

## Press Release

7 July 2020

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

### Ukraine Update

Enwell Energy plc (AIM: ENW), the AIM-quoted oil and gas exploration and production group, provides an update on its operational activities in Ukraine, where it operates the Mekhediviska-Golotvshinska (MEX-GOL), Svyrydivske (SV) and Vasyshevskoye (VAS) gas and condensate fields, as well as the Svystunivsko-Chervonolutskyi (SC) exploration licence.

#### Production – Q2 2020

The average daily production of gas, condensate and LPG from the MEX-GOL, SV and VAS fields for the period from 1 April 2020 to 30 June 2020 was as follows:-

Field	Gas (MMcf/d)		Condensate (bbl/d)		LPG (bbl/d)		Aggregate boepd	
	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019
MEX-GOL & SV	17.6	13.6	649.1	540.4	304.0	254.7	3,978	3,113
VAS	3.1	4.8	33.9	75.5	-	-	604	960
<b>Total</b>	<b>20.7</b>	<b>18.4</b>	<b>683.0</b>	<b>615.9</b>	<b>304.0</b>	<b>254.7</b>	<b>4,582</b>	<b>4,073</b>

Overall production volumes in Q2 2020 increased by approximately 12.5% compared with Q2 2019, having received a significant boost in May 2020, when the SV-54 well in the SV field commenced production testing (see announcement dated 22 May 2020). However, a decline in production rates from the VAS-10 well in the later part of 2019 impacted overall production at the VAS field in 2020. As

## Press Release

a consequence, during Q1 2020, compression equipment was installed to stabilise production from the VAS-10 well, with a longer term plan to undertake a workover of the well to access an alternative reservoir horizon.

### Operations

At the MEX-GOL and SV fields, the SV-54 development well was completed, after having reached a final depth of 5,322 metres. One interval, at a drilled depth of 5,303 – 5,308 metres, within the B-23 reservoirs in the Visean formation was perforated, and, following successful initial testing, the well was hooked-up to the gas processing facilities for longer-term production testing.

Preparations continue for the spudding of the SV-25 well in Q3 2020, and planning is also underway for a further well or sidetracking of an existing well in the SV field.

At the VAS field, planning is continuing for a new well to explore the Vvdenska (VED) prospect within the VAS licence area.

### Termination of Memorandum of Understanding

As announced on 1 April 2020, the Memorandum of Understanding (the “MOU”) for the potential acquisition of PJSC Science and Production Concern Ukrnaftinvest, announced on 26 November 2019, expired and was consequently terminated as a result of the parties to the MOU being unable to reach a final agreement for the acquisition. Under the provisions relating to termination set out in the MOU, the deposit of \$0.5 million previously paid under the MOU became repayable. However, such deposit has not yet been repaid and the Company is pursuing legal action to recover it from the counterparties, being Ms Lidiia Chernysh and Bolaso Investments Limited.

### Arkona Legal Dispute

As announced on 24 March 2020, the Company has acquired the entire issued share capital of LLC Arkona Gas-Energy (“Arkona”). As further announced on 3 July 2020, a ruling has been made by the First Instance Court in Ukraine in legal proceedings between NJSC Ukrnafta as claimant and Arkona as defendant, which relate to claims made by NJSC Ukrnafta about the procedure involved in the grant of the SC Licence to Arkona in May 2017. The ruling announced is in favour of NJSC Ukrnafta, and 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. Arkona disputes these claims and is defending these proceedings. 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 Ukrnafta and Arkona, and in which the Licence was held to be valid.

### VAS Licence Order for Suspension

The Company does not have any further information to report in relation to the Order for suspension relating to the production licence for the VAS field since the announcements made on 12 March 2019

## Press Release

and 19 March 2019 respectively, other than to report that the legal proceedings issued in the Ukrainian Courts to challenge the validity of the Order are ongoing, and the Company remains confident that it will ultimately be successful in such legal proceedings.

### Cash Holdings

At 30 June 2020, the Company's cash resources were approximately \$54.2 million, held as to \$14.7 million equivalent in Ukrainian Hryvnia and the balance of \$39.5 million equivalent in a combination of US Dollars, Pounds Sterling and Euros.

### COVID-19 Pandemic

The Group continues to monitor the evolving situation relating to the COVID-19 pandemic, and to take any steps necessary to protect its staff and operations. However, as of the date hereof, there has been no operational disruption linked to the COVID-19 pandemic, and no material impact is currently envisaged on the Group's prospects. Nevertheless, the Group remains acutely aware of the risks, and is taking action to mitigate them where possible, with the safety of individuals and communities being paramount.

**Sergii Glazunov, Chief Executive Officer, said:** *"We are pleased with the continued progress with the development of our fields, where we are seeing strong production, albeit in a lower gas price environment. We are delighted with the excellent results of the SV-54 well, which was drilled safely and successfully and well ahead of schedule, and which is demonstrating strong flow rates in production testing. We will continue to closely monitor the unprecedented developments of the current COVID-19 pandemic, and although we have seen no material impact on our operations so far, we have taken and will continue to take all possible actions to ensure the safety of our employees and local communities."*

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

### For further information, please contact:

**Enwell Energy plc**

Chris Hopkinson, Chairman  
Sergii Glazunov, Chief Executive Officer  
Bruce Burrows, Finance Director

**Tel: 020 3427 3550****Strand Hanson Limited**

Rory Murphy / Richard Tulloch

**Tel: 020 7409 3494****Arden Partners plc**

Ruari McGirr / Dan Gee-Summons (Corporate Finance)  
Simon Johnson (Corporate Broking)

**Tel: 020 7614 5900****Citigate Dewe Rogerson**

Louise Mason-Rutherford / Elizabeth Kittle

**Tel: 020 7638 9571**

## Press Release

Dmitry Sazonenko, MSc Geology, MSc Petroleum Engineering, Member of AAPG, SPE and EAGE, Director of the Company, has reviewed and approved the technical information contained within this press release in his capacity as a qualified person, as required under the AIM Rules.

### Definitions

bbl/d	barrels per day
boepd	barrels of oil equivalent per day
cf	cubic feet measured at 20 degrees Celsius and one atmosphere
LPG	liquefied petroleum gas
MMcf/d	million cubic feet per day
%	per cent
\$	US Dollars