

Press Release

8 July 2022

Enwell Energy plc
 (“Enwell” or the “Company”)

Quarterly Operations 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-Chervonolutskiyi (SC) exploration licence.

The Russian military action in Ukraine, which began on 24 February 2022, is ongoing, and has made the situation in Ukraine extremely challenging. Nevertheless, Enwell had been able to continue production and some field operations at the MEX-GOL and SV fields, and completion of the drilling of the SC-4 well at the SC licence is planned shortly. However, all operations at the VAS field (located near to Kharkiv) remain suspended due to the risks associated with the military activity near this location.

The Company continues to be cautious and vigilant in continuing these operations and is taking all measures available to protect and safeguard its personnel and business. The safety and wellbeing of its personnel and contractors is paramount and the Company will continue to take all possible steps to ensure their safety.

Production – Q2 2022

The average daily production of gas, condensate and LPG from the MEX-GOL, SV and VAS fields over the period from 1 April 2022 to 30 June 2022 was as follows:-

Field	Gas (MMcf/d)		Condensate (bbl/d)		LPG (bbl/d)		Aggregate boepd	
	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021
MEX-GOL & SV	10.7	21.2	421	752	241	326	2,478	4,723
VAS	-	3.0	-	29	-	-	-	531
Total	10.7	24.2	421	781	241	326	2,478	5,254

Press Release

The disruption to production operations at the MEX-GOL and SV fields, where certain remedial and maintenance work was delayed and/or disrupted, and the shut-in of the VAS field since February 2022 meant that production volumes were materially lower compared with Q2 2021. In addition, drilling of new wells and some remedial work on existing wells has been deferred or suspended until there is an improvement in the situation in Ukraine.

Notwithstanding the disruption to production operations, the continuing high gas prices in Europe have fed through to Ukrainian gas prices, although there has been significant volatility in gas prices, both in Europe and Ukraine. Nevertheless, the sales prices being achieved by the Company for its gas, as well as condensate and LPG, have been high by comparison to Q2 2021, and the continued high hydrocarbons sales prices have helped to offset the impact on revenues during the quarter due to the lower production volumes.

Demand for hydrocarbons, particularly gas, has been understandably variable since the military conflict commenced in February 2022. The Company has continued to supply gas to its existing ultimate off-takers, although volumes ordered by such off-takers have reduced over recent months, which has meant that the Company has been selling a higher proportion of its gas through the Ukrainian electronic gas trading market. It has been necessary for the Company to allow some flexibility in the recovery of sales receivables from certain ultimate off-takers, while sales through the Ukrainian electronic market are made on a prepayment basis. The Company is working with its customers and ultimate off-takers to manage the situation as satisfactorily as possible in the circumstances.

Operations

Production operations are continuing at the MEX-GOL and SV fields, where a proportion of the wells have been put on production, and, currently, the production rate is approximately 2,600 boepd. Some other field operations have resumed, including workover operations on the SV-2 well, and perforation and testing of various intervals in the SV-29 development well. In addition, construction work on the upgrades to the gas processing facilities at the MEX-GOL and SV fields was completed during the quarter. All other works have been deferred or suspended.

Preparations to resume drilling of the SC-4 appraisal well at the SC licence are also underway, and once drilling operations are completed, it is planned to log, and subject thereto, test this well.

All production and field operations at the VAS field remain suspended.

Cash Holdings

At 30 June 2022, the Company's cash resources were approximately \$77.6 million, comprised of \$18.6 million equivalent in Ukrainian Hryvnia and the balance of \$59.0 million equivalent in a combination of US Dollars, Pounds Sterling and Euros, and at 6 July 2022, were approximately \$83.8 million, comprised of \$24.9 million equivalent in Ukrainian Hryvnia and the balance of \$58.9 million equivalent in a combination of US Dollars, Pounds Sterling and Euros .

The Company has contributed funds and is intending to allocate further funds to certain humanitarian aid organisations to assist with the valuable work that such organisations are undertaking in Ukraine.

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.

Sergii Glazunov, Chief Executive Officer, said: *“The situation in Ukraine continues to be extremely challenging, but we are taking all available measures to protect our business and ensure the safety and wellbeing of our personnel, while continuing to operate where we believe it is safe to do so.”*

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.

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 / Matthew Chandler

Tel: 020 7409 3494

Arden Partners plc

Ruari McGirr / Elliot Mustoe (Corporate Finance)
Simon Johnson (Corporate Broking)

Tel: 020 7614 5900

Citigate Dewe Rogerson

Ellen Wilton

Tel: 020 7638 9571

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
\$	US Dollars