

Stock Data

Share Price: 2.25p
Market Cap.: £17.5m*
Shares in issue: 779.4m*
*Pro forma until 24 April 2019

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

Turner Pope contact details

Turner Pope Investments (TPI) Ltd
6th Floor
Becket House
36 Old Jewry
London
EC2R 8DD

Tel: 0203 621 4120
Email: info@turnerpoppe.com
Web: www.turnerpoppe.com

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Barney Gray Research analyst
Tel: 0203 621 4120
barney@turnerpoppe.com

Coro Energy plc

Coro's strategy to become a mid-tier South East Asian focused E&P company has accelerated with the news that the company has completed the cash and shares payments amounting to a total consideration of US\$4.8m to acquire a 15% interest in the Duyung PSC offshore Indonesia. Additional to this, Coro has also provided a further US\$10.5 contribution to the operator's 2019 drilling campaign on the licence.

Coro has paid the existing owners of the Duyung PSC; West Natuna Exploration Limited (WNEL), a total cash consideration of US\$2.95m, a further US\$1.85m in Coro shares and a US\$10.5m contribution to the 2019 exploration and appraisal drilling campaign in order to earn a 15% interest in the PSC.

This is subject to the usual Indonesian regulatory approval which is expected to follow, with a long stop date of 31 December 2019. However, should approval not be forthcoming, Coro has agreed to receive transfer of 15% of the shares of WNEL.

In line with the equity element of the deal, Coro has issued approximately 60.9 million new shares at the volume weighted average price of 2.3492p per share up to the date of the signing of the acquisition agreement in February. The shares are expected to commence trading on AIM on 24 April 2019.

The key asset on the Duyung PSC is the Mako gas field, a well-defined, large, shallow structure located in the prolific West Natuna Basin offshore Indonesia. It has been drilled but not tested by previous operators of the PSC. However, the commercial viability of the field has been demonstrated by the Mako South-1 well which flowed at rates up to 10.8 mmcfpd. Four wells have been drilled on Mako to date and further appraisal drilling is planned over the remainder of 2019 to firm up resource estimates.

Mako is estimated by Gaffney Cline & Associates to contain 2C gas resources of 276 BCF of gas. However, there is significant prospective resource upside in additional structures situated below and above the main Mako structure.

To finance its acquisition of Duyung, Coro has also completed the issue of a 22.5m 3-year Eurobond finance package to key institutional investors. The bond has been issued in two equal tranches of €11.25m. Tranche A, issued on 12 April 2019 pays an annual cash coupon of 5% per annum and Tranche B accrues interest at a rate of 5% per annum payable in cash on redemption. Further details of Coro's Eurobond issue and also the Duyung PSC are contained in the Turner Pope's research report on the company dated 11 February 2019.

Coro is now subject to the customary Indonesian regulatory approvals which are now expected to follow the completion of the deal. Assuming these are received before the long stop date of 31 December 2019, we believe that the completion of this deal will provide a highly complementary asset to the company's existing conditional interest in the Bulu PSC located in East Java offshore Indonesia.

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