

Press Release

13 January 2022

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 2021

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

Field	Gas (MMcf/d)		Condensate (bbl/d)		LPG (bbl/d)		Aggregate boepd	
	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020
MEX-GOL & SV	15.3	17.4	588	614	295	309	3,501	3,908
VAS	2.4	2.7	24	29	-	-	463	536
Total	17.7	20.1	612	643	295	309	3,964	4,444

Overall production volumes in Q4 2021 were lower, both compared with Q4 2020 and the previous quarter, predominantly as a result of the shut-in of the SV-2 and MEX-109 wells during the quarter, after these wells suffered water ingress (see announcement dated 29 November 2021). While the shut-in of these wells has had a material impact on overall production rates in the quarter, remedial

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work on these wells is ongoing, as outlined below, in order to seek to restore production from these wells.

The significant increase in European gas prices in the quarter has fed through to Ukrainian gas prices, which has benefited the sales prices being achieved by the Company for its gas, as well as condensate and LPG. These continued high hydrocarbons sales prices have helped to offset the impact on revenues during the quarter due to the lower production volumes.

Production - Full Year 2021

The average daily production of gas, condensate and LPG from the MEX-GOL, SV and VAS fields for the year ended 31 December 2021 was as follows:-

Field	Gas (MMcf/d)		Condensate (bbl/d)		LPG (bbl/d)		Aggregate boepd	
	2021	2020	2021	2020	2021	2020	2021	2020
MEX-GOL & SV	18.9	17.6	681	641	308	295	4,237	3,960
VAS	2.6	2.9	26	32	-	-	493	581
Total	21.5	20.5	707	673	308	295	4,730	4,541

Overall production volumes for the full year 2021 increased by approximately 4.2% compared with the 2020 year.

Operations

At the SV field, testing operations on the SV-29 development well were delayed for a period due to local shortages of materials required in the operations, but supplies have now improved and work on initial testing of the well has resumed. The well was spudded in February 2021 and drilled to a final depth of 5,450 metres. The primary target of the well was the V-22 reservoir within the Visian formation, and to date, one interval within this reservoir, at a drilled depth of 5,246 - 5,249 metres, has been perforated. Testing of this interval was undertaken using a variety of choke sizes, and initial

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results showed gas flows and an unexpectedly high, but somewhat variable, proportion of condensate. The higher than anticipated condensate rates from this interval required that a longer period of initial testing be conducted. However, a mechanical issue connected to the perforating of the well caused a further delay, but this issue has now been rectified. It is now intended to perforate and test a further interval, at a drilled depth of 5,228 - 5,232 metres, in the V-22 reservoir. Thereafter, the well output will be run through the gas processing facilities to allow longer-term production testing to be conducted in order to optimise the operating parameters of the well.

Drilling of the SV-31 well is ongoing, with the well having reached a depth of approximately 5,100 metres. This well was spudded in September 2021, and has a target depth of 5,250 metres. The well is a development well, targeting production from the V-21 and V-22 reservoirs in the Visean formation, which have demonstrated good productivity in an existing nearby well. Drilling operations are scheduled to be completed by the end of the first quarter of 2022, and, subject to successful testing, production hook-up is scheduled during the second quarter of 2022.

The workover operations on the SV-2 well are progressing satisfactorily, with the removal of the existing production string nearly completed. It is then planned to install a new production string, and to lift the well using coiled tubing. This well is operated under a joint venture agreement with PJSC Ukrnafta, the majority State-owned oil and gas producer, pursuant to which the gas and condensate produced is sold under an equal net profit sharing arrangement between the Company and PJSC Ukrnafta.

At the MEX field, the workover operations on the MEX-109 well are also continuing, and after logging identified the source of the water ingress, remedial work was undertaken to seal the water ingress. The well is currently under observation and further operations to attempt to remove the remaining water in the well are planned.

Construction work on the upgrades to the gas processing facilities at the MEX-GOL and SV fields is progressing well and remains on schedule. In total, the upgrade works are scheduled to take approximately three and a half months to complete. These works involve an upgrade of the LPG extraction circuit, an increase to the flow capacity of the facilities, and a significant increase to the liquids tank storage capacity, which are designed to improve overall plant efficiencies, improve the quality of liquids produced and boost recoveries of LPG, while reducing environmental emissions.

At the SC licence, drilling of the SC-4 well is continuing, with the well having reached a depth of approximately 5,260 metres. This well was spudded in August 2021, and has a target depth of 5,565 metres. The well is primarily an appraisal well, targeting production from the V-22 horizon, as well as exploring the V-16 and V-21 horizons, in the Visean formation. Drilling operations are scheduled to be completed in Q2 2022.

Also at the SC licence, the acquisition of 150 km² of 3D seismic is progressing well and is expected to be completed by the end of January 2022. Processing and interpretation of the acquired seismic data will then be undertaken.

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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 2021, the Company's cash resources were approximately \$92.5 million, comprised of \$29.0 million equivalent in Ukrainian Hryvnia and the balance of \$63.5 million equivalent in a combination of US Dollars, Pounds Sterling and Euros. The cash resources have been significantly boosted by the high hydrocarbon prices achieved during the quarter, despite the lower production volumes.

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: *"Although we have continued to generate strong revenues and benefit from the high prevailing gas prices, the water ingress issues with the SV-2 and MEX-109 wells have been frustrating, as have the supply constraints experienced in Ukraine. However, we are now making progress with the remedial work being undertaken on these wells, as well as with the testing of the SV-29 well, and look forward to making further progress in the near future. We are also pleased with the good progress we are making in the drilling of the SV-31 and SC-4 wells, the acquisition of 3D seismic at the SC licence and the construction works at the MEX-GOL and SV gas processing facilities."*

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 Union (Withdrawal) Act 2018, as amended.

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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

bbl/d	barrels per day
boepd	barrels of oil equivalent per day
cf	cubic feet measured at 20 degrees Celsius and one atmosphere
km ²	square kilometre
LPG	liquefied petroleum gas
MMcf/d	million cubic feet per day
%	per cent
\$	US Dollars