



## Press Release

10 October 2023

**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 in respect of its Mekhediviska-Golotvshinska ("MEX-GOL"), Svyrydivske ("SV") and Vasyschevskoye ("VAS") gas and condensate fields and Svystunivsko-Chervonolutskyi ("SC") exploration licence.

#### Production - Q3 2023

The average daily production of gas, condensate and LPG from the MEX-GOL, SV and VAS fields over the period from 1 July 2023 to 30 September 2023 was as follows:

Field	Gas (MMcf/d)		Condensate (bbl/d)		LPG (bbl/d)		Aggregate boepd	
	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022
<b>MEX-GOL &amp; SV</b>	<b>9.4</b>	10.9	<b>358</b>	453	<b>323</b>	297	<b>2,248</b>	2,588
<b>VAS</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9.4</b>	10.9	<b>358</b>	453	<b>323</b>	297	<b>2,248</b>	2,588

The ongoing war in Ukraine continues to cause disruption to operations at the Company's fields and recent adverse regulatory actions by the Ukrainian authorities, culminating in suspension of the VAS and SC licences on 4 May 2023, have caused further severe disruption to the Company's operations and a loss of production from the VAS field. Production volumes at the MEX-GOL and SV fields were lower when compared with Q3 2022 due to natural field decline, with the exception of LPG recoveries, which improved significantly following the completion of upgrade works to the gas processing facilities at the fields in mid-2022.

#### Operations

Production operations are continuing at the MEX-GOL and SV fields, and, currently, the production rate is approximately 2,200 boepd. Field operations are currently continuing relatively normally, but there have been disruptions to the supply of equipment and fuel, as well as interruptions to the supply of electricity, which has caused delays to the progress of some activities. In general, the operating environment in Ukraine remains very challenging.

The GOL-107 well is a development well, targeting production from the V-20 and V-23 horizons in the Visean formation. The well was spudded in December 2022 and has been drilled to a final depth of 5,190 metres. One interval, at a drilled depth of 5,140 - 5,143 metres, within the V-23 horizon, has been perforated and demonstrated gas flows. Initial testing of the well, using a variety of choke sizes, will now be undertaken to determine the productivity of the well, and thereafter it is intended that the well will be hooked up to the gas processing facilities to allow production testing to be conducted to establish the operating parameters of the well. Further information on

show production testing to be conducted to establish the operating parameters of the new field. Information on the outcome of the testing of this well will be announced in due course.

At the VAS field and SC exploration licence area, all operations are suspended following suspension orders made by the State Geologic and Subsoil Survey of Ukraine (the "SGSS") on 4 May 2023.

The Company continues to be cautious and vigilant in continuing with its operations and is taking the appropriate 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.

### **Cash Holdings**

At 30 September 2023, the Company's cash resources were approximately \$72.9 million, comprised of \$51.4 million equivalent in Ukrainian Hryvnia and the balance of \$21.5 million equivalent in a combination of US Dollars, Pounds Sterling and Euros.

### **Gas Sales and Sales Receivables**

During Q3 2023, demand for gas in Ukraine has remained weak due to the war, although gas sale prices improved moderately during the quarter. In Q2 2023, the Company completed a restructure of its contractual relationships relating to the sale of its gas, and pursuant to such restructuring, ceased selling gas to LLC Smart Energy. The Company now sells all of its gas directly to its off-takers. During the quarter, all of the remaining receivable balance under the previous sale arrangement with LLC Smart Energy was received.

### **New Auditor and Suspension from trading on AIM Market**

The Company is pleased to announce that it has recently engaged Zenith Audit Ltd as its new auditor for the audit of its financial statements. Zenith Audit Ltd has commenced work on the audit of the Company's financial statements for the year ended 31 December 2022 (the "2022 Accounts"), in conjunction with Kreston Ukraine who are undertaking the Ukrainian component of the audit of such financial statements. Completion of the 2022 Accounts is expected to be in Q4 2023.

Prior to the appointment of Zenith Audit Ltd, the Company did not have an auditor to enable it to complete, publish and post its audited 2022 Accounts to shareholders by the deadline of 30 June 2023 as required by Rule 19 of the AIM Rules for Companies. As a result, trading in the Company's ordinary shares on AIM was suspended with effect from 7.30 a.m. on 3 July 2023 pending publication and posting to shareholders of the 2022 Accounts. Suspension from trading is expected to be lifted upon publication and posting to shareholders of the 2022 Accounts, and the Company's interim results for the six month period ended 30 June 2023, which are expected to be completed shortly after the publication of the 2022 Accounts.

### **Suspension of VAS and SC Licences**

As announced on 4 May 2023, the SGSS has issued orders suspending the Company's VAS production licence and SC exploration licence.

This followed action by the Ministry of Justice of Ukraine (the "MoJ") on 2 May 2023, which made Orders (the "MoJ Orders") cancelling the registration entry made on behalf of three Ukrainian subsidiaries of the Company named LLC Prom-Enerho Produkt ("PEP"), LLC Arkona Gas-Energy ("Arkona") and LLC Well Investum ("Well Investum") respectively in the Unified State Register of Legal Entities, Individuals-entrepreneurs and Civil Institutions of Ukraine (the "State Register") relating to the ultimate beneficial owners of such companies. The registration entry for each of these companies stated the ultimate beneficial owners to be the beneficial owners of the indirect majority shareholder of the Company as notified to the Company and published to the market on 26 January 2023, but the MoJ Orders removed each such registration entry and restored the previous entry in the State Register, Vadym Novynskyi ("Mr Novynskyi"). As announced on 26 January 2023, the Company was notified that Mr Novynskyi ceased holding a beneficial interest in the indirect majority shareholder of the Company on 1 December 2022. PEP holds the VAS production licence, Arkona holds the SC exploration licence and Well Investum is a dormant company.

Under Ukrainian Law No. 2805-IX, which came into force on 28 March 2023, the SGSS has legislative powers to suspend and/or revoke hydrocarbon licences of which the ultimate beneficial owner is the subject of Ukrainian Government sanctions. As announced on 9 December 2022, the Ukrainian Government imposed sanctions on Mr Novynskyi, who previously held a major indirect shareholding interest in the Company, but ceased to do so on 1 December 2022 as referred to above. However, following the issuance of the MoJ Orders, Mr Novynskyi is now registered in the State Register as the ultimate beneficial owner of each of PEP and Arkona, and is consequently recognised by the SGSS as the ultimate beneficial owner of each of the VAS production licence and SC exploration licence. As a result, the SGSS issued the suspension orders in respect of each of the VAS production licence and SC exploration licence for a period of 5 years effective from 4 May 2023. Accordingly, the Company has ceased all field and production operations on the VAS and SC licence areas.

### **Regulatory Actions by Ukrainian Authorities**

As announced on 12 April 2023, the Ukrainian authorities have taken a number of regulatory actions against certain of the Company's subsidiaries in Ukraine, including conducting a search at the Group's Yakhnyky office, from

where the MEX-GOL and SV fields are operated, and placing certain physical assets of the Ukrainian branch (representative) office of Regal Petroleum Corporation Limited ("RPC") and Arkona (which respectively hold the MEX-GOL and SV fields and the SC exploration licence) under seizure, thereby restricting any actions that would change registration of the property rights relating to such assets. However, the use of such assets is not restricted and therefore the Company is able to continue to operate and produce gas and condensate from the MEX-GOL and SV fields. In addition, the MoJ made an Order cancelling the registration entry made on behalf of a subsidiary of the Company named LLC Regal Petroleum Corporation (Ukraine) Limited in the State Register relating to the ultimate beneficial owners of such company, thereby restoring the previous entry in the State Register, Mr Novynskyi. Furthermore, the SGSS issued an Order to RPC requiring that additional information be provided and/or violations be eliminated in the disclosures relating to the ultimate beneficial owners of the MEX-GOL and SV licences respectively.

**Sergii Glazunov, Chief Executive Officer, said:** *"The operating environment in Ukraine continues to be extremely challenging as a result of the war, and additionally the regulatory actions and continuing suspension orders made by the Ukrainian authorities are extremely disappointing. Nevertheless, we are pleased to be able to continue our production operations at the MEX-GOL and SV fields, and to progress the testing of the GOL-107 well. We are consulting with our lawyers to take all available measures to protect our assets and business and to, hopefully, successfully challenge the regulatory actions taken by the Ukrainian authorities."*

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 by virtue of the Market Abuse (Amendment) (EU Exit) Regulations 2019.

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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
LPG	liquefied petroleum gas
MMcf/d	million cubic feet per day
%	per cent.
\$	US Dollars

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