

Stock Data

Share Price:	0.53p
Market Cap.:	£4.2m
Shares in issue:	793.3m

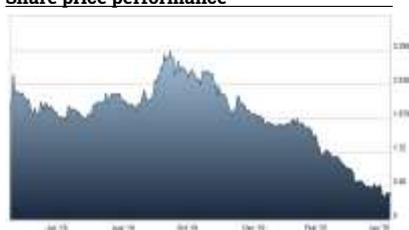
Company Profile

Sector:	Oil & Gas
Ticker:	CORO
Exchanges:	AIM

Activities

Coro has outlined a 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: [London Stock Exchange website](https://www.londonstockexchange.com/quote/CORO)

Past performance is not an indication of future performance.

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Coro Energy plc

Following last year's successful appraisal programme on the Mako gas field on the Duyung PSC in Indonesia (Coro: 15% non-operated interest), the operator of Duyung, Conrad Petroleum Ltd, has prepared significantly upgraded resource estimates for the Mako field. In particular, Conrad has increased the gross 2C resource estimate by 79% from 276 BCF to 493 BCF.

In Q4 2019, Coro participated in a successful appraisal drilling programme on the Mako gas field. The Tambak-1 and Tambak-2 wells demonstrated the presence of well developed, high quality reservoir sandstones and a common gas-water contact (GWC) across the whole Mako structure. Mako is a very large reservoir with a structural closure of over 350 km². The field is also well defined by seismic and shallow with a GWC at approximately 391 metres true vertical depth sub-sea.

Although the Tambak drilling programme in 2019 did not flow test the Mako structure, the earlier Mako South-1 well, drilled by Conrad (current interest of 76.5%) and Empryan Energy (current interest of 8.5%) in 2017, flowed dry gas at a rate of 10.8 mmcfpd on test. One of the primary drivers of the resources upgrade is that the GWC measured from electric logs was found to be 5 feet deeper than the previous GWC which was estimated from pressure data.

Conrad's updated operator resource estimate follows on from an independent resource assessment completed by Gaffney Cline & Associates (GCA) and released in January 2019. In this regard, the operator has increased gross 2C (contingent) resources from 276 BCF to 493 BCF, an increase of 79%. The gross 1C resource estimate has also been increased from 184 BCF to 323 BCF and in the upper case, the gross 3C resources estimate is boosted from 392 BCF to 666 BCF, an uplift of 70% on the GCA estimate.

Revised development scenarios for Mako are under review but the operator believes that the field could achieve a plateau production rate of 150 mmcfpd, which is significantly higher than the previously modelled assumption of 44 mmcfpd.

The gas resources on Mako are currently classified as contingent given that certain important commercial milestones such as the execution of a Gas Sales Agreement (GSA) and a Final Investment Decision (FID) have yet to be expedited. However, we note that the field is located close to the West Natuna pipeline system in Indonesia from where gas can be marketed to buyers in both Indonesia and Singapore. We note that a Heads of Agreement is already in place with a Singapore based gas buyer in this regard.

GCA has been commissioned by the operator to update its independent assessment of the Mako field on behalf of the partners in the Duyung PSC and we expect that a resources upgrade in line with Conrad's estimates will substantially underpin the commercial rationale for a Mako field development plan. The current Covid-19 pandemic has placed major restrictions on the movement of key personnel in South East Asia and this report is no longer expected to be delivered in April 2020. However, with ongoing turmoil evident in the crude oil markets, we believe that a focus on developing major gas resources with exposure to significantly less volatile pricing mechanisms represents an attractive defensive strategy for Coro while the company also retains upside potential as and when global energy markets stabilise.

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