm Admission. The Joint Bookrunners are not entitled to terminate the Sponsor and Placing Agreement after such time.

By participating in the Placing, Placees agree that the exercise by either Joint Bookrunner of any right of termination or other discretion under the Sponsor and Placing Agreement shall be within the absolute discretion of that Joint Bookrunner and that it need not make any reference to, or consult with, Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise.

Placing Procedure

Following the closing of the Bookbuild, each Placee conditionally allocated New Ordinary Shares in the Placing will be sent the Placing Letter confirming the contract concluded upon acceptance by the Joint Bookrunners of such Placee's earlier oral commitment to subscribe for New Ordinary Shares and also confirming the number of New Ordinary Shares conditionally allocated to it (subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer) at the Issue Price, the aggregate amount owed by such Placee to the Joint Bookrunner and settlement instructions.

The commitments of Placees to acquire the New Ordinary Shares pursuant to the Placing are subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer. The Joint Bookrunners have discretion with regard to the manner and extent of any scaling back of a Placee's conditional allocation, and such scaling back may not be pro rata to conditional allocations.

The Joint Bookrunners will notify Placees if any of the dates in the Appendices should change, including as a result of delay in the posting of the Prospectus, the Application Forms or the crediting of the Open Offer Entitlements in CREST or the production of a supplementary prospectus or otherwise.

Registration and settlement

Upon closing of the Open Offer (and following clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer), the Joint Bookrunners will confirm the final allocations of New Ordinary Shares to be issued to Placees (each a "Final Placing Participation") pursuant to the Placing orally or in writing to Placees and will issue a contract note or trade confirmation in respect of such Final Placing Participations (other than in respect of Double A Limited). The contract note or trade confirmation will include the payment and settlement procedures to be followed by Placees in connection with their subscriptions for the New Ordinary Shares comprised in their Final Placing Participations.

Settlement of transactions in the New Ordinary Shares following Admission will take place within CREST, subject to certain exceptions. The Joint Bookrunners and the Company reserve the right to require settlement for, and delivery of, the New Ordinary Shares (or any part thereof) to Placees by such other means that they deem necessary if delivery or settlement is not possible or practicable within CREST by the expected time for settlement and delivery set out in the contract note or trade confirmation or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the instructions set out in the Placing Letter and the contract note or trade confirmation (if applicable) and in accordance with the standing CREST instructions in respect of the New Ordinary Shares that it has in place with the relevant Joint Bookrunner.

Representations, warranties and further terms

By participating in the Placing and/or completing (as applicable), signing and returning the Letter of Confirmation attached to the Placing Letter, each Placee (and any person acting on such Placee's behalf) (referred to as "you" below) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Joint Bookrunners (in their capacity as bookrunners and placing agents of the Company, in each case as a fundamental term of their application for New Ordinary Shares), the following:

1. you have accepted the terms and conditions of this announcement, the Sponsor and Placing Agreement, Placing Proof Prospectus, the Pricing Information and, accordingly, to have irrevocably agreed in accordance with such terms and conditions to subscribe and pay for the number of New Ordinary Shares comprised in your Final Placing Participation at the Issue Price;
2. you acknowledge that your agreement so to subscribe for the number of New Ordinary Shares comprised in your Final Placing Participation is not by way of acceptance of a public offer made or to be made in the Prospectus but is by way of a collateral contract and, accordingly, section 87Q of FSMA does not entitle you to withdraw your acceptance in the event that the Company publishes a supplementary prospectus in connection with the Placing and Open Offer and/or Admission. Without prejudice to such acknowledgement, if you are so entitled to withdraw, by accepting the offer of your Final Placing Participation contained in this announcement, you irrevocably agree (if applicable) not to exercise any such rights and to confirm your acceptance of the offer contained in this announcement on the same terms immediately after any such right to withdraw arises;
3. the Joint Bookrunners are not acting for you; the Joint Bookrunners are acting solely for the Company in relation to the Placing and Open Offer and Admission and in no other capacity;

4. you have not relied on any information, representations and/or warranties from the Joint Bookrunners or the Company or any other person and have only relied on the information contained in the Placing Proof Prospectus, the Pricing Information and this announcement;
5. you understand and accept that by offering you a Provisional Placing Participation and/or a Final Placing Participation, the Joint Bookrunners are not making any recommendations to or advising you regarding the suitability or merits of any transaction you may enter into in connection with the Placing and Open Offer or otherwise and that you are not, and do not regard yourself as, our client in connection with the Placing and Open Offer, and that the Joint Bookrunners are acting solely for the Company in relation to the transaction as set out in the Placing Proof Prospectus and will not be responsible to you for providing the protections afforded to their respective clients or for advising you on the transactions and arrangements proposed in the Placing Proof Prospectus and/or the Sponsor and Placing Agreement nor for the exercise or performance of any of their respective rights and obligations thereunder, including any rights to waive or vary any conditions or exercise any termination right;
6. you irrevocably agree to subscribe for, and purchase the number of, New Ordinary Shares comprised in your Final Placing Participation at the Issue Price and on the terms set out in the Placing Proof Prospectus, that you have obtained all necessary consents and authorities to enable you to give your commitment to so subscribe and purchase, you have funds available to do so, and that you will pay for your Final Placing Participation in full;
7. you have received and read a copy of this announcement, the Placing Proof Prospectus and the Pricing Information and all such other information as you deem necessary to make an investment decision in relation to the New Ordinary Shares;
8. you have made your own assessment and have satisfied yourself concerning the relevant tax, legal, currency and other economic considerations relevant to your investment in the New Ordinary Shares and have relied on your own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and Open Offer; (ii) neither of the Joint Bookrunners nor any of their respective affiliates or any person acting on behalf of any of them has provided, or will provide you, with any material regarding the New Ordinary Shares in addition to the Placing Proof Prospectus and the Pricing Information; and (iii) you have not requested that the Joint Bookrunners, the Company or any of their respective affiliates or any person acting on behalf of any of them to provide you with any such information;
9. the contents of the Placing Proof Prospectus, this announcement and the Pricing Information are exclusively the responsibility of the Company and that neither of the Joint Bookrunners nor any of their respective affiliates, employees, agents or advisers nor any other person acting on their behalf make any representation or warranty, express or implied, in relation to, nor will be responsible for or shall have liability for any information, representation or statement contained therein or any information previously published by or on behalf of the Company or any other written or oral information made available to or publicly available or filed information or any representation, warranty or undertaking relating to the Company, and neither of the Joint Bookrunners nor their respective affiliates or any person acting on their behalf will be responsible or liable for your investment decision in relation to the New Ordinary Shares based on any information representation or statement contained in the Placing Proof Prospectus, this announcement and the Pricing Information;
10. you will only be entitled to rely on any information or representation in relation to the Company or the New Ordinary Shares contained in the Placing Proof Prospectus, the Pricing Information, the Prospectus and any supplementary prospectus;
11. unless otherwise agreed in writing with the Joint Bookrunners, you are a person whose ordinary activities involve you (as principal or agent) in acquiring, holding, managing or disposing of investments for the purpose of your business and you undertake that you will (as principal or agent) acquire, hold, manage or dispose of any New Ordinary Shares that are allocated to you for the purposes of your business;

12. unless otherwise agreed in writing with the Joint Bookrunners, if you are a resident in the EEA, you are a qualified investor within the meaning of the law in the relevant member state implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive;
13. you have complied with your obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002 (as amended) and the Terrorism Act 2000 (as amended), the Terrorism Act 2006 (as amended), the Money Laundering Regulations 2007 and the Money Laundering Sourcebook of the Financial Conduct Authority and any other applicable legislation concerning prevention of money laundering (the “Regulations”) and you will on request from the relevant Joint Bookrunner provide any such information and provide such assistance to such Joint Bookrunner in order to verify your identity which such Joint Bookrunner may require in compliance with the Regulations and, if you are making payment on behalf of a third party, you have obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Regulations. Definitive certificates in respect of the New Ordinary Shares may be retained at the Joint Bookrunners’ absolute discretion or, where appropriate, delivery of the New Ordinary Shares to you in uncertificated form, may be retained at the Joint Bookrunner’s or the Company’s registrars’, as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity either of the Joint Bookrunners (for itself and as agent on behalf of the Company) or the Company’s registrars have not received evidence satisfactory to them, such Joint Bookrunner and/or the Company may, at its absolute discretion, terminate your commitment in respect of the Placing and Open Offer, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee’s bank from which they were originally debited. Your attention is further drawn to the section entitled “Money Laundering Legislation” contained in Part 10 of the Placing Proof Prospectus;
14. you acknowledge that the New Ordinary Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the New Ordinary Shares are not being and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and you further acknowledge that the New Ordinary Shares offered pursuant to the Placing may not be offered, sold, pledged, resold, transferred, delivered or distributed within the United States;
15. you understand that the New Ordinary Shares have not been registered under the applicable laws of an Excluded Territory. To the extent that you are a resident of any Excluded Territory or a corporation, partnership or other entity organised under the laws of any Excluded Territory, you will only take up New Ordinary Shares pursuant to an available exemption under applicable law;
16. you have not and will not distribute or publish the Placing Proof Prospectus, this announcement or any advertisement or other offering material in relation to the New Ordinary Shares directly or indirectly in, into or within any of the Excluded Territories;
17. you will not make any offer to the public of the New Ordinary Shares and have not offered or sold and will not offer or sell any New Ordinary Shares to persons in the United Kingdom or elsewhere in the EEA prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of FSMA or an offer to the public in any other member state of the EEA within the meaning of the Prospectus Directive (which includes any relevant implementing measure in any member state of the EEA);
18. you have observed the laws of all relevant jurisdictions, obtained any requisite governmental exchange controls or other consents, complied with all relevant formalities and paid any issue, transfer or other taxes due in connection with your Final Placing Participation in any territory and that you have not taken any action which will or may result in the Joint Bookrunners or the Company being in breach of the legal or regulatory requirements of any jurisdiction;

19. you have 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) relating to the New Ordinary Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person and you acknowledge and agree that Placing Proof Prospectus are not being issued by the Joint Bookrunners in their respective capacities as an authorised person under section 21 of the FSMA and they may not therefore be subject to the controls which would apply if they were made or approved as financial promotion by an authorised person;
20. you have complied and will comply with all applicable provisions of the FSMA with respect to anything done by you in relation to the New Ordinary Shares in, from or otherwise involving, the United Kingdom;
21. you are not, and will not be, liable, and you are not applying as nominee(s) or agent(s) for a person or persons who is/are or may be liable, to pay stamp duty reserve tax under sections 93 or 96 of the Finance Act 1986 or stamp duty under sections 67 or 70 of the Finance Act 1986, in each case at the increased rates referred to in those sections. For the avoidance of doubt, if this confirmation is incorrect, stamp duty or stamp duty reserve tax may be payable for which neither of the Joint Bookrunners nor the Company will be responsible and if, as a result, any of those persons is obliged by law to pay any such stamp duty or stamp duty reserve tax, they shall be entitled to receive it from you for which purposes you hereby agree to indemnify on demand the Joint Bookrunners and the Company on an after-tax basis in respect of any such liability for stamp duty and/or stamp duty reserve tax (and any related interest, fines or penalties) arising in respect thereof;
22. you irrevocably appoint any director or employee of the Joint Bookrunners as your agent for the purpose of executing and delivering to the Company and/or the registrar any document on your behalf necessary to enable you to be registered as the holder of New Ordinary Shares comprising your Final Placing Participation or to complete the sale of such New Ordinary Shares on your behalf in the circumstances referred to earlier;
23. if you are a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, any New Ordinary Shares purchased by you in the Placing and Open Offer will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA which has implemented the Prospectus Directive other than Qualified Investors (for the purposes of the Prospectus Directive), or in circumstances in which the prior consent of the Joint Bookrunners has been given to the Placing and Open Offer or resale;
24. you have not been engaged to subscribe for the New Ordinary Shares on behalf of any other person who is not a Qualified Investor (for the purposes of the Prospectus Directive) unless the terms on which you are engaged to enable you to make decisions concerning the acceptance of offers of transferable securities on the client's behalf without reference to the client as described in section 86(2) of the FSMA;
25. you (i) are entitled to acquire the New Ordinary Shares under the law of all relevant jurisdictions, (ii) have fully observed such laws, (iii) have the capacity and authority and are entitled to enter into and perform your obligations as an acquirer of New Ordinary Shares and will honour such obligations and (iv) have obtained all necessary consents and authorities (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in this announcement) to enable you to enter into the transactions contemplated hereby and to perform your obligations in relation thereto and, in particular, if you are a pension fund or investment company you are aware of and acknowledge you are required to comply with all applicable laws and regulations with respect to your subscription for the New Ordinary Shares;

26. you are not a person located in the United States and you will participate in the proposed transaction via an “offshore transaction”, as defined in Regulation S, conducted in accordance with Regulation S and the New Ordinary Shares were not offered to you by means of “directed selling efforts”, as defined in Regulation S;
27. you are not acting on a non-discretionary basis for the account or benefit of a person located within the United States at the time the undertaking to subscribe for New Ordinary Shares was given and you are not acquiring the New Ordinary Shares with a view to the Placing and Open Offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any New Ordinary Shares into the United States;
28. you are an institution which has such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of your investment in the New Ordinary Shares and you, and any accounts for which you are acting, are able to bear the economic risk, and sustain a complete loss, of such investment in the New Ordinary Shares;
29. you are a person of a kind described in Articles 19, 43 and/or 49 of the Order or this announcement may otherwise be lawfully distributed to you pursuant another applicable exemption under the Order and that you understand that the information contained in this announcement is only directed in the United Kingdom at (i) persons who have professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Order, (ii) high net worth entities (including companies and unincorporated associations of high net worth and trusts of high value) or other persons falling within Article 49(2)(a) to (d) of the Order, and (iii) persons to whom this announcement may otherwise be lawfully distributed, and that, accordingly, any investment or investment activity to which this announcement relates is available only to you as such a person or will be engaged in only with you as such a person;
30. you are aware of the obligations regarding insider dealing in (i) the Criminal Justice Act 1993; (ii) the FSMA; (iii) articles 17, 18 and 19 of the Market Abuse Regulation (EU) No 596/2014; and (iv) the Proceeds of Crime Act 2002 and confirm that you have and will continue to comply with those obligations;
31. the foregoing acknowledgements, confirmations, undertakings, representations, warranties and agreements are given for the benefit of the Company as well as each of the Joint Bookrunners and are irrevocable;
32. neither the Company nor either of the Joint Bookrunners owes any fiduciary or other duties or responsibilities to you for providing the protections afforded to their clients nor for providing advice in relation to the Placing and Open Offer to any Placee in respect of any representations, warranties, undertakings or indemnities in the Sponsor and Placing Agreement, this announcement (including the contents of the terms and conditions contained in this announcement) or the Placing Proof Prospectus;
33. you agree to indemnify and hold harmless the Company, the Joint Bookrunners and their respective affiliates from, and waive any claim against the Company, the Joint Bookrunners or their respective affiliates in respect of, any and all costs, claims, losses, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this announcement and further agree that the provisions of this announcement shall survive after completion of the Placing and Open Offer;

34. the Joint Bookrunners may, and their respective affiliates acting as an investor for its or their own account(s) may, subscribe for and/or purchase New Ordinary Shares and, in that capacity may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the New Ordinary Shares, any other securities of the Company or other related investments in connection with the Placing and Open Offer or otherwise. Accordingly, references in this announcement to the New Ordinary Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, either or both of the Joint Bookrunners and/or any of their respective affiliates acting as an investor for its or their own account(s). Neither of the Joint Bookrunners nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;
35. the Company, the Joint Bookrunners and their respective affiliates and others will rely upon the truth and accuracy of the foregoing agreements, acknowledgements, representations, warranties and undertakings which are given to the Joint Bookrunners on their own behalf and on behalf of the Company, and which are irrevocable; and
36. the representations, warranties, undertakings, agreements, acknowledgements and indemnities set out in this Appendix will survive completion of the Placing and Open Offer.

APPENDIX II -EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the dates and times in the table below is indicative only and may be adjusted by the Company, in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, to Qualifying Shareholders by way of an announcement issued via a RIS provider.

Announcement of the Placing and Open Offer and the Scheme	13 October 2016
Publication of the Prospectus	13 October 2016
Ex-entitlement date for the Swedish Open Offer	18 October 2016
Record Date for entitlements under the Open Offer and right to participate in the Swedish Open Offer	6.00 p.m. on 19 October 2016
Ex-entitlement date for the Open Offer	20 October 2016
Posting of the Prospectus, the Forms of Proxy and the Application Forms and distribution of the Practice Statement Letter in connection with the Scheme and posting in Sweden of the summary of this combined circular and prospectus and Pre-Printed Issue Account Statements, and subscription period of Swedish Open Offer begins	20 October 2016
Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	As soon as practicable after 8.00 a.m. on 21 October 2016
Subscription rights, as set out in the Pre-Printed Issue Account Statements, are credited to the VP Accounts of Qualifying Swedish Directly Registered Shareholders and, pursuant to the procedures of the relevant nominee, to the nominee accounts of Qualifying Swedish Nominee Registered Shareholders	As soon as practicable after 9.00 a.m. (Stockholm time) on 21 October 2016
Court hearing for permission to convene the Scheme Meeting	24 October 2016
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements from CREST (i.e. if your Open Offer Entitlements are in CREST and you wish to convert them into certificated form)	3.00 p.m. on 9 November 2016
Subscription period of Swedish Open Offer ends	9 November 2016
Latest time and date for receipt of Forms of Proxy or submission of proxy votes electronically	9.00 a.m. on 10 November 2016
Latest recommended time and date for depositing Open Offer Entitlements into CREST (i.e. if your Open Offer Entitlements are represented by an Application Form and you wish to convert them to uncertificated form)	3.00 p.m. on 10 November 2016
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. on 11 November 2016
General Meeting	9.00 a.m. on 14 November 2016
Scheme Meeting	14 November 2016
Announcement of the results of the General Meeting	14 November 2016
Latest time and date for receipt of payment in full under the Swedish Open Offer in accordance with (i) the Pre-Printed Payment Notices or (ii) completed Swedish Application Forms	11 a.m. (Stockholm time) on 16 November 2016
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 16 November 2016

Court hearing to consider sanctioning the Scheme	16 November 2016
Chapter 15 hearing to obtain New York recognition of the English judgment in relation to the Scheme	17 November 2016
Announcement of the results of the Placing and Open Offer	17 November 2016
Effective date of the Scheme	21 November 2016
LSE Admission and commencement of dealings in respect of New Ordinary Shares and CREST stock accounts credited in respect of New Ordinary Shares	8.00 a.m. on 21 November 2016
Stockholm Admission and commencement (for normal settlement) of dealings in respect of New Ordinary Shares	on or around 21 November 2016
Despatch of share certificates in respect of New Ordinary Shares in certificated form	on or around 28 November 2016

Notes:

- (1) References to times are to London time unless otherwise stated.
- (2) The ability to participate in the Placing and Open Offer is subject to certain restrictions relating to Shareholders with a registered address or located or resident outside the UK or Sweden, details of which are set out in Part 10 ("*Terms and Conditions of the Placing and Open Offer*") of the Prospectus.
- (3) If you have any queries on the procedure for acceptance and payment in respect of the Open Offer or on the procedure for splitting Application Forms, you should refer to Part 10 ("*Terms and Conditions of the Placing and Open Offer*") of the Prospectus, which contains the Terms and Conditions of the Placing and Open Offer. Should you require further assistance please call Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal and tax advice and calls may be recorded and monitored for security and trading purposes.

APPENDIX III –DEFINITIONS

Ad Hoc Noteholder Committee	the informal ad hoc committee of the Existing High Yield Noteholders from time to time
Admission	LSE Admission and Stockholm Admission
Amended Retail Notes	the Existing Retail Notes, as amended by the Proposed Note Amendments
Application Form	the personalised application form being sent to Qualifying Non-CREST Shareholders for use in connection with the Open Offer
Board	the board of directors of the Company
Boepd	barrels of oil equivalent per day
Bookbuild	the accelerated bookbuild carried out by the Joint Bookrunners in which the identity of Placees and allocation of New Ordinary Shares to be issued pursuant to the Placing were determined
Committed Shares	the Open Offer Shares which Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu, and the Trustees have irrevocably undertaken to apply for under the Open Offer pursuant to the irrevocable undertakings as described in this announcement
Company or EnQuest	the public limited company named EnQuest PLC with company number 07140891 and with registered office address at 5th Floor Cunard House, 15 Regent Street, London, SW1Y 4LR
CREST	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK & Ireland is the operator
Disclosure Guidance Rules	the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority
Double A Limited	company beneficially owned by the extended family of Amjad Bseisu
Double A Placing Letter	the placing letter between the Joint Bookrunners and Double A Limited dated 13 October 2016
Euroclear UK & Ireland	Euroclear UK & Ireland Limited, the operator of CREST
Excluded Territory/Territories	Australia, Canada, Japan, the Republic of South Africa and any other jurisdiction where the extension or availability of the Placing and Open Offer (and any other transaction contemplated thereby) would breach

	applicable law
Existing High Yield Notes	the \$650,000,000 7% senior notes due 15 April 2022 issued by the Company
Existing Noteholders	the Existing High Yield Noteholders and the Existing Retail Noteholders
Existing Notes	the Existing High Yield Notes and the Existing Retail Notes
Existing Ordinary Shares	the Ordinary Shares in issue at the date of this announcement
Existing RCF	the senior secured revolving credit facility dated as of 6 March 2012, as amended, restated or otherwise modified or varied from time to time, entered into by, among others, EnQuest, as the borrower, BNP Paribas, as facility agent, and certain lenders party thereto
Existing RCF Lenders	the original lenders under the Existing RCF and any lender which has acceded as a lender thereunder, which in either case has not ceased to be a party to the Existing RCF in accordance with the terms
Existing Retail Noteholders	the holders of the Existing Retail Notes
Existing Retail Notes	the £155,000,000 5.5% notes due 15 February 2022 issued by the Company under its £500,000,000 euro medium term note programme
Explanatory Statement	the explanatory statement in respect of the Scheme
EU Market Abuse Regulation	the Market Abuse Regulation (EU) No 596/2014
Final Placing Participation	the final allocation of New Ordinary Shares to be issued to a Placee pursuant to the Placing
FSMA	the UK Financial Services and Markets Act 2000 (as amended)
General Meeting	the extraordinary general meeting of the Company to be held at Ashurst LLP, Broadwalk House, 5 Appold Street, London, EC2A 2HA on 14 November 2016 at 9.00 a.m.
Group	the Company and its subsidiaries and subsidiary undertakings from time to time
Issue Price	23 pence per New Ordinary Share (SEK 2.48 per New Ordinary Share for Qualifying Swedish Shareholders in the Swedish Open Offer)
Joint Bookrunners	Merrill Lynch International and J.P. Morgan Cazenove

Letter of Confirmation	the letter of confirmation attached to the Placing Letter
Letter of Credit	the letter of credit to be issued by Credit Suisse AG in favour of the Company in connection with Double A's participation in the Placing
Listing Rules	the listing rules of the Financial Conduct Authority made under Part VI of the FSMA
London Stock Exchange	London Stock Exchange plc
LSE Admission	admission of the New Ordinary Shares to the premium listing segment of the Official List in accordance with the Listing Rules and/or admission to trading on the Main Market of the London Stock Exchange becoming effective in accordance with the Admission and Disclosure Standards, as the context may require
Main Market	the London Stock Exchange's main market for listed securities
MMbbl	millions of barrels, i.e. oil barrels corresponding to 159 litres
NASDAQ Stockholm	NASDAQ Stockholm AB's main market
New High Yield Notes	the new \$650,000,000 7% senior notes issued by the Company to the Existing High Yield Noteholders in exchange for the Existing High Yield Notes on a dollar-for-dollar basis
New Ordinary Shares	356,738,114 new Ordinary Shares to be issued by the Company pursuant to the Placing and Open Offer
October Interest Payment	the interest payment due on the Existing High Yield Notes on 17 October 2016
Official List	the Official List maintained by the Financial Conduct Authority
Open Offer	the offer to Qualifying Shareholders constituting an invitation to apply for the Open Offer Shares on the terms and subject to the conditions set out in this document, and in the case of Qualifying Non-CREST Shareholders, the Application Form
Open Offer Entitlements	an entitlement of a Qualifying Shareholder to apply for 4 Open Offer Shares for every 9 Existing Ordinary Shares held by him or her on the Record Date pursuant to the Open Offer
Open Offer Shares	the New Ordinary Shares to be offered to Qualifying Shareholders pursuant to the Open Offer and (other than the Committed Shares) to Placees pursuant to the

	Placing
Ordinary Shares	the ordinary shares of 5 pence each in the capital of the Company
Placees	any persons (including Double A Limited) who have agreed or shall agree to subscribe for Open Offer Shares pursuant to the Placing subject to clawback to satisfy valid applications by Qualifying Shareholders pursuant to the Open Offer
Placing	the conditional placing of the Open Offer Shares (other than the Committed Shares) with Placees, subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer
Placing and Open Offer	the Placing and Open Offer
Placing Letter	the letter to be completed and signed by Placees in connection with the Placing
Placing Proof Prospectus	the placing proof of the Prospectus expected to be dated on or around 13 October 2016
Placing Terms Agreement	the agreement to be entered into by the Company and the Joint Bookrunners recording, amongst other things, the outcome of the Bookbuild
PM8/Seligi Production Sharing Contract	the production sharing contract between EP Malaysia, PETRONAS Carigali Sdn Bhd, E&P Malaysia Venture Sdn Bhd (as contractors) and PETRONAS dated 10 December 2014, as discussed in this announcement
Pre-Printed Issue Account Statement	the personalised pre-printed issue account statement being sent to Qualifying Swedish Directly Registered Shareholders for use in connection with the Swedish Open Offer
Pricing Information	the pricing information expected to be published in a placing results announcement on or around 13 October 2016
Proposed Note Amendments	certain amendments of the Existing Notes, and issue of the Warrants, as discussed in this announcement
Proposed RCF Amendments	certain amendments of the Existing RCF, as discussed in this announcement
Prospectus	the prospectus to be issued by the Company in respect of the Placing and Open Offer, together with any supplements or amendments thereto
Prospectus Directive	EU Prospectus Directive (2003/71/EC), as amended, and includes any relevant implementing measure in each

	relevant member state
Prospectus Rules	the Prospectus Rules of the Financial Conduct Authority made under Part VI of the FSMA
Provisional Placing Participation	each prospective Placee's provisional allocation of New Ordinary shares (subject to clawback in the Open Offer)
Prudential Regulation Authority	the UK Prudential Regulation Authority
Qualifying CREST Shareholders	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company at the close of business on the Record Date are in uncertificated form
Qualifying Non-CREST Shareholders	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company at the close of business on the Record Date are in certificated form
Qualifying Shareholders	holders of Existing Ordinary Shares on the register of members of the Company at 6.00 p.m. on the Record Date
Qualifying Swedish Directly Registered Shareholders	holders of Existing Ordinary Shares listed on NASDAQ Stockholm in VP Accounts in their own name at the close of business on the Record Date
Qualifying Swedish Nominee Registered Shareholders	holders of Existing Ordinary Shares listed on NASDAQ Stockholm held with a bank or other nominee at the close of business on the Record Date
Qualifying Swedish Shareholders	Qualifying Swedish Directly Registered Shareholders and Qualifying Swedish Nominee Registered Shareholders
Record Date	19 October 2016
Regulation S	Regulation S under the Securities Act
Resolutions	the resolutions set out in the notice of General Meeting
Restructuring	the financial restructuring as proposed by the Company, as discussed in this announcement
Scale Back	the reduction (if any) in the Participation of Double A Limited in the Placing
Scheme	the proposed scheme of arrangement under Part 26 of the Companies Act between the Company and the Scheme Creditors to implement the Proposed Note Amendments with, or subject to, any modification, addition or condition which the Court may consider fit to approve or impose

Scheme Creditors	includes each Existing High Yield Noteholder and each Existing Retail Noteholder
Securities Act	the United States Securities Act of 1933, as amended
SEK	the lawful currency of Sweden
Shareholders	the holders of Ordinary Shares in the capital of the Company
Sponsor and Placing Agreement	the sponsor, placing and open offer agreement between the Company and the Joint Bookrunners dated 13 October 2016
Stockholm Admission	admission of the New Ordinary Shares to trading on NASDAQ Stockholm
Sullom Voe Terminal or SVT	the oil terminal located in the Shetland Islands that receives oil from the Brent and Ninian pipeline systems
Surety Bond Facilities	The surety bonds provided by the Surety Bond Providers aggregating to £89.2 million and \$5.0 million, of which £2.0 million mature in September 2016 and with the remaining amount maturing in December 2016
Surety Bond Providers	HCC International Insurance Company PLC and Liberty Mutual Insurance Europe
Swedish Application Form	the application form attached to the Pre-Printed Issue Account Statement being sent to Qualifying Swedish Directly Registered Shareholders for use in connection with the Swedish Open Offer
Swedish Issuer Agent	Skandinaviska Enskilda Banken AB
Swedish Open Offer	the offer to Qualifying Swedish Shareholders constituting an invitation to apply for the Open Offer Shares, and in the case of Qualifying Swedish Directly Registered Shareholders, the Pre-Printed Issue Account Statement and the Swedish Application Form
Tanjong Baram Risk Service Contract	the contract dated 27 March 2014 between the Group, Uzma and PETRONAS to develop and produce the Tanjong Baram field for a period up to March 2023
Trustees	Capita Trustees Limited, acting in their capacity as trustees of the EnQuest EBT
UKCS	United Kingdom Continental Shelf
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or US	the United States of America, its territories and possessions, any state of the United States of America,

and the District of Columbia

US\$ or \$ or USD or US dollars US dollars, the lawful currency of the United States

£ or pounds sterling or sterling or GBP pounds sterling, the lawful currency of the United Kingdom