

30 September 2024

ENWELL ENERGY PLC

2024 INTERIM RESULTS

Enwell Energy plc (“Enwell Energy” or the “Company”, and together with its subsidiaries, the “Group”), the AIM-quoted (AIM: ENW) oil and gas exploration and production group, is pleased to announce its unaudited results for the six month period ended 30 June 2024.

Highlights

Operational

- Aggregate average daily production of 2,077 boepd (1H 2023: 2,730 boepd) (in each case calculated on the days when the Group’s fields were actually in production)
- Aggregate production volumes for the period of 377,968 boe (1H 2023: 475,305 boe)

Financial

- Revenue of \$23.7 million (1H 2023: \$33.1 million), down 28% primarily as a result of lower production rates and gas prices
- Gross profit of \$15.5 million (1H 2023: \$19.6 million), down 21%
- Operating profit of \$16.9 million (1H 2023: \$17.2 million), down 2% predominantly as a result of lower production rates and gas prices
- Net profit of \$12.6 million (1H 2023: \$12.5 million), up 1%
- Cash and cash equivalents of \$93.7 million as at 30 June 2024 (30 June 2023: \$33.8 million), and of \$97.1 million as at 23 September 2024
- Average realised gas, condensate and LPG prices in Ukraine were \$306/Mm³ (UAH11,919/Mm³), \$74/bbl and \$149/bbl respectively (1H 2023: \$419/Mm³ (UAH15,315/Mm³) gas, \$46/bbl condensate and \$92/bbl LPG)

Outlook

- The Russian invasion of Ukraine in February 2022 has had and continues to have a significant impact on all aspects of life in Ukraine, including the Group’s business and operations. The scale and duration of disruption to the Group’s business continues to be difficult to predict, and there remains significant uncertainty about the outcome of the war in Ukraine
- In June 2024, the suspensions of the VAS production licence and the SC exploration licence were lifted, and production has now resumed at the VAS field
- Subject to the Group’s ability to operate safely, development work planned for the remainder of 2024 and 2025 at the MEX-GOL and SV fields includes completing a workover of the MEX-102 well to access a shallower horizon, drilling the MEX-114 appraisal well, deepening the MEX-109 well to explore a deeper horizon, investigating the possible hydraulic fracturing of the SV-29 well, evaluating the potential for sidetracking of the MEX-119 well to access additional reserves, installing additional compression equipment and upgrading the flow-line network and other field infrastructure

- At the VAS field, production operations will continue, and at the SC licence area, planning for the development of this licence area is currently underway
- Currently, the Group retains a substantial proportion of its cash outside Ukraine, which enhances the Group's ability to navigate the current risk environment for the foreseeable future, and provides a material buffer to any further disruptions to the Group's operations
- Development programme for the remainder of 2024 and 2025 is expected to be funded from the Group's existing cash resources and operational cash flow

Oleksiy Zayets, Interim CEO, commented: *"To date, 2024 has been a solid operational year for Enwell Energy, however our achievements are significantly overshadowed by the ongoing war, which continues to have a huge impact on all aspects of life and business in Ukraine. The lifting of the suspensions of the VAS and SC licences in June 2024 was very welcome news, and we are pleased to be able to resume operations at those licences. In addition, we have continued production and some development activities at our MEX-GOL and SV fields, which is testament to the diligence and fortitude of our operational team."*

This announcement contains inside information for the purposes of Article 7 of EU Regulation No. 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.

For further information, please contact:

Enwell Energy plc

Chuck Valceschini, Chairman
Oleksiy Zayets, Interim Chief Executive Officer
Bruce Burrows, Finance Director

Tel: 020 3427 3550

Strand Hanson Limited

Rory Murphy / Matthew Chandler

Tel: 020 7409 3494

Zeus Capital Limited

Alexandra Campbell-Harris (Corporate Finance)
Simon Johnson (Corporate Broking)

Tel: 020 7614 5900

Citigate Dewe Rogerson

Ellen Wilton / Alex Winch

Tel: 020 7638 9571

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/Glossary

bbi	barrel
bbi/d	barrels per day
boe	barrels of oil equivalent
boepd	barrels of oil equivalent per day
Company	Enwell Energy plc
€	Euro
GDP	gross domestic product
Group	Enwell Energy plc and its subsidiaries
km	kilometre
km ²	square kilometre
LPG	liquefied petroleum gas
MEX-GOL	Mekhdiviska-Golotvshinska
m ³	cubic metres
Mm ³	thousand cubic metres
MMboe	million barrels of oil equivalent
MMscf	million scf
MMscf/d	million scf per day
%	per cent.
QHSE	quality, health, safety and environment
SC	Svystunivsko-Chervonolutskyi
scf	standard cubic feet measured at 20 degrees Celsius and one atmosphere
SV	Svrydivske
\$	United States Dollar
UAH	Ukrainian Hryvnia
VAS	Vasyshevskoye
VED	Vdenska

Chairman's Statement

I am pleased to present the Group's results for the first half of 2024 but very much wish that the circumstances were different. The invasion of Ukraine by Russia in February 2022 and the ongoing conflict has created a very challenging and worrying outlook for both the current and future situation in Ukraine, and I am greatly saddened by the terrible events occurring there.

The ongoing war has had a significant impact on all aspects of life in Ukraine, including the Group's business and operations. The overall scale and duration of future disruption to the Group's business continues to be difficult to predict, and there remains significant uncertainty about the outcome of the war.

Notwithstanding the disruption caused by the war, during the first half of 2024, the Group continued with some development activities at the MEX-GOL and SV fields. However, the suspensions of the VAS production licence and SC exploration licence in May 2023 meant that no activities on these licences took place in the period. At the MEX-GOL field, following the completion of the GOL-107 development well in Q4 2023, the well underwent longer-term testing to establish its optimal operating parameters. Following testing, the producing horizon in the well was re-perforated, which improved production rates, and hydraulic fracturing of the well is being evaluated to assess whether this may further improve production rates. Additionally, at the MEX-GOL field, a workover of the MEX-102 well to access a shallower horizon is underway, and planning has continued for the drilling of the MEX-114 appraisal well, deepening of the MEX-109 well to explore a deeper horizon and investigating the possible sidetracking of the MEX-119 well to access additional reserves. At the SV field, hydraulic fracturing of the SV-29 development well is being considered.

Aggregate average daily production (calculated on the days when the fields were actually in production) from the MEX-GOL and SV fields during the first half of 2024 was 2,077 boepd, which is lower than the aggregate daily production rate of 2,730 boepd achieved on the days of actual production during the corresponding period in 2023 due to the disruption caused by the war, natural field decline and the suspension of operations at the VAS field in May 2023. The aggregate production volumes for the period were 377,968 boe, which is lower than the aggregate production volumes of 475,305 boe for the corresponding period in 2023 for the same reasons.

There was also a significant decline in gas prices during the period further contributing to the decline in revenues to \$23.7 million (1H 2023: \$33.1 million). The Group's operating profit was lower at \$16.9 million (1H 2023: \$17.2 million), but net profit was slightly higher at \$12.6 million (1H 2023: \$12.5 million), and cash generated from operations was higher at \$21.3 million (1H 2023: \$12.4 million) as a result of the disproportionate reduction in operating costs.

Whilst the Group's operational activities continued broadly in line with 2023, development activity was significantly impacted by the increase in risks faced by the Group in Ukraine.

There is significant disruption to the fiscal and economic environment in Ukraine due to the ongoing conflict, and while the economy grew during the first half of 2024, the inflation rate increased and the Ukrainian Hryvnia weakened further against other currencies. It is likely that fiscal and economic uncertainties will continue in the future until hostilities cease.

The Ukrainian Government has implemented a number of reforms in the oil and gas sector in recent years, which include the deregulation of the gas supply market in late 2015, and subsequently, the simplification of the regulatory procedures applicable to oil and gas exploration and production activities in Ukraine.

The deregulation of the gas supply market, supported by electronic gas trading platforms and improved pricing transparency, has meant that Ukrainian market prices for gas are broadly correlated with the price of imported gas. During 2024 to date, gas prices weakened, reflecting a similar trend in European gas prices, as disruption to worldwide oil and gas supplies eased. However, condensate and LPG prices were higher by comparison to the corresponding period in 2023.

Restructuring of Smart Holding Group

In January 2023, the Company was notified that there had been a restructuring of the ownership of the PJSC Smart-Holding Group, a member of which held a major shareholding in the Company, and which was ultimately controlled by Mr Vadym Novynskyi (“Mr Novynskyi”). Under this restructuring, which occurred with effect from 1 December 2022, Mr Novynskyi disposed of his major indirect shareholding interest in the Company to two trusts registered in Cyprus named the SMART Trust and the STEP Trust. Further information is contained in the Company’s announcement dated 17 January 2023, and the TR-1 Forms published on 26 January 2023, 31 July 2023 and 20 March 2024.

Regulatory Actions by Ukrainian Authorities affecting the VAS and SC Licences

In early December 2022, the Ukrainian Government imposed sanctions on Mr Novynskyi, as set out in the Company’s announcement dated 9 December 2022.

As announced on 4 January 2023, new legislation, Law No. 2805-IX, relating to the natural resources sector was enacted in Ukraine, which came into force on 28 March 2023. This legislation is a substantial package of new procedures and reforms designed to improve the regulatory process relating to the exploration and development of natural resources in Ukraine. However, the legislation includes provisions that if the ultimate beneficial owner of a mineral or hydrocarbon licence becomes the subject of sanctions in Ukraine, then the State Geologic and Subsoil Survey of Ukraine (the “SGSS”) may suspend or revoke that licence.

Following Law No. 2805-IX coming into force on 28 March 2023, the Ukrainian authorities have taken a number of regulatory actions against certain of the Group’s subsidiary companies in Ukraine.

As announced on 12 April 2023, such regulatory actions included 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 LLC Arkona Gas-Energy (“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, although the use of such assets was not restricted and therefore the Company has been able to continue to operate and produce gas and condensate from the MEX-GOL and SV fields. In addition, the Ministry of Justice of Ukraine (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 Unified State Register of Legal Entities, Individuals–entrepreneurs and Civil Institutions of Ukraine (the “State Register”) relating to the ultimate beneficial owners of such company, which were stated as being the trustees of the SMART Trust and STEP Trust as previously notified to the 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.

On 2 May 2023, the MoJ made further Orders cancelling the registration entry made on behalf of three further Ukrainian subsidiaries of the Company named LLC Prom-Enerho Produkt (“PEP”), Arkona and LLC Well Investum (“Well Investum”) respectively in the State Register relating to the ultimate beneficial owners of such companies, which again were stated as being the trustees of the SMART Trust and STEP Trust, thereby restoring the previous entry, Mr Novynskyi. PEP holds the VAS production licence, Arkona holds the SC exploration licence and Well Investum is a dormant company.

Following the issuance of the abovementioned Orders by the MoJ, Mr Novynskyi is 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, on 4 May 2023, the SGSS issued orders suspending the VAS production licence and SC exploration licence for a period of 5 years effective from that date. Accordingly, the Company ceased all field and production operations on the VAS and SC licence areas at that time.

However, on 26 June 2024, the SGSS issued orders to renew the validity of each of the VAS production licence and SC exploration licence, thereby cancelling the suspensions of those licences, and enabling the resumption of operational activities at those licences. Further information is contained in the Company's announcement dated 27 June 2024.

In September 2024, new legislation has come into force which requires that branches (or representative offices) of foreign companies operating in Ukraine register their ultimate beneficial owners in Ukrainian Registries. RPC, which holds the MEX-GOL and SV licences, operates such a branch and is therefore required to register its ultimate beneficial owners in such Registries, which raises a potential risk that such registration will not be accepted by the Ukrainian authorities, and possibly result in regulatory action against RPC and/or its licences and assets, including suspension of the MEX-GOL and SV licences.

Board and Management Changes

In March 2024, Chris Hopkinson stepped down as Non-Executive Chairman of the Board, and Sergii Glazunov stepped down as Chief Executive Officer and a Director, and I joined the Board as Non-Executive Chairman alongside Igor Basai as a Non-Executive Director. In addition, Oleksiy Zayets was appointed as Interim Chief Executive Officer.

Outlook

The ongoing war in Ukraine creates a devastating humanitarian situation, as well as extreme challenges to the country's fiscal, economic and business environment. In such, circumstances, it is extremely difficult to plan future investment and operational activities at the Group's fields. However, subject to it being safe to do so, the Group is planning to undertake further limited development activities during the remainder of 2024 and beyond in order to continue the development of its fields. In doing so, the Group is taking and will continue to take all measures available to protect and safeguard its personnel and business, with the safety and wellbeing of its personnel and contractors being paramount. The Group retains a significant proportion of its cash reserves outside Ukraine, and this provides a material buffer to any further disruptions to the Group's operations. This has enabled the Board to reach the opinion that the Group has sufficient resources to navigate the current risk environment for the foreseeable future.

In conclusion, on behalf of the Board, I would like to thank all of our staff for the continued dedication and support during 2024 to date, especially their remarkable fortitude during the ongoing conflict in Ukraine.

Chuck Valceschini
Chairman

Chief Executive's Statement

Introduction

The war in Ukraine has materially disrupted the Group's development activity at its Ukrainian fields during the first half of 2024. At the MEX-GOL and SV fields, production operations and some development activities continued, with the GOL-107 development well being completed in Q4 2023 and undergoing longer-term testing to establish its optimal operating parameters. Following testing, the producing horizon in the well was re-perforated, which improved production rates, and hydraulic fracturing of the well is being evaluated to assess whether this may further improve flow rates.

At the VAS field, production operations remained suspended following the suspension of the VAS production licence in May 2023, but, in June 2024, this suspension was lifted, and production operations have now resumed. In addition, planning for the further development of the field, as well as for a proposed new well to explore the VED prospect within the VAS licence area have also resumed.

The SC exploration licence was also suspended in May 2023, but similarly, the suspension of the SC exploration licence was lifted in June 2024, and planning has resumed for the development of the licence area.

Overall production in the first half of 2024 was lower than in the corresponding period in 2023 due to the disruption to production operations caused by the war in Ukraine, natural field decline and the suspension of the VAS production licence.

Production

The average daily production of gas, condensate and LPG from the MEX-GOL and SV fields during the six month period ended 30 June 2024 is shown below. There was no production from the VAS field due to the suspension of the VAS production licence.

Field	Gas (MMscf/d)		Condensate (bbl/d)		LPG (bbl/d)		Aggregate boepd	
	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023
MEX-GOL & SV	8.6	9.8	323	384	325	413	2,077	2,400
VAS	-	1.7	-	17	-	-	-	330
Total	8.6	11.5	323	401	325	413	2,077	2,730

As a result of the continued operational disruptions caused by the war and deferment of development work, the Group's average daily production rate for the first half of 2024 has been materially adversely affected. In addition, as a result of the regulatory actions by the Ukrainian authorities, the VAS production licence and the SC exploration licence were suspended between 4 May 2023 and 26 June 2024.

Aggregate production volumes for 1H 2024 were 377,968 boe, which is lower than the aggregate production volumes of 475,305 boe in the corresponding period in 2023 for the reasons set out above.

Production is currently continuing at the MEX-GOL and SV fields at a rate of approximately 1,900 boepd, and following the lifting of the licence suspension at the VAS field, production operations resumed, and, after a period of cleaning up, the production rate is recovering back towards the production rate prior to the suspension of the licence.

Operations

The war in Ukraine has significantly affected fiscal and economic stability in the country, and the oil and gas sector in Ukraine has been particularly affected by interruptions to power supplies, the unavailability of oil field equipment and services and disruptions to the markets for the sale of gas, condensate and LPG. In addition, the decrease in gas prices in Europe fed through to the Group's realised prices in Ukraine, impacting the Group's revenues and operating profitability during the period.

During the first half of 2024, the Group continued to refine its geological subsurface models of the MEX-GOL, SV and VAS fields, as well as the SC licence area, in order to enhance its strategy for the further development of such fields and licence area, including the timing and level of future capital investment required to exploit the hydrocarbon resources.

At the MEX-GOL field, the GOL-107 development well, targeting production from the V-20 and V-23 Viséan formations, was completed in late October 2023, with the well having 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 formation, was perforated and demonstrated gas flows, but at lower than anticipated rates. The well was hooked up to the gas processing facilities to undergo longer-term testing to establish its optimal operating parameters. Following this testing, the producing horizon in the well was re-perforated, which improved production rates, and hydraulic fracturing of the well is being evaluated to assess whether this may further improve flow rates.

The Group continued to operate each of the SV-2 and SV-12 wells under joint venture agreements with PJSC Ukrnafta, the majority State-owned oil and gas producer. Under the agreements, the gas and condensate produced from the respective wells is sold under an equal net profit sharing arrangement between the Group and PJSC Ukrnafta, with the Group accounting for the hydrocarbons produced and sold from the wells as revenue, and the net profit share due to PJSC Ukrnafta being treated as a lease expense in cost of sales. However, following the SV-2 well experiencing water ingress, a workover of this well was undertaken to replace the production string and remove obstructions in the well, but this work was unsuccessful and further remedial work is not being considered at the present time.

At the VAS field, there were no operational activities during the period due to the continued suspension of the VAS production licence since May 2023, but with the lifting of the suspension of such licence on 26 June 2024, operational activities resumed, including production operations, and, after a period of cleaning up, the production rate is recovering back towards the production rate prior to the suspension of the licence. Planning for the further development of the field, as well as for a proposed new well to explore the VED prospect within the VAS licence area, has also resumed.

Similarly, at the SC exploration licence area, there were no operational activities due to the continued suspension of the SC exploration licence since May 2023, but such suspension was lifted on 26 June 2024, and since then, planning for the further development of the licence area has resumed.

Outlook

The ongoing war in Ukraine has caused significant disruption to the country as a whole and to the Group's business activities, and until there is a satisfactory resolution to the conflict, the disruption and uncertainty are likely to continue. However, subject to it being safe to do so, during the remainder of 2024 and 2025, the Group plans to continue the development of its fields to the extent it is possible to do so.

At the MEX-GOL and SV fields, the development programme includes completing a workover of the MEX-102 well to access a shallower horizon, drilling the MEX-114 appraisal well, deepening of the MEX-109 well to explore a deeper horizon in the Viséan formation, investigating the possible hydraulic fracturing of the SV-29 well, evaluating the potential for sidetracking of the MEX-119 well to access additional reserves, installing

additional compression equipment and upgrading and maintaining the flow-line network and pipelines and other field infrastructure, as well as planning for the further development of the fields.

At the VAS field, production operations will continue, together with planning for the further development of the field, as well as for a proposed new well to explore the VED prospect within the VAS licence area.

At the SC exploration licence area, planning for the development of the licence area will continue, including planning for the installation of new gas processing facilities and other surface infrastructure and/or the feasibility of connection to existing gas processing facilities.

Finally, I would like to add my thanks to all of our staff for their continued hard work and dedication over the course of 2024, and to especially recognise their ongoing efforts and professionalism in the face of the extremely challenging current situation in Ukraine.

Oleksiy Zayets
Interim Chief Executive Officer

Finance Review

Despite the continued significant disruption caused by the war in Ukraine, the Group was still able to generate a net profit for the period of \$12.6 million, marginally higher than the first half of 2023 (1H 2023: \$12.5 million), notwithstanding lower production rates and lower gas prices.

Revenue for the period, derived from the sale of the Group's Ukrainian gas, condensate and LPG production, was 28% lower at \$23.7 million (1H 2023: \$33.1 million), primarily as a result of the combined effects of lower production rates and a decrease in gas prices in the period, slightly mitigated by an improvement in condensate and LPG prices.

Aggregate daily production for the first half of 2024 was down approximately 24% at 2,077 boepd (1H 2023: 2,730 boepd), in each case calculated on the days when the Group's fields were actually in production, due to the disruption to operations and ongoing reduced levels of field development as a result of the war in Ukraine, natural field decline and the suspension of the VAS production licence in May 2023. Aggregate production volumes for the period were 377,968 boe, which is lower than the aggregate production volumes of 475,305 boe in the corresponding period in 2023 for the same reasons.

During 2024, global, and particularly European, gas prices declined as the disruption to supplies caused by the Russian invasion of Ukraine abated, and this decrease also occurred in Ukraine, causing a 27% decline in average gas price realisations in the period at \$306/Mm³ (UAH11,919/Mm³). However, condensate and LPG average sales prices improved by 61% and 62% at \$74/bbl and \$149/bbl respectively (1H 2023: \$419/Mm³ (UAH15,315/Mm³), \$46/bbl and \$92/bbl respectively).

During the period from 1 July 2024 to 31 August 2024, the average realised gas, condensate and LPG prices were \$308/Mm³ (UAH12,639/Mm³), \$114/bbl and \$106/bbl respectively.

Gross profit for the period was 21% lower at \$15.5 million (1H 2023: \$19.6 million), the dampened effect of the steeper fall in revenues being offset to an extent by a 40% fall in cost of sales for the period at \$8.2 million (1H 2023: \$13.6 million). The decline in production resulted in a decline in depreciation, and the decreased gas prices also disproportionately reduced the revenue-related costs of taxes and well rental, down a combined 57% at \$3.1 million (1H 2023: \$7.2 million).

The subsoil tax rates applicable to gas production were stable during the first six months of 2024 and were as follows:

- (i) when gas prices are up to \$150/Mm³, the rate for wells drilled prior to 1 January 2018 ("old wells") is 14.5% for gas produced from deposits at depths shallower than 5,000 metres and 7% for gas produced from deposits deeper than 5,000 metres, and for wells drilled after 1 January 2018 ("new wells") is 6% for gas produced from deposits at depths shallower than 5,000 metres and 3% for gas produced from deposits deeper than 5,000 metres;
- (ii) when gas prices are between \$150/Mm³ and \$400/Mm³, the rate for old wells is 29% for gas produced from deposits at depths shallower than 5,000 metres and 14% for gas produced from deposits deeper than 5,000 metres, and for new wells is 12% for gas produced from deposits at depths shallower than 5,000 metres and 6% for gas produced from deposits deeper than 5,000 metres;
- (iii) when gas prices are more than \$400/Mm³, for the first \$400/Mm³, the rate for old wells is 29% for gas produced from deposits at depths shallower than 5,000 metres and 14% for gas produced from deposits deeper than 5,000 metres, and for new wells is 12% for gas produced from deposits at depths shallower than 5,000 metres and 6% for gas produced from deposits deeper than 5,000 metres, and for the difference between \$400/Mm³ and the actual price, the rate for old wells is 65% for gas produced from deposits at depths shallower than 5,000 metres and 31% for gas produced from deposits deeper than 5,000 metres, and for new wells is 36% for gas produced from deposits at depths shallower than 5,000 metres and 18% for gas produced from deposits deeper than 5,000 metres.

The tax rates applicable to condensate production were 31% for condensate produced from deposits shallower than 5,000 metres and 16% for condensate produced from deposits deeper than 5,000 metres, for both old and new wells.

As a direct result of the war 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 subsoil tax rates has had a significantly detrimental effect for domestic gas producers. In order to address this issue, legislation was implemented in August 2022 which modified such methodology to ensure that it operates as originally intended (with such reference price being aligned with domestic prices).

Administrative expenses for the period were lower at \$2.4 million (1H 2023: \$3.7 million) as a result of the reduced level of activity.

The tax charge for the six months ended 30 June 2024 was lower at \$4.2 million (1H 2023: \$5.0 million), and comprised a current tax charge of \$3.1 million (1H 2023: \$3.1 million) and a deferred tax charge of \$1.1 million (1H 2023: \$1.9 million).

A deferred tax asset relating to the Group's provision for decommissioning as at 30 June 2024 of \$0.6 million (31 December 2023: \$0.6 million) was recognised on the tax effect of the temporary differences of the Group's provision for decommissioning at the MEX-GOL and SV fields, and its tax base. A deferred tax liability relating to the Group's development and production assets at the MEX-GOL and SV fields as at 30 June 2024 of \$7.0 million (31 December 2023: \$5.5 million) was recognised on the tax effect of the temporary differences between the carrying value of the Group's development and production asset at the MEX-GOL and SV fields, and its tax base.

A deferred tax asset relating to the Group's provision for decommissioning as at 30 June 2024 of \$0.3 million (31 December 2023: \$0.3 million) was recognised on the tax effect of the temporary differences on the Group's provision on decommissioning at the VAS field, and its tax base. A deferred tax asset relating to the Group's development and production assets at the VAS field as at 30 June 2024 of \$0.7 million (31 December 2023: deferred tax liability of \$0.1) was recognised on the tax effect of the temporary differences between the carrying value of the Group's development and production asset at the VAS field, and its tax base.

Capital investment of just \$0.5 million reflects the greatly reduced investment in the Group's oil and gas development and production assets during the period (1H 2023: \$3.0 million). The low level of capital investment in the period is a function of the deferral of certain aspects of the Group's development plans necessitated by the ongoing war in Ukraine and the suspension of the Group's VAS and SC licences, but has been increased since the end of the period after the lifting of the suspensions of the Group's VAS and SC licences in late June 2024.

A review of any indicators of impairment of the carrying value of the Group's assets was undertaken at the period end and this review concluded that the war in Ukraine and the suspension of the VAS production licence had resulted in such an indicator. Impairment reviews were therefore conducted on the carrying value of the Group's assets but did not result in the recognition of any impairment loss.

Cash and cash equivalents held as at 30 June 2024 were significantly higher at \$93.7 million (1H 2023: \$33.8 million), primarily due to the payment of the £48.1 million interim dividend in June 2023. The Group's cash and cash equivalents balance as at 23 September 2024 was \$97.1 million, held as to \$79.9 million equivalent in Ukrainian Hryvnia and the balance of \$17.2 million equivalent predominantly in US Dollars, Euros and Pounds Sterling.

During the first six months of 2024, the Ukrainian Hryvnia weakened slightly against the US Dollar, at UAH38.0/\$1.00 on 31 December 2023 and UAH40.5/\$1.00 on 30 June 2024. The impact of this was \$8.9 million of foreign exchange loss (1H 2023: \$0.7 million of foreign exchange gain). Increases and decreases in the value of the Ukrainian Hryvnia against the US Dollar affect the carrying value of the Group's assets. The official exchange rate of the Ukrainian Hryvnia to the US Dollar on 23 September 2024 was UAH41.4/\$1.00.

Cash from operations has funded the capital investment during the first six months of 2024, and the Group's current cash position and positive operating cash flow are the sources from which the Group plans to fund the development programmes for its assets over the remainder of 2024 and beyond. This is coupled with the fact that the Group is currently debt-free, and therefore has no debt covenants that may otherwise impede its ability to implement contingency plans if domestic and/or global circumstances dictate. This flexibility and ability to monitor and manage development plans and liquidity is a cornerstone of our planning, and underpins our assessments of the future. With monetary resources at the end of the period of \$93.7 million equivalent, and annual running costs of less than \$8 million, the Group remains in a very strong position, notwithstanding the impact of the current conflict in Ukraine, as well as any local or global shocks that may occur to the industry and/or the Group.

Bruce Burrows
Finance Director

Principal Risks and How We Manage Them

The Group has a risk evaluation methodology in place to assist in the review of the risks across all material aspects of its business. This methodology highlights external, operational and technical, financial and corporate risks and assesses the level of risk and potential consequences. It is periodically presented to the Audit Committee and the Board for review, to bring to their attention potential risks and, where possible, propose mitigating actions. Key risks recognised and mitigation factors are detailed below:-

Risk	Mitigation
External risks	
<i>War in Ukraine</i>	
<p>On 24 February 2022, Russia invaded Ukraine and there is currently a serious and ongoing war within Ukraine. This war is having a huge impact on Ukraine and its population, with significant destruction of infrastructure and buildings in the areas of conflict, as well as damage in other areas of Ukraine. The war is resulting in significant casualties and has caused a huge humanitarian catastrophe and refugee influx into neighbouring countries. The war is also impacting the fiscal and economic environment in Ukraine, as well as the financial stability and banking system in Ukraine, including restrictions on the transfer of funds outside Ukraine. The war is an escalation of the previous regional conflict risk faced by the business, a dispute that has been going on since 2014 in parts of eastern Ukraine, and since that time Russia has continued to occupy Crimea. The current war is also having a significant adverse effect on the Ukrainian financial markets, hampering the ability of Ukrainian companies and banks to obtain funding from the international capital and debt markets. The war has disrupted the Group's business and operations, causing periods of suspension of field operations, and has also impacted the supply of materials and equipment and the availability of contractors to undertake field operations. At present, the war is ongoing and the scope and duration of the war is uncertain.</p>	<p>The Group has assets in the areas of conflict in the east of Ukraine, and the war has disrupted its operations in those areas. The Group has been undertaking only limited field and production operations at the MEX-GOL and SV fields, with no operational activities at the VAS field and SC licence area during the period of their suspension between May 2023 and June 2024. At the fields, inventories of hydrocarbons are being maintained at minimum levels. Where possible, staff work remotely and have been supplied with all necessary devices and software to facilitate remote working. Additionally, the Group aims to maintain a significant proportion of its cash resources outside Ukraine. The Group continues to monitor the situation and endeavours to protect its assets and safeguard its staff and contractors.</p>
<i>Risk relating to Ukraine</i>	
<p>Ukraine is an emerging market and as such the Group is exposed to greater regulatory, economic and political risks than it would be in other jurisdictions. Emerging economies are generally subject to a volatile political and economic environment, which makes them vulnerable to market downturns elsewhere in the world and could adversely impact the Group's ability to operate in the market. Furthermore, the war in Ukraine is impacting the fiscal and economic environment, the financial and banking system, and the economic stability of Ukraine. As a result, Ukraine will require financial assistance and/or aid from international financial agencies to provide economic support and assist with the reconstruction of infrastructure and buildings damaged in the war.</p>	<p>The Group minimises this risk by continuously monitoring the market in Ukraine and by maintaining as strong a working relationship as possible with the Ukrainian regulatory authorities. The Group also maintains a significant proportion of its cash holdings in international banks outside Ukraine.</p>

<p><i>Banking system in Ukraine</i></p>	
<p>The banking system in Ukraine has been under great strain in recent years due to the weak level of capital, low asset quality caused by the economic situation, currency depreciation, changing regulations and other economic pressures generally, and so the risks associated with the banks in Ukraine have been significant, including in relation to the banks with which the Group has operated bank accounts. This situation was improving moderately following remedial action by the National Bank of Ukraine, but the current war has significantly affected such improvements, and the National Bank of Ukraine has imposed a number of restrictive measures designed to protect the banking system, including restrictions on the transfer of funds outside Ukraine (albeit that the Group aims to maintain a significant proportion of its cash resources outside Ukraine. In addition, Ukraine continues to be supported by funding from the International Monetary Fund, and has requested further funding support from the International Monetary Fund.</p>	<p>The creditworthiness and potential risks relating to the banks in Ukraine are regularly reviewed by the Group, but the geopolitical and economic events in Ukraine over recent years have significantly weakened the Ukrainian banking sector. This has been exacerbated by the current war in Ukraine. In light of this, the Group has taken and continues to take steps to diversify its banking arrangements between a number of banks in Ukraine. These measures are designed to spread the risks associated with each bank's creditworthiness, and the Group endeavours to use banks that have the best available creditworthiness. Nevertheless, and despite the recent improvements, the Ukrainian banking sector remains weakly capitalised and so the risks associated with the banks in Ukraine remain significant, including in relation to the banks with which the Group operates bank accounts. As a consequence, the Group also maintains a significant proportion of its cash holdings in international banks outside Ukraine.</p>
<p><i>Geopolitical environment in Ukraine</i></p>	
<p>Although there were some improvements in recent years, there has not been a final resolution of the political, fiscal and economic situation in Ukraine, and the current war has had a severe detrimental effect on the economic situation in Ukraine. The ongoing effects of this are difficult to predict and likely to continue to affect the Ukrainian economy and potentially the Group's business. This situation is currently affecting the Group's production and field operations, and the ongoing instability is disrupting the Group's development and operational planning for its assets.</p>	<p>The Group continually monitors the market and business environment in Ukraine and endeavours to recognise approaching risks and factors that may affect its business. However, the war in Ukraine creates material challenges in planning future investment and operations. The Group is limiting its operational activities to minimise risk to its staff and contractors, and to limit its financial exposure.</p>
<p><i>Climate change</i></p>	
<p>Any near and medium-term continued warming of the planet can have potentially increasing negative social, economic and environmental consequences, generally, globally and regionally, and specifically in relation to the Group. The potential impacts include: loss of market; and increased costs of operations through increasing regulatory oversight and controls, including potential effective or actual loss of licences to operate. As a diligent operator aware of and responsive to its good stewardship responsibilities, the Group not only needs to monitor and modify its business plans and operations to react to changes, but also to ensure its environmental footprint is as minimal as it can practicably be in managing the hydrocarbon resources the Group produces.</p>	<p>The Group's plans include: assessing, reducing and/or mitigating its emissions in its operations; and identifying climate change-related risks and assessing the degree to which they can affect its business, including financial implications. The HSE Committee is specifically tasked with overseeing, measuring, benchmarking and mitigating the Group's environmental and climate impact, which will be reported on in future periods. At this stage, the Group does not consider climate change to have any material implications for the Group's financial statements, including accounting estimates.</p>
<p>Operational and technical risks</p>	
<p><i>Quality, Health, Safety and Environment ("QHSE")</i></p>	
<p>The oil and gas industry, by its nature, conducts activities which can cause health, safety, environmental and security incidents. Serious incidents can not only have a financial impact but can also damage the Group's reputation and the opportunity to undertake further projects. The war in</p>	<p>The Group maintains QHSE policies and requires that management, staff and contractors adhere to these policies. The policies ensure that the Group meets Ukrainian legislative standards in full and achieves international standards to the maximum extent possible. As a consequence of the current war in Ukraine,</p>

<p>Ukraine poses significant risks to field operations, by way of potential threat to the lives of employees and contractors, and damage to equipment and infrastructure.</p>	<p>operations at the MEX-GOL, SV and VAS fields and SC licence area have been suspended for periods, and currently only limited field operations are continuing at the fields. Only essential staff are located at site, and all other staff are working remotely, either from areas away from the conflict areas or outside Ukraine. The Group has invested in technology that allows many staff to work just as effectively from remote locations.</p>
<p><i>Industry risks</i></p>	
<p>The Group is exposed to risks which are generally associated with the oil and gas industry. For example, the Group's ability to pursue and develop its projects and undertake development programmes depends on a number of uncertainties, including the availability of capital, seasonal conditions, regulatory approvals, gas, oil, condensate and LPG prices, development costs and drilling success. As a result of these uncertainties, it is unknown whether potential drilling locations identified on proposed projects will ever be drilled or whether these or any other potential drilling locations will be able to produce gas, oil or condensate. In addition, drilling activities are subject to many risks, including the risk that commercially productive reservoirs will not be discovered. Drilling for hydrocarbons can be unprofitable, not only due to dry holes, but also as a result of productive wells that do not produce sufficiently to be economic. In addition, drilling and production operations are highly technical and complex activities and may be curtailed, delayed or cancelled as a result of a variety of factors.</p>	<p>The Group has well qualified and experienced technical management staff to plan and supervise operational activities. In addition, the Group engages with suitably qualified local and international geological, geophysical and engineering experts and contractors to supplement and broaden the pool of expertise available to the Group. Detailed planning of development activities is undertaken with the aim of managing the inherent risks associated with oil and gas exploration and production, as well as ensuring that appropriate equipment and personnel are available for the operations, and that local contractors are appropriately supervised.</p>
<p><i>Production of hydrocarbons</i></p>	
<p>Producing gas and condensate reservoirs are generally characterised by declining production rates which vary depending upon reservoir characteristics and other factors. Future production of the Group's gas and condensate reserves, and therefore the Group's cash flow and income, are highly dependent on the Group's success in operating existing producing wells, drilling new production wells and efficiently developing and exploiting any reserves, and finding or acquiring additional reserves. The Group may not be able to develop, find or acquire reserves at acceptable costs. The experience gained from drilling undertaken to date highlights such risks as the Group targets the appraisal and production of these hydrocarbons.</p>	<p>In recent years, the Group has engaged external technical consultants to undertake a comprehensive review and re-evaluation study of the MEX-GOL and SV fields in order to gain an improved understanding of the geological aspects of the fields and reservoir engineering, drilling and completion techniques, and the results of this study and further planned technical work are being used by the Group in the future development of these fields. The Group has established an ongoing relationship with such external technical consultants to ensure that technical management and planning is of a high quality in respect of all development activities on the Group's fields.</p>
<p><i>Risks relating to the further development and operation of the Group's gas and condensate fields in Ukraine</i></p>	
<p>The planned development and operation of the Group's gas and condensate fields in Ukraine is susceptible to appraisal, development and operational risk. This could include, but is not restricted to, delays in the delivery of equipment in Ukraine, failure of key equipment, lower than expected production from wells that are currently producing, or new wells that are brought on-stream, problematic wells and complex</p>	<p>The Group's technical management staff, in consultation with its external technical consultants, carefully plan and supervise development and operational activities with the aim of managing the risks associated with the further development of the Group's fields in Ukraine. This includes detailed review and consideration of available subsurface data, utilisation of modern geological software, and utilisation of</p>

<p>geology which is difficult to drill or interpret. The generation of significant operational cash is dependent on the successful delivery and completion of the development and operation of the fields. The war in Ukraine is impacting planning and implementation of development and operations at the Group's fields.</p>	<p>engineering and completion techniques developed for the fields. With regards to operational activities, the Group ensures that appropriate equipment and personnel are available for the operations, and that operational contractors are appropriately supervised. In addition, the Group performs a review of indicators of impairment of its oil and gas assets on an annual basis, and considers whether an assessment of its oil and gas assets by a suitably qualified independent assessor is appropriate or required.</p>
<p><i>Drilling and workover operations</i></p>	
<p>Due to the depth and nature of the reservoirs in the Group's fields, the technical difficulty of drilling or re-entering wells in the Group's fields is high, and this and the equipment limitations within Ukraine, can result in unsuccessful or lower than expected outcomes for wells.</p>	<p>The utilisation of detailed sub-surface analysis, careful well planning and engineering design in designing work programmes, along with appropriate procurement procedures and competent on-site management, aims to minimise these risks.</p>
<p><i>Maintenance of facilities</i></p>	
<p>There is a risk that production or transportation facilities can fail due to non-adequate maintenance, control or poor performance of the Group's suppliers.</p>	<p>The Group's facilities are operated and maintained at standards above the Ukrainian minimum legal requirements. Operations staff are experienced and receive supplemental training to ensure that facilities are properly operated and maintained. Service providers are rigorously reviewed at the tender stage and are monitored during the contract period.</p>
<p>Financial risks</p>	
<p><i>Exposure to cash flow and liquidity risk</i></p>	
<p>There is a risk that insufficient funds are available to meet the Group's development obligations to commercialise the Group's oil and gas assets. Since a significant proportion of the future capital requirements of the Group is expected to be derived from operational cash generated from production, including from wells yet to be drilled, there is a risk that in the longer term insufficient operational cash is generated, or that additional funding, should the need arise, cannot be secured. The war in Ukraine has disrupted production operations at the Group's fields, and consequently reduced anticipated cash flows from those fields, and this has increased the risk regarding sufficiency of capital for development. In addition, the conflict may disrupt the sales market for hydrocarbons that are produced. Currently, however, hydrocarbon prices are reasonably strong, which is ameliorating the potential reduction in cash flows, and the Group's sales counterparties are meeting their financial obligations. In addition to the risk of operational cash shortfalls, there is a risk that even with strong cash flows and cash balances, the Group, from time to time, can suffer from non-Ukrainian operational banking appetite for businesses such as the Group's business, which can ultimately manifest itself in having restricted access to banking services.</p>	<p>The Group maintains adequate cash reserves and closely monitors forecasted and actual cash flow, as well as short and longer-term funding requirements. The Group aims to maintain a significant proportion of its cash resources outside Ukraine. The Group does not currently have any loans outstanding, internal financial projections are regularly made based on the latest estimates available, and various scenarios are run to assess the robustness of the Group's liquidity. However, as the risk to future capital funding is inherent in the oil and gas exploration and development industry and reliant in part on future development success, it is difficult for the Group to take any other measures to further mitigate this risk, other than tailoring its development activities to its available capital funding from time to time. The Group aims to maintain as diverse a range of banking relationships as possible to reduce the risks associated with limited accessibility to banking services which may exist from time to time.</p>
<p><i>Ensuring appropriate business practices</i></p>	
<p>The Group operates in Ukraine, an emerging market, where certain inappropriate business practices may, from time to time occur, such as corrupt business</p>	<p>The Group maintains anti-bribery and corruption policies in relation to all aspects of its business, and ensures that clear authority levels and robust approval</p>

<p>practices, bribery, appropriation of property and fraud, all of which can lead to financial loss.</p>	<p>processes are in place, with stringent controls over cash management and the tendering and procurement processes. In addition, office and site protection is maintained to protect the Group's assets.</p>
<p><i>Hydrocarbon price risk</i></p> <p>The Group derives its revenue principally from the sale of its Ukrainian gas, condensate and LPG production. These revenues are subject to commodity price volatility and political influence. A prolonged period of low gas, condensate and LPG prices may impact the Group's ability to maintain its long-term investment programme with a consequent effect on its growth rate, which in turn may impact the Company's share price or any shareholder returns. Lower gas, condensate and LPG prices may not only decrease the Group's revenues per unit, but may also reduce the amount of gas, condensate and LPG which the Group can produce economically, as would increases in costs associated with hydrocarbon production, such as subsoil taxes and royalties. The overall economics of the Group's key assets (being the net present value of the future cash flows from its Ukrainian projects) are far more sensitive to long term gas, condensate and LPG prices than short-term price volatility. However, short-term volatility does affect liquidity risk, as, in the early stage of the projects, income from production revenues is offset by capital investment. In addition, the war in Ukraine may disrupt the sales market for hydrocarbons, although, currently, hydrocarbon prices are reasonably strong, and the Group's sales counterparties are meeting their financial obligations.</p>	<p>The Group sells a proportion of its hydrocarbon production through offtake arrangements, which include pricing formulae so as to ensure that it achieves market prices for its products, as well utilising the electronic market platforms in Ukraine to achieve market prices for its remaining products. However, hydrocarbon prices in Ukraine are implicitly linked to world hydrocarbon prices and so the Group is subject to external price trends.</p>
<p><i>Currency risk</i></p> <p>Since the beginning of 2014, the Ukrainian Hryvnia significantly devalued against major world currencies, including the US Dollar, where it has fallen from UAH8.3/\$1.00 on 1 January 2014 to UAH38.0/\$1.00 on 31 December 2023, and UAH41.4/\$1.00 on 23 September 2024. This devaluation has been a significant contributor to the imposition of banking restrictions by the National Bank of Ukraine over recent years. In addition, the geopolitical events in Ukraine over recent years and the current war in Ukraine are likely to continue to impact the valuation of the Ukrainian Hryvnia against major world currencies. Further devaluation of the Ukrainian Hryvnia against the US Dollar will affect the carrying value of the Group's assets.</p>	<p>The Group's sales proceeds are received in Ukrainian Hryvnia, and the majority of the capital expenditure costs for the current investment programme will be incurred in Ukrainian Hryvnia, thus the currency of revenue and costs are largely matched. In light of the previous devaluation and volatility of the Ukrainian Hryvnia against major world currencies, and since the Ukrainian Hryvnia does not benefit from the range of currency hedging instruments which are available in more developed economies, the Group has adopted a policy that, where possible, funds not required for use in Ukraine be retained on deposit in the United Kingdom and Europe, principally in US Dollars.</p>
<p><i>Counterparty and credit risk</i></p> <p>The challenging political and economic environment in Ukraine and current war means that businesses can be subject to significant financial strain, which can mean that the Group is exposed to increased counterparty risk if counterparties fail or default in their contractual obligations to the Group, including in relation to the sale of its hydrocarbon production, resulting in financial loss to the Group.</p>	<p>The Group monitors the financial position and credit quality of its contractual counterparties and seeks to manage the risk associated with counterparties by contracting with creditworthy contractors and customers. Hydrocarbon production is sold on terms that limit supply credit and/or title transfer until payment is received.</p>

<p><i>Financial markets and economic outlook</i></p> <p>The performance of the Group is influenced by global economic conditions and, in particular, the conditions prevailing in the United Kingdom and Ukraine. The economies in these regions have been subject to volatile pressures in recent periods, with the global economy having experienced a long period of difficulty, the COVID pandemic, and more particularly the current war in Ukraine. This has led to extreme foreign exchange movements in the Ukrainian Hryvnia, high inflation and interest rates, and increased credit risk relating to the Group's key counterparties.</p>	<p>The Group's sales proceeds are received in Ukrainian Hryvnia and a significant proportion of investment expenditure is made in Ukrainian Hryvnia, which minimises risks related to foreign exchange volatility. However, hydrocarbon prices in Ukraine are implicitly linked to world hydrocarbon prices and so the Group is subject to external price movements. The Group holds a significant proportion of its cash reserves in the United Kingdom and Europe, mostly in US Dollars, with reputable financial institutions. The financial status of counterparties is carefully monitored to manage counterparty risks. Nevertheless, the overall exposure that the Group faces as a result of these risks cannot be predicted and many of these are outside of the Group's control.</p>
<p>Corporate risks</p>	
<p><i>Ukrainian production licences</i></p> <p>The Group operates in a region where the right to production can be challenged by State and non-State parties. During 2010, this manifested itself in the form of a Ministry Order instructing the Group to suspend all operations and production from its MEX-GOL and SV production licences, which was not resolved until mid-2011. In 2013, new rules relating to the updating of production licences led to further challenges being raised by the Ukrainian authorities to the production licences held by independent oil and gas producers in Ukraine, including the Group. In March 2019, a Ministry Order was issued instructing the Group to suspend all operations and production from its VAS production licence, which was not resolved until March 2023. In 2020, LLC Arkona Gas-Energy ("Arkona") faced a challenge from PJSC Ukrnafta concerning the validity of its SC production licence, which was not ultimately resolved in Arkona's favour until February 2021. During 2023, the Ukrainian authorities took a number of regulatory actions against the Group, which culminated in Ministry Orders being made in May 2023 to suspend all operations and production on the VAS production licence and SC exploration licence area, which suspensions were not lifted until June 2024. All such challenges affecting the Group have been successfully defended through the Ukrainian legal system. In September 2024, new legislation has come into force, which requires that branches (or representative offices) of foreign companies operating in Ukraine register their ultimate beneficial owners in Ukrainian Registries. Regal Petroleum Corporation Ltd ("RPC"), which holds the MEX-GOL and SV licences, operates such a branch and is therefore required to register its ultimate beneficial owners under this law, which raises a potential risk that such registration will not be accepted by the Ukrainian authorities, and possibly result in regulatory action against RPC and/or its licences and assets, including suspension of the MEX-GOL and SV licences. The</p>	<p>The Group ensures compliance with commitments and regulations relating to its production and exploration licences through Group procedures and controls or, where this is not immediately feasible for practical or logistical considerations, seeks to enter into dialogue with the relevant Government bodies with a view to agreeing a reasonable time frame for achieving compliance or an alternative, mutually agreeable course of action. Work programmes are designed to ensure that all licence obligations are met and continual interaction with Government bodies is maintained in relation to licence obligations and commitments.</p>

<p>business environment is such that these types of challenges may arise at any time in relation to the Group's operations, licence history, compliance with licence commitments and/or local regulations. In addition, production licences in Ukraine are issued with and/or carry ongoing compliance obligations, which if not met, may lead to the loss of a licence.</p>	
<p><i>Risks relating to key personnel</i></p>	
<p>The Group's success depends upon skilled management as well as technical expertise and administrative staff. The loss of service of critical members from the Group's team could have an adverse effect on the business. The current war in Ukraine has meant that, as far as possible, the Group's staff have needed to move away from areas of conflict and work remotely.</p>	<p>The Group periodically reviews the compensation and contractual terms of its staff. In addition, the Group has developed relationships with a number of technical and other professional experts and advisers, who are used to provide specialist services as required. As a result of the war, only essential staff are located at site, and all other staff are working remotely, either from areas away from the conflict areas or outside Ukraine. The Group has invested in technology that allows many staff to work just as effectively from remote locations.</p>

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge:

- a) the unaudited condensed interim consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34") and the AIM Rules for Companies; and
- b) these unaudited interim results include:
 - (i) a fair review of the information required (i.e. an indication of important events and their impact and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
 - (ii) a fair review of the information required on related party transactions.

A list of current Directors is maintained on the Group's website, www.enwell-energy.com.

Condensed Interim Consolidated Income Statement

	Note	6 months ended 30 Jun 24 (unaudited) \$000	6 months ended 30 Jun 23 (unaudited) \$000
Revenue	3	23,698	33,137
Cost of sales	4	(8,152)	(13,577)
Gross profit		15,546	19,560
Administrative expenses		(2,365)	(3,684)
Other operating gains/(losses), (net)	5	3,685	1,279
Operating profit		16,866	17,155
Net income from investments		446	-
Net impairment losses on financial assets		(136)	(184)
Other (losses)/gains, (net)	6	(63)	780
Finance costs		(309)	(359)
Profit before taxation		16,804	17,392
Income tax expense	7	(4,197)	(4,918)
Profit for the period		12,607	12,474
Earnings per share (cents)			
Basic and diluted	8	3.9c	3.9c

The Notes set out below are an integral part of these unaudited condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Comprehensive Income

	6 months ended 30 Jun 24 (unaudited) \$000	6 months ended 30 Jun 23 (unaudited) \$000
Profit for the period	12,607	12,474
Other comprehensive income:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Equity - foreign currency translation	(8,901)	698
Total other comprehensive (loss)/income	(8,901)	698
Total comprehensive income for the period	3,706	13,172

The Notes set out below are an integral part of these unaudited condensed interim consolidated financial statements.

Condensed Interim Consolidated Balance Sheet

	Note	30 Jun 24 (unaudited) \$000	31 Dec 23 (audited) \$000
Assets			
Non-current assets			
Property, plant and equipment	9	72,767	79,277
Intangible assets	10	7,724	8,372
Right-of-use assets		792	192
Prepayments for fixed assets		645	110
Trade and other receivables		21	-
Deferred tax asset	7	989	352
		82,938	88,303
Current assets			
Inventories		3,191	2,951
Trade and other receivables	11	7,304	15,585
Cash and cash equivalents	14	92,844	76,493
		103,339	95,029
Total assets		186,277	183,332
Liabilities			
Current liabilities			
Trade and other payables		(3,980)	(6,012)
Lease liabilities		(349)	(38)
Corporation tax payable		(1,665)	(2,175)
		(5,994)	(8,225)
Net current assets		97,345	86,804
Non-current liabilities			
Provision for decommissioning	12	(7,004)	(7,305)
Lease liabilities		(623)	(245)
Defined benefit liability		(342)	(372)
Deferred tax liability	7	(6,416)	(4,976)
Other non-current liabilities	13	(71)	(88)
		(14,456)	(12,986)
Total liabilities		(20,450)	(21,211)
Net assets		165,827	162,121
Equity			
Called up share capital		28,115	28,115
Foreign exchange reserve		(155,450)	(146,549)
Other reserve		4,273	4,273
Retained earnings		288,889	276,282
Total equity		165,827	162,121

The Notes set out below are an integral part of these unaudited condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Changes in Equity

	Called up share capital \$000	Share premium account \$000	Merger reserve \$000	Capital contributions reserve \$000	Foreign exchange reserve* \$000	Retained earnings \$000	Total equity \$000
As at 1 January 2024 (audited)	28,115	-	(3,204)	7,477	(146,549)	276,282	162,121
Profit for the period	-	-	-	-	-	12,607	12,607
Other comprehensive income							
- exchange differences	-	-	-	-	(8,901)	-	(8,901)
Total comprehensive income	-	-	-	-	(8,901)	12,607	3,706
Distributed dividends	-	-	-	-	-	-	-
As at 30 June 2024 (unaudited)	28,115	-	(3,204)	7,477	(155,450)	288,889	165,827

	Called up share capital \$000	Share premium account \$000	Merger reserve \$000	Capital contributions reserve \$000	Foreign exchange reserve* \$000	Retained earnings \$000	Total equity \$000
As at 1 January 2023 (audited)	28,115	-	(3,204)	7,477	(141,705)	309,976	200,659
Profit for the period	-	-	-	-	-	12,474	12,474
Other comprehensive income							
- exchange differences	-	-	-	-	698	-	698
Total comprehensive income	-	-	-	-	698	12,474	13,172
Distributed dividends	-	-	-	-	-	(60,227)	(60,227)
As at 30 June 2023 (unaudited)	28,115	-	(3,204)	7,477	(141,007)	262,223	153,604

* Predominantly as a result of exchange differences on retranslation, where the subsidiaries' functional currency is not US Dollars

The Notes set out below are an integral part of these unaudited condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Cash Flows

	Note	6 months ended 30 Jun 24 (unaudited) \$000	6 months ended 30 Jun 23 (unaudited) \$000
Operating activities			
Cash generated from operations	15	21,321	12,353
Charitable donations		(3)	(2)
Equipment rental income		-	133
Income tax paid		(3,458)	(4,233)
Interest received		3,932	1,585
Net cash inflow from operating activities		21,792	9,836
Investing activities			
Purchase of property, plant and equipment		(1,384)	(3,393)
Purchase of intangible assets		(134)	(1,338)
Proceeds from sale of property, plant and equipment		35	1
Net cash outflow from investing activities		(1,483)	(4,730)
Financing activities			
Payment of dividends		-	(59,623)
Payment of principal portion of lease liabilities		(203)	(137)
Net cash outflow from financing activities		(203)	(59,760)
Net increase/(decrease) in cash and cash equivalents		20,106	(54,654)
Cash and cash equivalents at beginning of the period	14	76,493	88,652
ECL* of cash and cash equivalents		329	25
Effect of foreign exchange rate changes		(4,084)	(192)
Cash and cash equivalents at end of the period	14	92,844	33,831

*ECL - Expected credit losses

The Notes set out below are an integral part of these unaudited condensed interim consolidated financial statements.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

1. General Information and Operational Environment

Enwell Energy plc (the “Company”) and its subsidiaries (together the “Group”) is a gas, condensate and LPG production group.

Enwell Energy plc is a public limited company incorporated in England and Wales under the Companies Act 2006, whose shares are quoted on the AIM Market of London Stock Exchange plc. The Company’s registered office is at 84 Brook Street, London W1K 5EH, United Kingdom and its registered number is 4462555.

As at 30 June 2024, the Company’s immediate parent company was Smart Energy (CY) Limited, which was 100% owned by Smart Holding (Cyprus) Limited, which was 100% owned by Proteas Trustees Ltd as trustee of the STEP Trust, and Proteas Trustee Services Ltd, Afroditi Loukaidou, Elena Iona and Maria Sokratous as trustees of the SMART Trust. Accordingly, the Company was ultimately controlled by Proteas Trustees Ltd as trustee of the STEP Trust, and Proteas Trustee Services Ltd, Afroditi Loukaidou, Elena Iona and Maria Sokratous as trustees of the SMART Trust.

The Group’s gas, condensate and LPG extraction and production facilities are located in Ukraine.

Impact of the ongoing war in Ukraine

On 24 February 2022, Russia commenced a military invasion of Ukraine, and since then there has been an ongoing war in Ukraine. Shortly after the invasion, the Ukrainian Government imposed martial law, and the corresponding introduction of related temporary restrictions that impact, amongst other areas, the economic environment and business operations in Ukraine. The war has caused significant economic challenges in Ukraine, which has led to a deterioration of Ukrainian State finances, volatility of financial markets, illiquidity on capital markets, higher inflation and a depreciation of the national currency against major foreign currencies.

The war is continuing, causing very significant numbers of military and civilian casualties and significant dislocation of the Ukrainian population. The Russian army has occupied territories in the east and south of Ukraine, including the majority of the Kherson, Zaporizhzhia, Luhansk and Donetsk regions. Russian attacks have targeted and destroyed civilian infrastructure over wide areas of Ukraine, including hospitals and residential complexes.

In June 2022, the NBU took a number of measures to protect the Ukrainian economy, including significantly increasing its key policy interest rate to 25%, introducing temporary restrictions on foreign currency trades and limiting cross-border payments for non-critical imports and repayment of debt to foreign creditors, apart from international institutions. In addition, the Ukrainian Hryvnia exchange rate with the US Dollar was effectively fixed at UAH29.25:\$1.00 in February 2022 and then at UAH36.57:\$1.00 in July 2022 on the foreign exchange market to ensure the stable operation of Ukraine’s financial system.

However, in June 2023, the NBU lifted some of the currency restrictions, including those related to making cross-border payments to service and repay external credit facilities and loans established after 20 June 2023 (subject to a number of requirements) and those that were established earlier through an international financial organisation or secured by a foreign export credit agency or foreign state. Furthermore, with effect from 1 December 2023, the NBU relaxed the measures that related, inter alia, to foreign currency sale limits for banks and non-banking financial institutions and allowed export credit agencies to make international fund transfers for insurance/reinsurance contracts.

On 3 October 2023, the NBU returned to a floating exchange rate for the Ukrainian Hryvnia, and as of 31 December 2023, the Ukrainian Hryvnia exchange rate with the US Dollar was UAH37.98/\$1.00 (UAH36.57/\$1.00 as at 31 December 2022).

In addition, during 2023 and 2024, the NBU gradually decreased its key policy rate, and this has stood at 13% since 14 June 2024. The NBU is now following an interest rate policy consistent with inflation targets. The inflation rate in Ukraine for 2023 was 5% (2022: 26.6%) according to the statistics published by the State Statistics Service of Ukraine.

During 2023, Ukrainian GDP increased by 5.3% compared with a 29.1% decrease in 2022.

The Ukrainian Government also took a number of actions designed to limit the negative effects of the war on the Ukrainian economic environment during the period of martial law, but several of these actions were relaxed with effect from 1 August 2023, including the moratorium on tax audits.

Since the start of the war, the Ukrainian budget has experienced a significant deficit, which has been financed by national and international borrowings, grants, and other means. As a result of the inflow of international aid, Ukrainian currency reserves have reached a record level of \$41.7 billion as of 31 July 2023. This was the highest level of such reserves in more than 30 years. However, following a slowdown of international aid, such reserves decreased to \$40.5 billion as of 31 December 2023. International support is crucially important to Ukraine's ability to continue fighting against Russia's aggression and to fund its budget deficit and ongoing debt repayments.

The nature of the situation in Ukraine and the unpredictability of the outcome means it is impracticable to assess the full impact of the war on the economic environment.

Overall, the final resolution and the ongoing effects of the war and political and economic situation in Ukraine are difficult to predict, but they may have further severe effects on the Ukrainian economy and the Group's business.

As at 23 September 2024, the official NBU exchange rate of the Ukrainian Hryvnia against the US Dollar was UAH41.4/\$1.00, compared with UAH40.54/\$1.00 as at 30 June 2024.

Further details of risks relating to Ukraine can be found within the Principal Risks and Uncertainties section earlier in this announcement.

2. Accounting Judgements and Estimates

Basis of preparation

These unaudited condensed interim consolidated financial statements for the six month period ended 30 June 2024 have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34") and the AIM Rules for Companies. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

These unaudited condensed interim consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors on 20 June 2024 and subsequently filed with the Registrar of Companies. The Auditors' Report on those accounts was not qualified and did not contain any statement under section 498 of the Companies Act 2006.

The unaudited condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, which were prepared in accordance with UK-adopted International Accounting Standards.

The accounting policies and methods of computation and presentation used are consistent with those used in the Group's Annual Report and Financial Statements for the year ended 31 December 2023, with the exception of the new or revised standards and interpretations set out below.

Going Concern

The Group's business activities, together with the factors likely to affect its future operations, performance and position are set out in the Chairman's Statement, Chief Executive's Statement and Finance Review. The financial position of the Group, its cash flows and liquidity position are set out in these unaudited condensed interim consolidated financial statements.

On 24 February 2022, Russia commenced a military invasion of Ukraine, and since then there has been an ongoing war between Russia and Ukraine. Immediately after the commencement of the war, the Ukrainian Government imposed martial law and introduced a number of related temporary restrictions that impacted the economic environment and business operations in Ukraine. While a number of restrictions remain in place, improvements in the economic environment have led the Ukrainian Government to relax a number of the restrictions and stabilise the economic situation in Ukraine.

The production assets of the Group are located in the central and eastern part of the country (Poltava and Kharkiv regions) which are controlled by the Ukrainian Government. As of the date of approval of these financial statements, no assets of the Group have been damaged, and the Group continues to operate and produce from its MEX-GOL and SV assets in the Poltava region and VAS asset in the Kharkiv region. However, as a result of regulatory action by the State Geologic and Subsoil Survey of Ukraine, the licences relating to the Group's SC asset in the Poltava region and VAS asset in the Kharkiv region were suspended for the period between 4 May 2023 and 26 June 2024, and consequently the Group ceased all field and production operations on these licences during that period. No military activities have occurred at the Group's field locations. The Gas Transmission System Operator of Ukraine has maintained complete operational and technological control over the operations of the Ukrainian Gas Transmission System. However, as of the date of approval of these financial statements, the war has had, and continues to have, a material impact on the production and sales levels of the business and execution of the Group's 2024 budget.

The Group has no debt and funds its operations from its own cash resources. Cash and cash equivalents were \$97.1 million as at 23 September 2024. The Directors maintain a significant level of flexibility to modify the Group's development plans as may be required to preserve cash resources for liquidity management. Absent the potential impact of the war in Ukraine, the Directors are satisfied that the Group and the Company are a going concern and will continue their operations for the foreseeable future.

In assessing the impact of the war on the ability of the Group and the Company to continue as a going concern, the Directors have analysed a number of possible scenarios of economic and military developments and the impact on the expected cash flows of the Group and Company for 2024 and 2025. This includes considering a possible (but in the view of the Directors, highly unlikely) worst case scenario in which the Group has zero production as a result of possible future military conflict dictating field operations being completely shut-in, and all other non-production related costs being maintained at current levels with no reduction or mitigating actions as would otherwise be possible. Even in this worst-case scenario, the Directors are satisfied that the Group and the Company have sufficient liquid resources to be able to meet their liabilities as they fall due and to be able to continue as a going concern for the foreseeable future.

The corporate strategy for the near term is to:

- continue production from the MEX-GOL, SV and VAS licences, generating cash to cover Group costs and add to existing cash resources, whilst moderating development plans to reduce cash spend exposure whilst the war and operational/political uncertainty continue; and
- tightly manage costs to ensure cash resources are maintained at levels capable of sustaining the business through the uncertainty that lies ahead.

In respect of the Group's operations, staff and assets in Ukraine, the potential short and long-term impact of the future development of the war is inherently uncertain. Accordingly, this creates a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern because of the potential impact on its ability to continue its operations for the foreseeable future and realise its assets in the normal course of business. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The Company is a UK-based investment holding company. The Company had cash and cash equivalents of \$17.2 million as at 23 September 2024, all of which are held outside of Ukraine, in US Dollars, Pounds Sterling and Euros. The Directors are satisfied that the Company is a going concern and will be able to continue its operations for the foreseeable future, and there is no material uncertainty in respect of its ability to do so.

New and amended standards adopted by the Group

The following amended standards became effective from 1 January 2023, but did not have a material impact on the Group's consolidated or Company's financial statements:

- IFRS 17 "Insurance Contracts". IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies.
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023). The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition.
- Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to the transition requirements in IFRS 17 provides insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17.
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies.
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations.
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023). In May 2023, the IASB issued narrow-scope amendments to IAS 12, 'Income Taxes'. This amendment was introduced in response to the imminent implementation of the Pillar Two model rules released by the Organisation for Economic Co-operation and Development's (OECD) as a result of international tax reform.

There are no other amended standards which the Group considers to have a material impact on these financial statements.

Significant accounting judgements and estimates

The preparation of the unaudited condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the consolidated financial statements for the year ended 31 December 2023 with certain updates described below.

Estimates

Depreciation of Development and Production Assets

Development and production assets held in property, plant and equipment are depreciated on a unit of production basis at a rate calculated by reference to proven and probable reserves at the end of the period

plus the production in the period, and incorporating the estimated future cost of developing and extracting those reserves. Future development costs are estimated using assumptions about the number of wells required to produce those reserves, the cost of the wells, future production facilities and operating costs, together with assumptions on oil and gas realisations, and are revised annually. The reserves estimates used are determined using estimates of gas in place, recovery factors, future hydrocarbon prices and also take into consideration the Group's latest development plan for the associated development and production asset. The latest development plan and therefore the inputs used to determine the depreciation charge for the MEX-GOL, SV and VAS fields continue until the end of the economic life of the fields, which is assessed to be 2038, 2042 and 2028 respectively, based on the assessment contained in the DeGolyer & MacNaughton reserves report for these fields. The licences for the MEX-GOL and SV fields have recently been extended until 2044. Were the estimated reserves at the beginning of the year to differ by 10% from previous assumptions, the impact on depreciation for the period ended 30 June 2024 would be to increase it by \$265,500 or decrease it by \$217,066 (31 December 2023: increase by \$1,066,000 or decrease by \$479,000).

3. Segmental Information

In line with the Group's internal reporting framework and management structure, the key strategic and operating decisions are made by the Board of Directors, who review internal monthly management reports, budgets and forecast information as part of this process. Accordingly, the Board of Directors is deemed to be the Chief Operating Decision Maker within the Group.

The Group's only class of business activity is oil and gas exploration, development and production. The Group's operations are located in Ukraine, with its head office in the United Kingdom. These geographical regions are the basis on which the Group reports its segment information. The segment results as presented represent operating profit before depreciation and amortisation.

6 months ended 30 June 2024 (unaudited)

	Ukraine \$000	United Kingdom \$000	Total \$000
Revenue			
Gas sales	13,679	-	13,679
Condensate sales	6,238	-	6,238
Liquefied Petroleum Gas sales	3,781	-	3,781
Total revenue	23,698	-	23,698
Segment result	20,455	(758)	19,697
Depreciation and amortisation of non-current assets	(2,831)	-	(2,831)
Operating profit	17,624	(758)	16,866
Segment assets	166,291	19,986	186,277
Capital additions*	983	-	983

*Comprises additions to property, plant and equipment and intangible assets (Notes 9 and 10).

Year ended 31 December 2023 (audited)

	Ukraine 2023 \$000	United Kingdom 2023 \$000	Total 2023 \$000
Revenue			
Gas sales	42,270	-	42,270
Condensate sales	10,466	-	10,466
Liquefied Petroleum Gas sales	9,458	-	9,458
Total revenue	62,194	-	62,194
Segment result	43,649	(1,409)	42,240
Depreciation and amortisation of non-current assets	(6,704)	-	(6,704)
Operating profit			35,536
Segment assets	161,232	22,100	183,332
Capital additions*	15,749	-	15,749

*Comprises additions to property, plant and equipment and intangible assets (Notes 9 and 10).

6 months ended 30 June 2023 (unaudited)

	Ukraine \$000	United Kingdom \$000	Total \$000
Revenue			
Gas sales	24,568	-	24,568
Condensate sales	3,736	-	3,736
Liquefied Petroleum Gas sales	4,833	-	4,833
Total revenue	33,137	-	33,137
Segment result	20,781	(146)	20,635
Depreciation and amortisation of non-current assets	(3,480)	-	(3,480)
Operating profit	17,301	(146)	17,155
Segment assets	170,674	22,222	192,896
Capital additions*	10,171	-	10,171

*Comprises additions to property, plant and equipment and intangible assets (Notes 9 and 10).

There are no inter-segment sales within the Group and all products are sold in the geographical region in which they are produced. The Group is not significantly impacted by seasonality.

4. Cost of Sales

	6 months ended 30 Jun 24 (unaudited) \$000	6 months ended 30 Jun 23 (unaudited) \$000
Depreciation of property, plant and equipment	2,413	3,163
Production taxes	2,319	5,772
Staff costs	913	1,255
Cost of inventories recognised as an expense	812	837
Rent expenses	809	1,470
Transmission tariff for Ukrainian gas system	138	174
Amortisation of mineral reserves	168	180
Other expenses	580	726
	8,152	13,577

5. Other operating gains/(losses), (net)

	6 months ended 30 Jun 24 (unaudited) \$000	6 months ended 30 Jun 23 (unaudited) \$000
Interest income on cash and cash equivalents	3,932	1,585
Reversal of accruals	94	331
Other operating (losses)/gains, net	(341)	(638)
	3,685	1,279

6. Other (losses)/gains, (net)

	6 months ended 30 Jun 24 (unaudited) \$000	6 months ended 30 Jun 23 (unaudited) \$000
Net foreign exchange gains/(losses)	(58)	712
Charitable donations	(3)	(2)
Other (losses)/gains, (net)	(2)	70
	(63)	780

7. Taxation

The income tax charge of \$4,197,000 for the six month period ended 30 June 2024 relates to a current tax charge of \$3,060,000 and a deferred tax charge of \$1,137,000 (1H 2023: current tax charge of \$3,049,000 and deferred tax charge of \$1,869,000).

The movement in the period was as follows:

	6 months ended 30 Jun 24 (unaudited) \$000	6 months ended 30 Jun 23 (unaudited) \$000
Deferred tax (liability)/asset recognised relating to development and production assets at MEX-GOL-SV fields and provision for decommissioning		
At beginning of the period	(4,976)	(3,232)
Charged to Income Statement - current period	(1,821)	(2,381)
Effect of exchange difference	381	-
At end of the period	(6,416)	(5,613)
Deferred tax asset/(liability) recognised relating to development and production assets at VAS field and provision for decommissioning		
At beginning of the period	352	287
Credited to Income Statement - current period	685	512
Effect of exchange difference	(48)	-
At end of the period	989	799

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss. The effective tax rate for the six month period ended 30 June 2024 was 25% (1H 2023: 25%).

The deferred tax asset relating to the Group's provision for decommissioning at 30 June 2024 of \$586,000 (31 December 2023: \$555,000) was recognised on the tax effect of the temporary differences of the Group's provision for decommissioning at the MEX-GOL and SV fields, and its tax base. The deferred tax liability relating to the Group's development and production assets at the MEX-GOL and SV fields at 30 June 2024 of \$7,001,000 (31 December 2023: \$5,531,000) was recognised on the tax effect of the temporary differences between the carrying value of the Group's development and production asset at the MEX-GOL and SV fields, and its tax base.

The deferred tax asset relating to the Group's provision for decommissioning at 30 June 2024 of \$255,000 (31 December 2023: \$280,000) was recognised on the tax effect of the temporary differences on the Group's provision on decommissioning at the VAS field, and its tax base. The deferred tax asset relating to the Group's development and production assets at the VAS field at 30 June 2024 of \$734,000 (31 December 2023: deferred tax liability of \$72,000) was recognised on the tax effect of the temporary differences between the carrying value of the Group's development and production asset at the VAS field, and its tax base.

8. Earnings per Share

The calculation of basic earnings per ordinary share has been based on the profit for the six-month period ended 30 June 2024 and 320,637,836 (30 June 2023: 320,637,836) ordinary shares, being the weighted average number of shares in issue for the period. There are no dilutive instruments.



9. Property, Plant and Equipment

	6 months ended 30 Jun 24 (unaudited)				6 months ended 30 Jun 23 (unaudited)			
	Oil and gas development and production assets Ukraine \$000	Oil and gas exploration and evaluation assets \$000	Other fixed assets \$000	Total \$000	Oil and gas development and production assets Ukraine \$000	Oil and gas exploration and evaluation assets \$000	Other fixed assets \$000	Total \$000
Cost								
At beginning of the period	141,902	13,944	2,181	158,027	135,255	13,093	1,968	150,316
Additions	488	196	164	848	8,905	1,125	124	10,154
Disposals	(49)	-	(166)	(215)	(204)	-	(28)	(232)
Exchange differences	(8,766)	(888)	(136)	(9,790)	-	-	-	-
At end of the period	133,575	13,252	2,043	148,870	143,956	14,218	2,064	160,238
Accumulated depreciation and impairment								
At beginning of the period	75,619	1,635	1,496	78,750	73,108	1,677	1,275	76,060
Charge for the period	2,392	-	104	2,496	3,047	-	135	3,182
Disposals	(44)	-	(43)	(87)	(86)	-	(10)	(96)
Exchange differences	(4,855)	(103)	(98)	(5,056)	-	-	-	-
At end of the period	73,112	1,532	1,459	76,103	76,069	-	1,400	79,146
Net book value at the beginning of the period	66,283	12,309	685	79,277	62,147	11,416	693	74,256
Net book value at end of the period	60,463	11,720	584	72,767	67,887	12,541	664	81,092

At 30 June 2024, an impairment indicator was identified by the Group, and impairment tests were performed for the MEX-GOL, SV, SC and VAS fields. These reviews concluded that no impairment to carrying value had occurred on any Group asset.

10. Intangible Assets

	6 months ended 30 Jun 24 (unaudited)				6 months ended 30 Jun 23 (unaudited)			
	Mineral reserve rights \$000	Exploration and evaluation intangible assets \$000	Other intangible assets \$000	Total \$000	Mineral reserve rights \$000	Exploration and evaluation intangible assets \$000	Other intangible assets \$000	Total \$000
Cost								
At beginning of the period	4,891	6,190	914	11,995	5,080	6,433	860	12,373
Additions	-	-	134	134	-	-	17	17
Disposals	-	-	(45)	(45)	-	-	(23)	(23)
Exchange differences	(308)	(395)	(57)	(760)	-	-	-	-
At end of the period	4,583	5,795	946	11,324	5,080	6,433	854	12,367
Accumulated amortisation and impairment								
At beginning of the period	3,162	-	461	3,623	2,925	-	454	3,379
Amortisation charge for the period	162	-	86	248	180	-	59	239
Disposals	-	-	(35)	(35)	-	-	(22)	(22)
Exchange differences	(200)	-	(36)	(236)	-	-	-	-
At end of the period	3,124	-	476	3,600	3,105	-	491	3,596
Net book value at beginning of the period	1,729	6,190	453	8,372	2,155	6,433	406	8,994
Net book value at end of the period	1,459	5,795	470	7,724	1,975	6,433	363	8,771

Intangible assets consist mainly of the hydrocarbon production licence relating to the VAS gas and condensate field, which is held by LLC Prom-Enerho Produkt, and the SC hydrocarbon exploration licence, which is held by LLC Arkona Gas-Energy. The Group amortises the hydrocarbon production licence relating to the VAS field using the straight-line method over the term of the economic life of the VAS field until 2028. The SC hydrocarbon exploration licence is not amortised due to it being at an exploration and evaluation stage.

As at 30 June 2024, an impairment indicator was identified by the Group, and impairment tests were performed for the MEX-GOL, SV, SC and VAS fields. These reviews concluded that no impairment to carrying value had occurred on any Group asset.

11. Trade and Other Receivables

	30 Jun 24 (unaudited) \$000	31 Dec 23 (audited) \$000
Trade receivables	2,734	11,580
Other financial receivables	609	533
Less credit loss allowance	(131)	(323)
Total financial receivables	3,212	11,790
Prepayments and accrued income	239	350
Other receivables	3,853	3,445
Total trade and other receivables	7,304	15,585

Due to the short-term nature of the current trade and other financial receivables, their carrying amount is assumed to be the same as their fair value. All trade and other financial receivables, except those provided for, are considered to be of high credit quality.

As at 30 June 2024 and 31 December 2023, the Group's total trade receivables were denominated in Ukrainian Hryvnia.

12. Provision for Decommissioning

	6 months ended 30 Jun 24 (unaudited) \$000	6 months ended 30 Jun 23 (audited) \$000
At beginning of the period	7,305	6,964
Unwinding of discount	166	166
Effect of exchange difference	(467)	-
At end of the period	7,004	7,130

The provision for decommissioning is based on the net present value of the Group's estimated liability for the removal of the Ukrainian production facilities and well site restoration at the end of production life.

The non-current provision of \$7,004,000 (30 June 2023: \$7,130,000) represents a provision for the decommissioning of the Group's MEX-GOL, SV, VAS and SC production and exploration facilities, including site restoration. None of the provision was utilised during the reporting period.

13. Other non-current liabilities

Other non-current liabilities as at 30 June 2024 and 31 December 2023 consist of the long-term obligations for the Ukrainian State special purpose fund measured at amortised cost using an interest rate of 20%.

14. Financial Instruments

The Group's financial instruments comprise cash and cash equivalents and various items such as debtors and creditors that arise directly from its operations. The Group has bank accounts denominated in British Pounds, US Dollars, Euros and Ukrainian Hryvnia. The Group does not have any borrowings. The main future risks arising from the Group's financial instruments are currency risk, interest rate risk, liquidity risk and credit risk.

The Group's financial assets and financial liabilities, measured at amortised cost, which approximates their fair value, comprise the following:

	30 Jun 24 (unaudited) \$000	31 Dec 23 (audited) \$000
Financial assets		
Cash and cash equivalents	92,844	76,493
Trade and other receivables	2,734	11,790
	95,578	88,283
Financial liabilities		
Lease liabilities	972	283
Trade and other payables	783	1,293
Other financial liabilities	780	1,248
	2,535	2,824

At 30 June 2024, the Group held cash and cash equivalents in the following currencies:

	30 Jun 24 (unaudited) \$000	31 Dec 23 (audited) \$000
Ukrainian Hryvnia	74,470	55,787
US Dollars	18,015	20,341
Euros	256	249
British Pounds	103	116
	92,844	76,493

All of the cash and cash equivalents held in Ukrainian Hryvnia are held in banks within Ukraine, and all other cash and cash equivalents are held in banks within Europe, Ukraine, the US and the United Kingdom.

15. Reconciliation of Operating Profit to Operating Cash Flow

	6 months ended 30 Jun 24 (unaudited) \$000	6 months ended 30 Jun 23 (unaudited) \$000
Operating profit	16,866	17,155
Depreciation and amortisation	3,087	3,589
Less interest income recorded within operating profit	(3,932)	(1,585)
Fines and penalties paid/(received)	41	(1)
Net (gain)/loss on sale of non-current assets	(35)	(3)
(Increase)/decrease in provisions	(329)	25
(Decrease)/increase in inventory	(442)	709
Decrease/(increase) in receivables	7,811	(3,583)
(Decrease) in payables	(1,746)	(3,953)
Cash generated from operations	21,321	12,353

16. Contingencies and Commitments

Amounts related to works contracted in relation to the Group's 2024 investment programme at the MEX-GOL, SV, VAS and SC gas and condensate fields in Ukraine, but not provided for in the unaudited condensed interim consolidated financial statements at 30 June 2024, were \$111,000 related to Oil and Gas Exploration and Evaluation assets and \$2,364,000 related to Oil and Gas Development and Production assets (31 December 2023: \$118,000 and \$597,000 respectively).

Since 2010, the Group has been in dispute with the Ukrainian tax authorities in respect of VAT receivables on imported leased equipment, with a disputed liability of up to UAH 8,487,000 (\$302,000) inclusive of penalties and other associated costs. There is a level of ambiguity in the interpretation of the relevant tax legislation, and the position adopted by the Group has been challenged by the Ukrainian tax authorities, which has led to legal proceedings to resolve the issue. The Group had been successful in three court cases in respect of this dispute in courts of different levels. On 20 September 2016, a hearing was held in the Supreme Court of Ukraine of an appeal of the Ukrainian tax authorities against the decision of the Higher Administrative Court of Ukraine, in which the appeal of the Ukrainian tax authorities was upheld. As a result of this appeal decision, all decisions of the lower courts were cancelled, and the case was remitted to the first instance court for a new trial. On 1 December 2016 and 7 March 2017 respectively, the Group received positive decisions in the first and second instance courts, but no appointment of hearings has been settled yet. No liability has been recognised in these unaudited condensed interim consolidated financial statements for the period ended 30 June 2024 (30 June 2023: nil), as the Group has been successful in previous court cases in respect of this dispute in courts of different levels, the date of the next legal proceedings has not been set and as management believes that adequate defences exist to the claim.

17. Related Party Disclosures

Key management personnel of the Group are considered to comprise only the Directors. Remuneration of the Directors for the six month period ended 30 June 2024 was \$934,311 (1H 2023: \$407,000, and year ended 31 December 2023: \$815,000).

During the period, Group companies entered into the following transactions with related parties which are not members of the Group:

	6 months ended 30 Jun 24 (unaudited) \$000	6 months ended 30 Jun 23 (unaudited) \$000
Sale of goods/services	-	19,410
Purchase of goods/services	360	348
Amounts owed by related parties	11	55,719
Amounts owed to related parties	70	185

All related party transactions were with subsidiaries of the ultimate Parent Company, and primarily relate to the sale of gas to LLC Smart Energy (which has now ceased), the rental of office facilities and vehicles and the sale of equipment. The amounts outstanding were unsecured and have been or will be settled in cash.

At the date of this announcement, none of the Company's controlling parties prepares consolidated financial statements available for public use.

18. Events occurring after the Reporting Period

The ongoing war in Ukraine means that the fiscal, economic and humanitarian situation in Ukraine is unstable and extremely challenging and the final resolution and consequences of the ongoing war are hard to predict, but they may have a further serious impact on the Ukrainian economy and business of the Group. Management continues to identify and mitigate, where possible, the impact on the Group, but the majority of these factors are beyond their control, including the duration and severity of the war, as well as the further actions of various governments and diplomacy.