

Stock Data

Share Price: 1.93p
Market Cap.: £15.2m
Shares in issue: 789.6m

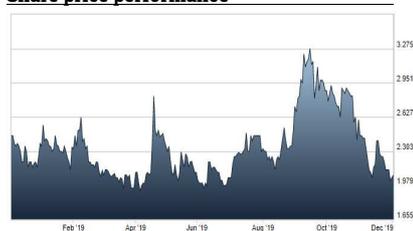
Company Profile

Sector: Oil & Gas
Ticker: CORO
Exchanges: AIM

Activities

Coro has outlined an ambitious South East Asian growth strategy focused on the appraisal and development of oil and gas assets in Indonesia coupled with a longer term strategy to identify exciting exploration upside in Malaysia.

Share price performance



Source: LSE

Past performance is not an indication of future performance.

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Coro Energy plc

Coro has entered into a sale and purchase agreement with Zenith Energy Ltd (LSE: ZEN) for the proposed disposal of Coro's entire portfolio of Italian assets for a total consideration of £3.9m payable in Zenith shares. The deal is subject to the approval of the Italian regulatory authority and Coro's shareholders at a General Meeting of the company to be held on 20 December 2019. When completed, the divestment of the Italian assets will free up significant amounts of management time and future capital expenditure commitments enabling Coro to focus efforts entirely on its South East Asian expansion strategy.

An initial consideration of £402,000 is payable by Zenith to Coro on completion of the deal. This will be settled by the issue of 6.7 million new Zenith shares at a price of 6p per share representing a premium to Zenith's current share price of 2.6p. Subject to the Italian portfolio achieving average daily production of 100,000 scm per day (c.3.5 mmcfpd) of a period of four consecutive months, Coro will receive a deferred payment of £3.5m from Zenith through the issue of new Zenith shares at an issue price equal to a 40% premium of the prevailing Zenith share price at the time of issue. Completion of the deal is conditional on the passing of a resolution at Coro's General Meeting to be held on 20 December 2019 and also the approval of the Italian Ministry of Economic Development.

Coro's Italian portfolio delivered revenue of approximately US\$1.7m to the group in H1 2019. However, Italy requires significant management time and capital expenditure to sustain and increase current levels of production. With the company's focus now on investment opportunities in South East Asia, Italy represents a non-core region for the company. This is compounded by recent Italian government legislation banning exploration activity in the country, reducing significantly the upside potential from investing in exploration and appraisal opportunities within the portfolio.

With regards to Coro's activities in Indonesia, the company successfully renegotiated the terms of the proposed acquisition of a 42.5% interest in the Bulu PSC in East Java, which contains the Lengo gas field, on 28 July 2019. At that time, Coro renegotiated the Bulu deal terms to a more favourable phased consideration over several years when the company went past the initial long stop date six months ago. At the last long stop date of 2 December 2019, Coro noted that the joint venture pre-emption waiver had been received but the regulatory government approvals had been delayed.

Consequently, the acquisition of the interest in Bulu did not complete by the long stop date and the parties to the acquisition are currently negotiating a further six-month extension to the long stop date to accommodate additional time for the regulatory approvals to be received. Coro intends to enter into the Bulu extension period as soon as possible and will update shareholders in due course.

The disposal of the Italian portfolio will enable Coro to devote maximum management time and financial resources to developing its South East Asian assets. Although the long stop date for the completion of the proposed acquisition of a 42.5% interest in the Bulu PSC has been delayed pending the receipt of regulatory approval, we believe that Coro will be able to concentrate on the results of the recent successful appraisal drilling on the Duyung PSC (Coro: 15%) where current activity is focusing on the potential upgrade of resource estimates for the Mako gas field for which an updated independent assessment is expected in Q1 2020.

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