

Press Release

9 April 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 – Q1 2021

The average daily production of gas, condensate and LPG from the MEX-GOL, SV and VAS fields for the period from 1 January 2021 to 31 March 2021 was as follows:-

Field	Gas (MMcf/d)		Condensate (bbl/d)		LPG (bbl/d)		Aggregate boepd	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
MEX-GOL & SV	18.2	17.3	635	659	336	280	4,079	3,904
VAS	2.5	3.1	27	34	-	-	497	604
Total	20.7	20.4	662	693	336	280	4,576	4,508

Overall production volumes in Q1 2021 increased by approximately 1.5% compared with Q1 2020, as a result of new production volumes from the SV-54 and SV-25 wells in the SV field, which commenced production in May 2020 and February 2021 respectively (see announcements dated 22 May 2020 and 25 February 2021), offset by natural field decline.

Press Release

Operations

At the MEX-GOL and SV fields, the SV-25 appraisal well was completed, having been drilled to a final depth of 5,320 metres. One interval, at a drilled depth of 5,184 - 5,190 metres, within the B-22 Visean formation was perforated, and after successful testing, the well was hooked-up to the gas processing facilities. The well is currently producing at approximately 1.9 MMscf/d of gas and 70 bbl/d of condensate (413 boepd in aggregate).

In February 2021, the SV-29 well was spudded, and has a target depth of 5,450 metres. Drilling operations are scheduled to be completed by the end of Q3 2021, and, subject to successful testing, production hook-up is scheduled for Q4 2021. The well is primarily a development well, targeting production from the B-22 horizon, as well as appraising the B-21 and B-23 horizons, in the Visean formation.

In addition, 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 scheduled to commence in mid-2021 and are designed to improve overall plant efficiencies and boost recoveries of condensate and LPG.

At the VAS field, a workover of the VAS-10 well has been undertaken to access an alternative production horizon, and planning is continuing for a new well to explore the Vvdenska (VED) prospect within the VAS licence area.

At the SC exploration licence (SC Licence), development planning has commenced, which includes the acquisition of 150 km² of 3D seismic and drilling of a new well, SVYST-4, both of which are planned to start later in the year.

Arkona Legal Dispute

As announced on 24 March 2020, the Company acquired the entire issued share capital of LLC Arkona Gas-Energy ("Arkona"), which holds the SC Licence. However, NJSC Ukrnafta ("Ukrnafta"), as claimant, brought legal proceedings against Arkona, as defendant, in which Ukrnafta made claims of irregularities in the procedures involved 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 disputed these claims.

In July 2020, the First Instance Court in Ukraine made a ruling in favour of Ukrnafta, which found that the grant of the SC Licence was irregular, but this ruling was overturned by the Appellate Administrative Court in September 2020, and a final appeal to the Supreme Court was determined in favour of Arkona in February 2021. Further information can be found in the Company's announcements dated 3 July 2020, 31 July 2020, 30 September 2020, 23 November 2020 and 11 February 2021.

Press Release

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 March 2021, the Company's cash resources were approximately \$60.9 million, comprised of \$23.2 million equivalent in Ukrainian Hryvnia and the balance of \$37.7 million equivalent in a combination of US Dollars, Pounds Sterling and Euros.

COVID-19 Pandemic

The Group continues to monitor the 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 to report another strong operational quarter, with robust production volumes, and the successful completion of the SV-25 well, which was drilled safely and ahead of schedule. We are also looking forward to the safe and efficient drilling of the SV-29 well, which we hope will continue our success in the development of our fields. Furthermore, the recent resolution of the legal issues relating to the SC Licence has enabled us to commence planning for the development of this licence."*

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014, which forms part of United Kingdom domestic law by virtue of the European (Withdrawal) Act 2018.



Press Release

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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