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Coro Energy PLC
27 May 2021

This announcement contains inside information

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Coro Energy plc
("Coro" or the "Company")

Disposal of Italian Portfolio

Coro Energy plc, the South East Asian energy company focused on leading the regional transition to a low carbon economy, is pleased to announce it has entered into a conditional Sale and Purchase Agreement ("SPA") with Dubai Energy Partners, Inc ("DEPI") to dispose of the Company's Italian portfolio (the "Italian Portfolio") for cash consideration of €300,000 (the "Disposal").

DEPI is incorporated in the United States of America and is focused on the acquisition of producing, and shut-in, oil and gas fields.

Highlights

- DEPI will acquire the Company's entire interest in the Italian Portfolio, through the acquisition by DEPI of the entire issued share capital of the Company's wholly owned subsidiary Coro Europe Limited ("Coro Europe") for a cash consideration of €300,000, with a deposit of €30,000 payable on entry of the SPA (non-refundable except in limited circumstances)
- The economic effective date for the Disposal is 26 May 2021, being the date of signing the SPA. DEPI will be entitled to any profits, and responsible for any losses, from the Italian Portfolio from this date
- Completion of the Disposal is conditional on, inter alia, approval by the Italian Ministry of Economic Development, with DEPI assuming responsibility for any operational losses for the Italian Portfolio from signature of the SPA until completion
- The proceeds of the Disposal will be applied towards the Group's energy transition strategy in South East Asia

Mark Hood, Chief Executive Officer, commented:

"We are pleased to agree a sale of our non-core Italian assets to DEPI,

who are ideally placed to take the portfolio forward. The disposal allows us to prioritise our time and resources on our low carbon and renewable energy strategy in South East Asia, which continues to gain momentum. We look forward to updating shareholders in due course."

Background to, and reasons for, the Disposal

On 12 September 2019, the Company announced that the Board of Directors had taken the decision to prioritise full divestment of the Italian Portfolio, given the Group's strategic focus on growth in South East Asia.

Thereafter the Company entered into an agreement to dispose of the Italian Portfolio, the terms of which were announced by the Company on 3 December 2019 and approved by Coro shareholders at a General Meeting held on 20 December 2019. However, the Company subsequently announced on 31 July 2020 that, by mutual agreement of the parties, this proposed transaction would not be proceeding due to doubts about the likelihood of successfully completing that transaction ahead of the 31 October 2020 long stop date.

Since prioritising the Italian Portfolio for divestment, the Group has continued to recognise losses relating to Italian operations. In the year to 31 December 2020 Coro Europe incurred a loss after tax of \$2.2m on revenues of \$0.8 million, with the Group providing \$0.6m of funding to the Italian Portfolio during that year. Coro Europe net assets as at 31 December 2020 were \$0.5 million.

While the Board believes that the Italian portfolio is capable of generating profits through targeted investment to increase production and extend asset lives, the Group's strategic focus continues to be South East Asia. The Board believes that incremental capital expenditure on the Group's renewable energy projects and the Duyung PSC represent a more value accretive use of the Group's resources and, ultimately, has a greater possibility of generating higher returns for shareholders than allocating additional capital to the development of the Italian Portfolio. As a result, the Group has continued to pursue divestment of the Italian Portfolio as a priority.

Background to DEPI

DEPI was founded in the USA and is an international oil and gas company focused on the acquisition of undervalued producing, and shut-in, oil and gas fields.

Details of the Disposal

The Company's wholly owned subsidiary, Coro Energy Holdings Cell A Limited, has entered into a binding, conditional Sale and Purchase Agreement ("SPA") with DEPI for the disposal by the Group of the entire issued capital of Coro Europe Limited, which holds the Group's interests and liabilities in the Italian portfolio, for a consideration of €300,000 (the "Disposal"). DEPI will pay a deposit of €30,000 within three (3) days of SPA signing (non-refundable except in limited circumstances), with the balance of the consideration of €270,000 due on completion of the Disposal. The proceeds of the Disposal will be applied towards the Group's energy transition strategy in South East Asia.

Completion of the Disposal is conditional on certain conditions having been satisfied or waived, including:

- Receipt of required regulatory approvals from the Italian authorities by 26 February 2022 (the "End Date", such date being extendable by mutual consent of the parties); and
- There not having occurred between the date of the SPA and the date of Completion, a breach of a warranty which

constitutes a material adverse change, defined as an event, change or condition that causes, or could reasonably be expected to cause, a reduction in the consolidated net assets of the Coro Europe Group and its subsidiaries of more than €1,000,000, excluding certain global events.

The economic effective date of the Disposal is 26 May 2021, being the date the SPA was entered into. As a result, DEPI will be entitled to any profits, and will assume responsibility for any losses up to an aggregate limit of €5 million, from the Italian Portfolio from this date until the first to occur of Completion, the End Date, or termination of the SPA in accordance with its terms.

The SPA may be terminated by either party in the event that the conditions precedent, completion obligations and/or undertakings given for that party's benefit and standing to be satisfied on or before the date of Completion are not met or waived.

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