

Press Release

3 July 2020

Enwell Energy plc
("Enwell" or the "Company")

Update on Arkona Acquisition - Legal Dispute

Enwell Energy plc (AIM: ENW), the AIM-quoted oil and gas exploration and production group, provides an update on a Ukrainian Court ruling relating to the Svystunivsko-Chervonolutskyi exploration licence (the "Licence") in Ukraine, which is held by LLC Arkona Gas-Energy ("Arkona"), which was acquired by Enwell in March 2020 (see announcement dated 24 March 2020).

The legal proceedings are between NJSC Ukranafta as claimant and Arkona as defendant, and relate to claims made by NJSC Ukranafta about the procedure involved in the grant of the Licence to Arkona in May 2017. NJSC Ukranafta was the holder of a previous licence over this area which expired prior to the grant of the Licence. Arkona is defending the claims in such legal proceedings and asserts that the claims are unwarranted and without merit.

A hearing of the legal proceedings has been held in the First Instance Court in Ukraine and a ruling in favour of NJSC Ukranafta has been announced, although the full decision and written judgement have not yet been delivered by the Court. The ruling announced indicates that the grant of the Licence has been found to be irregular, which would mean the Licence is invalid. However, the ruling has not yet come into legal effect as the full decision and written judgement have not yet been delivered by the Court. Consequently, the Licence currently remains valid.

Once this decision and judgement have been received, the Company will carefully review it with its legal advisers. Subject thereto, Arkona intends to continue to defend the claims in these proceedings and issue an appeal of this decision. The Company considers Arkona has strong grounds for a successful appeal since the subject matter of these legal proceedings, including the validity of the Licence, has already been ruled upon by the Supreme Court of Ukraine in similar proceedings in October 2019 involving, inter alia, NJSC Ukranafta and Arkona, and in which the Licence was held to be valid.

Under the terms of the acquisition agreement for Arkona, half of the consideration payable (split into two equal tranches) was deferred and only payable on satisfaction of certain conditions including the favourable resolution of these legal proceedings, as well as certain other conditions, with the further proviso that if the conditions for payment of these deferred tranches are not satisfied, then neither of these tranches shall become payable.

A further update will be made once further information becomes available.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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