

Press Release

11 October 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-Chervonolutskyi (SC) exploration licence.

Production - Q3 2022

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

Field	Gas (MMcf/d)		Condensate (bbl/d)		LPG (bbl/d)		Aggregate boepd	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021
MEX-GOL & SV	10.9	21.0	453	749	297	278	2,588	4,645
VAS	-	2.5	-	24	-	-	-	481
Total	10.9	23.5	453	773	297	278	2,588	5,126

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 when compared with Q3 2021. In addition, the drilling of new wells and some remedial work on existing wells has been deferred or suspended until there is an improvement in the operating environment in Ukraine.

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Operations

Production operations are continuing at the MEX-GOL and SV fields, and, currently, the production rate is approximately 2,700 boepd. Some other field operations have resumed, including workover operations on the SV-2 well and maintenance of field infrastructure, but all other works have been deferred or suspended.

At the MEX-GOL and SV fields, the SV-31 development well, which was completed in May 2022 and brought on production from one interval, at a drilled depth of 5,210 - 5,219 metres, within the V-22 Viséan formation, has continued to produce strongly. In September 2022, pursuant to the plans for this well, two additional intervals, at drilled depths of 5,187 - 5,189 and 5,120 - 5,123 metres, respectively within the V-22 and V-21 Viséan formations, were perforated to access additional reserves. These additional intervals have also proved productive and materially boosted production rates from this well, which are currently approximately 3.36 MMscf/d of gas and 161 bbl/d of condensate (785 boepd in aggregate).

On the SC licence area, after a period of suspension, drilling operations resumed at the SC-4 well in July 2022 and the well was drilled to its final depth of 5,585 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 Viséan formation. Currently, testing operations are underway at the well. In addition, the interpretation of the 150 km² of 3D seismic, that was acquired last winter, is nearing completion.

At the VAS field, after being suspended since February 2022, production operations have resumed this month, and, currently, the production wells at the field are cleaning up after the period of suspension.

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.

Subsoil Production and Excise Tax Changes

With effect from 1 March 2022, the Ukrainian Government enacted changes to the subsoil production tax rates applicable to gas production by modifying the applicable rates based on gas prices, extending the incentive rates for new wells for a further 10 years and making improvements to the regulatory environment. The legislation which introduced these changes also included provisions that these rates would not be increased for 10 years. Further details are set out in the Company's announcement dated 13 April 2022.

However, as a direct result of the conflict in Ukraine, including the significant decline in domestic consumption disrupting the previous supply, demand and pricing dynamics, there has been a divergence between domestic and European gas pricing, and accordingly, the methodology (linked to European prices) used to determine the reference gas price for the new subsoil tax rates has had a significantly detrimental effect for domestic gas producers. In order to address this issue, the Ukrainian Parliament has recently enacted new legislation which modifies such methodology to ensure that it operates as originally intended (with such reference price being aligned with domestic prices). This modification has an effective date of 1 August 2022.

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In addition, the excise tax on LPG sales was suspended between 24 February 2022 and 30 September 2022, but has now been reinstated, while the VAT rate applicable to condensate and LPG sales was reduced to 7% (from 20%) with effect from 18 March 2022.

Cash Holdings

At 30 September 2022, the Company's cash resources were approximately \$78.6 million, comprised of \$20.9 million equivalent in Ukrainian Hryvnia and the balance of \$57.7 million equivalent in a combination of US Dollars, Pounds Sterling and Euros .

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: *"Although the situation in Ukraine continues to be extremely challenging, we are pleased that, with the recent resumption of production operations at the VAS field, we now have active operational activity at all of our assets, and we also look forward to the results of the recently completed SC-4 well in due course"*

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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Dr Gehrig Schultz, BSc Geophysical Engineering, PhD Geophysics, Member of the European Association of Geophysical Engineers, Member of the Executive Coordinating Committee of the Continental European Energy Council, and a Non-Executive Director of the Company, has reviewed and approved the technical information contained within this announcement in his capacity as a qualified person, as required under the AIM Rules for Companies.

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
Mm ³	thousand cubic metres
MMcf/d	million cubic feet per day
%	per cent.
\$	US Dollars