

Stock Data

Share Price: 2.35p
Market Cap.: £18.6m
Shares in issue: 789.6m

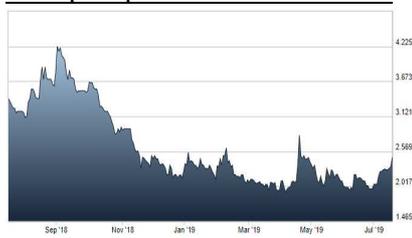
Company Profile

Sector: Oil & Gas
Ticker: CORO
Exchanges: AIM

Activities

Coro possesses an ambitious South East Asian growth strategy and recently made its first acquisition in Indonesia to complement its existing gas assets in Italy. The company is focused on a large number of potential oil and gas opportunities in South East Asia with which to continue to expand its current portfolio.

Share price performance



Source: LSE

Future performance is not an indication of past performance.

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Coro Energy plc

Coro has renegotiated the terms of the proposed acquisition of a 42.5% interest in the Bulu Production Sharing Contract (PSC) located offshore East Java in Indonesia. The Bulu PSC contains the Lengo gas field estimated to contain gross certified recoverable gas resources of 359 BCF.

Under the original terms of the acquisition announced in September 2018, Coro agreed to pay a cash consideration totalling US\$8.0m to one of the vendors, AWE Limited, upon the closing of the deal. This consisted of US\$6.96m (the cash consideration) in addition to back costs and working capital adjustments of US\$1.04m (the reimbursement amount). Simultaneously, Coro also agreed to pay up to US\$4.0m (the equity consideration) in new Coro shares to another vendor, HyOil (Bulu) Pte. Ltd upon closing of the acquisition.

Under the revised terms of the acquisition, the cash elements of the agreement have now been restructured such that the amount payable will now be disbursed to AWE in four tranches.

Coro will now pay US\$2.5m upon completion of the acquisition. This amount also includes the US\$1.04m reimbursement amount. A further US\$1.5m will be paid on 1 September 2020 and an additional US\$2.5m will be payable upon the sooner of the Bulu PSC partners agreeing a final investment decision (FID) to proceed with the project development or 1 July 2021. The final tranche of US\$1.5m will be satisfied on the sooner of the date of commencement of commercial production from Lengo or 31 December 2022.

All other terms of the acquisition remain as originally announced in September last year including the payment of the equity consideration to HyOil in three tranches. In this regard, US\$2.0m will be satisfied by the issue of approximately 42.4 million new Coro shares at 3.6255p upon completion of the acquisition.

A further US\$1.0m in shares will be issued by the company upon the signature of a first gas sales agreement (GSA) The price of the shares will be determined as that reported by the LSE on the date immediately following the signing of the GSA. The final US\$1.0m will be issued following the start of commercial production from Lengo. These shares will be issued at a closing price as reported by the LSE on the date falling five months and three weeks from production start-up.

Completion of the transaction remains conditional upon joint venture partner pre-emption and government regulatory approvals prior to a long stop date of 2 December 2019.

This is positive news for Coro. The renegotiation with the asset vendor extends the consideration payment schedule out to first commercial gas and allows more time for government regulatory approvals to be obtained. In particular, the revised terms reduce significantly the amount of near term cash that Coro is required to pay upon the closing of the acquisition agreement with AWE. Spreading payment over a longer period, which encompasses first commercial gas production from Lengo, has de-risked Coro's planned investment to an appreciable extent and preserved group cash resources in the short term.

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