

## Press Release

13 January 2021

**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 - Q4 2020

The average daily production of gas, condensate and LPG from the MEX-GOL, SV and VAS fields for the period from 1 October 2020 to 31 December 2020 was as follows:-

Field	Gas (MMcf/d)		Condensate (bbl/d)		LPG (bbl/d)		Aggregate boepd	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
MEX-GOL & SV	17.4	18.0	614.2	700.7	309.4	308.3	3,908	4,093
VAS	2.7	3.5	29.4	38.1	-	-	536	683
<b>Total</b>	<b>20.1</b>	<b>21.5</b>	<b>643.6</b>	<b>738.8</b>	<b>309.4</b>	<b>308.3</b>	<b>4,444</b>	<b>4,776</b>

Overall production volumes in Q4 2020 decreased by approximately 7% compared with Q4 2019, mainly due to natural field production decline, albeit offset by new volumes from May 2020 onwards when the SV-54 well in the SV field commenced production testing (see announcement dated 22 May 2020). More particularly, a decline in production rates from the VAS-10 well in the latter part of 2019 impacted overall production at the VAS field in 2020. As a consequence, in early 2020, compression equipment was installed to stabilise production from the VAS-10 well, and a workover of the well is

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planned to commence in late Q1 2021 to access an alternative reservoir horizon, with the aim of boosting production from this well.

Additionally, in Q4 2020, flow rates from the producing reservoir horizon in the SV-54 well, which was a secondary horizon targeted in the well, declined significantly, materially affecting production rates from the SV field. As a result, the primary horizon targeted in the well is being perforated with the aim of increasing production rates from this well.

### Production - Full Year 2020

The average daily production of gas, condensate and LPG from the MEX-GOL, SV and VAS fields for the year ended 31 December 2020 was as follows:-

Field	Gas (MMcf/d)		Condensate (bbl/d)		LPG (bbl/d)		Aggregate boepd	
	2020	2019	2020	2019	2020	2019	2020	2019
MEX-GOL & SV	17.6	14.8	640.6	577.8	295.3	274.4	3,960	3,391
VAS	2.9	4.4	32.2	61.9	-	-	581	872
<b>Total</b>	<b>20.5</b>	<b>19.2</b>	<b>672.8</b>	<b>639.7</b>	<b>295.3</b>	<b>274.4</b>	<b>4,541</b>	<b>4,263</b>

Overall production volumes for the full year 2020 increased by approximately 6.5% compared with the 2019 year.

### Operations

At the MEX-GOL and SV fields, the SV-25 well has been drilled to its target depth of 5,320 metres, and logging and completion operations have been performed. Dismantling of the drilling equipment is now underway, and it is anticipated that initial testing of the well will commence by the end of January 2021. Subject to successful testing, production hook-up is planned to be completed by the end of the first quarter of 2021. The well is an appraisal well, with its primary targets being the B-20, B-22 and B-23 horizons in the Viséan formation. In addition, planning for the drilling of the SV-29 well in the SV field

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is progressing, with the well due to be spudded in Q1 2021, and preparations for upgrade works to the gas processing plant at the MEX-GOL and SV fields are continuing, with the design phase now completed and procurement of long-lead items underway. These works involve an upgrade of the LPG extraction circuit, an increase to the flow capacity of the plant, and a significant increase to the liquids tank storage capacity. The works are designed to improve overall plant efficiencies and boost recoveries of condensate and LPG, and are planned to commence in mid-2021.

At the VAS field, planning is continuing for a new well to explore the Vvdenska (VED) prospect within the VAS licence area, as well as the workover of the VAS-10 well referred to above.

### Arkona Legal Dispute

As announced on 24 March 2020, the Company has acquired the entire issued share capital of LLC Arkona Gas-Energy (“Arkona”), which holds the SC exploration licence (the “SC Licence”). As further announced on 3 July, 31 July, 30 September and 23 November 2020, there are legal proceedings between NJSC Ukrnafta (“Ukrnafta”) as claimant and Arkona as defendant, in which Ukrnafta has made claims asserting that irregular procedures were followed in the grant of the SC Licence to Arkona in May 2017. Ukrnafta was the holder of a previous licence over this area which expired prior to the grant of the SC Licence. Arkona disputes these claims.

In July 2020, the First Instance Court in Ukraine made a ruling in favour of Ukrnafta, determining that the grant of the SC Licence was irregular, and accordingly, the SC Licence would be invalid. However, in August 2020, Arkona filed an appeal of this decision in the Appellate Administrative Court in Kyiv, and pending the hearing of this appeal, the SC Licence remained valid.

At a hearing of this appeal on 29 September 2020, the Appellate Administrative Court ruled in favour of Arkona, overturning the earlier decision of the First Instance Court. In November 2020, Ukrnafta filed a further appeal to the Supreme Court in Kyiv, appealing the ruling of the Appellate Administrative Court, which further appeal will be heard by the Supreme Court in due course. Pending the hearing of this appeal, the SC Licence remains valid.

### Ukrnaftinvest Acquisition Discussions Terminated

As announced on 1 April 2020, the Memorandum of Understanding (the “Memorandum”) for the potential acquisition of PJSC Science and Production Concern Ukrnaftinvest (“Ukrnaftinvest”), announced on 26 November 2019, expired and was consequently terminated as a result of the parties to the Memorandum, being (1) the Company and (2) Ms Lidiia Chernysh and Bolaso Investments Limited, being unable to reach a final agreement for such potential acquisition on the contemplated terms at the time. As a result, the provisions relating to such termination set out in the Memorandum became applicable, which included the refund of the deposit of \$0.5 million previously paid to the sellers under the Memorandum. In addition, the Group made a series of advances, totalling UAH47.3 million (approximately \$1.8 million), to Ukrnaftinvest over the period from October 2019 to March 2020 in conjunction with the Memorandum to fund certain operational works, and these advances have also become repayable. Notwithstanding these provisions and the terminated Memorandum, the parties continued discussions in relation to the potential acquisition of Ukrnaftinvest, but unfortunately the parties have not been able to agree upon mutually acceptable acquisition terms, and therefore these discussions have been terminated. Accordingly, arrangements for the repayment of the deposit

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and advances are being made, with repayments of \$0.25 million towards the deposit and UAH25.8 million (approximately \$1.0 million) towards the advances having been received to date, and the remaining amounts are anticipated shortly.

### 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 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 31 December 2020, the Company's cash resources were approximately \$61.0 million, comprised of \$20.6 million equivalent in Ukrainian Hryvnia and the balance of \$40.4 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 continuing to be the priority.

**Sergii Glazunov, Chief Executive Officer, said:** *"We are pleased with the continued progress in the development of our fields during 2020, where we saw strong production, albeit in a lower gas price environment than in 2019. We are also pleased with progress on the SV-25 well, which we hope will continue our success in the development of our fields. We are closely monitoring the developments of the COVID-19 pandemic, and although we have not experienced any material impact on our operations so far, we have taken and will continue to take action 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.

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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

bb/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