

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other appropriate independent professional adviser authorised under FSMA (as amended) if resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.**

If you have sold or otherwise transferred all of your shares in Coro Energy plc, please forward this document and the accompanying form of proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your shares in Coro Energy plc, please immediately contact the person through whom the sale or transfer was effected.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. AIM securities are not admitted to the Official List of the London Stock Exchange Plc.**

---

# CORO ENERGY PLC

*(registered in England and Wales under the Companies Act 2006 with registered number 10472005)*

## PROPOSED DISPOSAL OF CORO EUROPE LIMITED

### NOTICE OF GENERAL MEETING

---

**Your attention is drawn to the letter from the Chairman of the Coro Energy plc (the “Company”) set out in this document in which the Directors unanimously recommend that you VOTE IN FAVOUR of the Resolution to be proposed at the General Meeting. The action to be taken in respect of the General Meeting is set out in the letter from the Chairman of the Company.**

**A notice convening a General Meeting of the Company to be held at the offices of Watson Farley & Williams LLP, 15 Appold Street, London, EC2A 2HB at 11.00 a.m. on 20 December 2019 is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed.**

Whether or not you intend to attend the General Meeting in person, please complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Company’s Registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 11.00 a.m. on 18 December 2019, being 48 hours before the time appointed for the holding of the General Meeting (excluding any part of a day which is not a Business Day). As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically at [www.signalshares.com](http://www.signalshares.com).

Completion and posting of the Form of Proxy or submission of an electronic proxy appointment will not prevent you from attending and voting in person at the General Meeting if you wish to do so.

Cenkos Securities plc (“Cenkos”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom and is a member of the London Stock Exchange, is acting as nominated adviser to the Company and no one else in connection with the proposed Acquisition and Admission. Cenkos will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Cenkos nor for providing advice in relation to the transactions and arrangements detailed in this document for which the Company and the Directors are solely responsible. The responsibilities of Cenkos as the Company’s nominated adviser for the purposes of the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company, any Shareholder or any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. Cenkos has not authorised the contents of any part of this document and is not making any representation or warranty, express or implied, as to the contents of this document and accordingly, without limiting the

statutory rights of any recipient of this document, no liability whatsoever is accepted by it for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

### **Forward-looking Statements**

This document contains statements that are, or may be deemed to be, “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “could”, “envisages”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should”, “will” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs and current expectations of the Company or the Directors concerning, *inter alia*, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Group and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Group or developments in the industry in which the Group operates may differ materially from the future results, performance or achievements or industry developments expressed or implied by the forward-looking statements contained in this document which may not occur. The forward-looking statements contained in this document speak only as at the date of this document. Neither the Company nor Cenkos undertake any obligation to update or revise publicly the forward-looking statements contained in this document to reflect any change in expectations or to reflect events or circumstances occurring or arising after the date of this document, except as required in order to comply with their legal and regulatory obligations (including under the AIM Rules).

## CONTENTS

	<i>Page</i>
<b>Expected Timetable of Principal Events</b>	4
<b>Directors, Secretary and Advisers</b>	5
<b>Letter from the Chairman</b>	6
<b>Definitions and Glossary</b>	14
<b>Notice of General Meeting</b>	17

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Publication of this document	3 December 2019
Latest time and date for receipt of form of proxy for the General Meeting	11.00 a.m. on 18 December 2019
General Meeting	11.00 a.m. on 20 December 2019

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors:</b>	James Parsons, <i>Non-executive Chairman</i> James Menzies, <i>Chief Executive Officer</i> Andrew Dennan, <i>Chief Financial Officer</i> Marco Fumagalli, <i>Non-executive Director</i> Fiona Macaulay, <i>Non-executive Director</i>
<b>Company Secretary:</b>	Amba Secretaries Limited 400 Thames Valley Park Drive Reading United Kingdom RG6 1PT
<b>Registered office:</b>	40 George Street London England W1U 7DW
<b>Company website:</b>	<a href="https://www.coroenergyplc.com/">https://www.coroenergyplc.com/</a>
<b>Legal advisers to the company:</b>	Watson Farley & Williams LLP 15 Appold Street London EC2A 2HB
<b>Nominated adviser:</b>	Cenkos Securities plc 6-8 Tokenhouse Yard London EC2R 7AS
<b>Joint Broker:</b>	Mirabaud Securities Limited 10 Bressenden Place London SW1E 5DH
<b>Joint Broker:</b>	Turner Pope Investments (TPI) Ltd 8 Frederick's Place London EC2R 6AY
<b>Registrar:</b>	Link Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU

## LETTER FROM THE CHAIRMAN OF CORO ENERGY PLC

*Directors:*

James Parsons, *Non-executive Chairman*  
James Menzies, *Chief Executive Officer*  
Andrew Dennan, *Chief Financial Officer*  
Marco Fumagalli, *Non-executive Director*  
Fiona Macaulay, *Non-executive Director*

*Registered Office:*

40 George Street  
London  
W1U 7DW

3 December 2019

Dear Shareholder

### PROPOSED DISPOSAL OF CORO EUROPE LIMITED NOTICE OF GENERAL MEETING

#### 1. Introduction

On 12 September 2019 the Company announced its unaudited interim results for the six months ended 30 June 2019 and confirmed that, with the Company firmly committed to its South East Asian growth strategy, the Board had decided to prioritise the divestment of the Group's non-core Italian operations.

Following discussions with multiple parties regarding the proposed sale of the Group's Italian portfolio of six production concessions, four exploration permits and six exploration permit applications (the "**Italian Portfolio**"), the Company announced on 3 December 2019 that its wholly owned subsidiary, Coro Energy Holdings Cell A Limited ("**Cell A**"), had entered into a conditional sale and purchase agreement in respect of the sale of Coro Europe Limited to Zenith Energy Limited ("**Zenith**"), a London listed, Canadian oil and gas production company, for a total consideration of up to £3.9 million.

The initial consideration for the Disposal of £0.4 million, payable by Zenith to the Company on Completion, will be settled through the issue of 6.7 million new Zenith Shares. Subject to Coro Europe's assets achieving average daily production of 100,000 scm over a period of four successive months, a deferred consideration payment of £3.5 million will be made by Zenith to the Company through the issue of new Zenith Shares at an effective issue price equal to a 40 per cent. premium to the prevailing Zenith share price at the time of issue.

**The purpose of this document is to provide you with information on the Disposal, to explain why the Directors consider the Disposal to be in the best interests of the Company and Shareholders and why they recommend that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings of 12,260,895 Ordinary Shares, representing approximately 1.55 per cent. of the Company's issued ordinary share capital.**

#### 2. Background to, and reasons for, the Disposal

The Group continues to execute its South East Asian growth strategy following the acquisition of a 15 per cent. interest in the Duyung Production Sharing Contract ("**PSC**") in the West Natuna basin, offshore Indonesia (which contains the Mako gas field) and the successful restructuring of the cash consideration payable in connection with the Company's first deal in Indonesia – the acquisition of a 42.5 per cent. working interest in the Bulu PSC (which contains the Lengo gas field offshore East Java).

Completion of the Company's acquisition of a working interest in the Bulu PSC was, as announced on 28 July 2019, conditional on, *inter alia*, joint venture pre-emption waiver (the "**Waiver**") and regulatory government approvals (the "**Approvals**") prior to a long stop date of 2 December 2019 under the Bulu acquisition agreement (the "**Long Stop Date**"). The Company announced on 3 December 2019 that the parties to the Bulu acquisition agreement continue to progress the transfer of the participating interest in the Bulu PSC and that whilst the necessary Waiver had been received, receipt of the Approvals had been delayed. As a result, the Bulu Acquisition did not complete by the Long Stop Date. The Company confirms

that the parties to the Bulu acquisition agreement are currently negotiating a further 6-month extension to the Long Stop Date to accommodate the additional time required for the Approvals to be received (the “**Bulu Extension**”) and intend to enter into the Bulu Extension as soon as is practicable. The Company will update Shareholders in relation to the Extension, as appropriate, in due course.

The Company was pleased to announce on 22 November 2019 that a planned two well appraisal programme at Duyung had been completed by the Duyung PSC partners, on time and within budget, and that the appraisal programme had confirmed, *inter alia*, the Mako field to be a simple, single gas tank system with the upper section of the reservoir demonstrating high permeability and good porosity sandstone. The valuable information collected from this appraisal campaign will be used to revisit the resource estimates for the Mako field and the Duyung PSC partners will be commissioning an independent assessment of resources, which is currently expected to be completed in Q1 2020.

In addition to progress at the Duyung PSC, the Group continues its business development activities in the region and the Directors see further opportunities for the Group to capture value and scale in South East Asia.

The Directors do not consider that the same opportunities currently exist for the Group in Italy, where recent legislation has imposed a ban on exploration activity in the country – greatly reducing the appeal of developing an Italian energy and projects business such as Coro Europe.

Whilst the Italian Portfolio produces 100 per cent. of the Group’s current revenues (H1 2019: c.US\$1.7 million), the currently producing assets in the Italian Portfolio have inherent production decline curves and Coro Europe will require investment to sustain and increase current levels of production.

The Board believes that incremental capital expenditure in South East Asia is a more value accretive use of the Group’s resources and, ultimately, has a greater possibility of generating greater returns for Shareholders than allocating additional capital to the development of the Italian Portfolio.

As a result, Coro Europe has become a non-core element of the Company’s portfolio and the Board has taken the decision to proceed with the Disposal.

### 3. The Italian Portfolio

The Italian Portfolio consists of six production concessions, four exploration permits and six exploration permit applications, as detailed below.

In H1 2019 the Group’s Italian operations generated revenues of approximately US\$1.7 million, a loss before tax of approximately US\$6.4 million (including non-cash impairment losses of approximately US\$5.2 million) and had net assets of approximately US\$1.8 million.

<i>Field (Licence)</i>	<i>Operator</i>	<i>Interest</i>	<i>Status</i>	<i>Licence expiry date</i>	<i>Licence Area</i>	<i>Comments</i>
Sillaro (Silaro)	Coro Europe	100%	Producing (production concession)	29/10/28	7.4 km <sup>2</sup>	On production
Bezzecca (Cascina Castello)	Coro Europe	90%*	Producing (production concession)	22/10/28	38.6 km <sup>2</sup>	On production
Rapagnano (Rapagnano)	Coro Europe	100%	Producing (production concession)	28/11/22	8.5 km <sup>2</sup>	On production
Casa Tiberi (San Lorenzo)	Coro Europe	100%	Producing (production concession)	24/2/32	4.9 km <sup>2</sup>	On production
Santa Maddalena (Sant’ Alberto)	Coro Europe	100%	Development (production concession)	19/2/32	19.5 km <sup>2</sup>	Development

<i>Field (Licence)</i>	<i>Operator</i>	<i>Interest</i>	<i>Status</i>	<i>Licence expiry date</i>	<i>Licence Area</i>	<i>Comments</i>
Sant' Andrea (Casa Tonetto)	Coro Europe	100%	Suspended production (production concession)	14/07/35	4.5 km <sup>2</sup>	Discovery with suspended production
Laura / Laura East (DR74-AP)	Coro Europe	100%	Exploration (Exploration Permit)	Permit suspended due to amendment to oil & gas law	63.1 km <sup>2</sup>	Discovery and prospect pending further studies
Thin Beds and Level 1 (Santa Maria Goretti)	Coro Europe	100%	Exploration (Exploration Permit)	Permit suspended (see above)	101.3 km <sup>2</sup>	Prospects pending further studies
Zibido (Badile)	Coro Europe	100%	Exploration (Exploration Permit)	Permit suspended (see above)	154.5 km <sup>2</sup>	Prospect pending further studies
Carita	Coro Europe	100%	Exploration (Exploration Permit)	Permit suspended (see above)	525.3 km <sup>2</sup>	Prospects pending further studies
Manfria and Cielo (Costa del Sole)	Coro Europe	100%	Application for Exploration Permit	–	41.5 km <sup>2</sup>	Prospect – pending further studies
Dalla (D503-BR-CS)	Coro Europe	100%	Application for Exploration Permit	–	82.6 km <sup>2</sup>	Prospect – pending further studies
Solfara Mare	Coro Europe	100%	Application for Exploration Permit	–	337.0 km <sup>2</sup>	Prospect – pending further studies
Posta del Guidice	Coro Europe	100%	Application for Exploration Permit	–	113.6 km <sup>2</sup>	Prospect – pending further studies
Torre del Ferro	Coro Europe	100%	Application for Exploration Permit	–	118.0 km <sup>2</sup>	Prospect – pending further studies
La Risorta	Coro Europe	100%	Application for Exploration Permit	–	295.6 km <sup>2</sup>	Prospect – pending further studies

\*pending registration of transfer of a further 10 per cent. legal interest acquired on 1 May 2019 from Petrorep Italiana S.p.A

Total production for the Italian Portfolio during H1 2019 was 261 MMscf (7.4 MMscm) from four operating gas fields, namely Sillaro, Bezzecca, Rapagnano and Casa Tiberi (H1 2018: 189 MMscf or 5.4 MMscm net to Coro).

The higher production seen in H1 2019 when compared to H1 2018 was partly due to the benefit of a full six months of production from the Rapagnano and Casa Tiberi fields, compared to only a three-month contribution in H1 2018. In H1 2019 production was also higher from the Sillaro and Bezzecca fields due to higher facilities uptime and optimisation of flow rates.

#### **4. Details of the Disposal**

The Company's wholly owned subsidiary, Cell A, has entered into a binding conditional sale and purchase agreement with Zenith for the Disposal by the Group of the entire issued share capital of Coro Europe, which holds the Group's interests and liabilities in the Italian Portfolio.

The Disposal is conditional on, *inter alia*, the passing of the requisite Resolution at the General Meeting and the receipt of certain necessary regulatory approvals.

Under the SPA, the Consideration for the Disposal of Coro Europe will be £3,902,000, to be fully satisfied by:

- (i) a payment of £402,000 to be settled by Zenith on Completion through the allotment and issue of 6,700,000 new Zenith Shares to Cell A; and
- (ii) subject to the average production of all hydrocarbon assets in which the Coro Europe Group has an interest at the Completion Date yielding not less than 100,000 scm/d of extracted product for a period of four consecutive months (the “**Production Condition**”), a further payment of £3,500,000 to be settled by Zenith on the first business day after satisfaction of the Production Condition through the allotment and issue of new Zenith Shares to Cell A as shall be calculated by dividing £3,500,000 by the London Stock Exchange plc closing price of Zenith Shares on such day plus 40 per cent. of such closing price.

The Initial Consideration Shares and the Deferred Consideration Shares will each be subject to a six-month lock-in from issue. All proceeds received by the Group pursuant to any sale of the Initial Consideration Shares and/or the Deferred Consideration Shares, as proceeds from the disposal of the Italian Portfolio, must be retained within Cell A and its subsidiary companies pursuant to the security charge associated with Coro’s Eurobond issued in April 2019.

The other key terms of the SPA are set out in paragraph 8 below.

## 5. Background to Zenith

Zenith is an international oil and gas production group, incorporated in Canada, listed on the TSX Venture Exchange (TSX-V: ZEE), the Standard segment of the Main Market of the London Stock Exchange (LSE: ZEN) and the Merkur Market of the Oslo Børs (ZENA:ME).

Zenith’s strategy is defined by its focus on the acquisition and further development of proven onshore oil and gas fields where production has declined over time, but which hold significant untapped reserves and the possibility to produce sizeable volumes of oil and gas following investment in new field infrastructure, the application of modern production technology, and new management supervision. To maximise shareholder value, Zenith targets acquisitions of production opportunities that offer strong logistics and close proximity to refineries and pipelines. Zenith’s management and directors have extensive financial and government experience and possess the technical knowledge to execute this strategy.

Zenith operates the largest onshore oilfield in Azerbaijan by cumulative acreage through its fully owned subsidiary, Zenith Aran Oil Company Limited, with an average daily production of 238 barrels per day and independently assessed proven + probable (2P) reserves of 30.6 million barrels of oil. Zenith also operates, or has working interests in, a number of gas production and exploration concessions in Italy with independently assessed 2P reserves of 16.3 BCF. Zenith’s Italian operations also include the production of electricity and condensate.

Zenith’s strategy is to identify and rapidly seize opportunities in the onshore oil & gas sector. Specific attention is directed to fields formerly controlled by oil majors and state oil companies. These assets often have significant untapped potential and the capacity to produce sizeable volumes of oil & gas with investment in technology and new management supervision.

Selected financial information extracted from Zenith’s annual report and financial statements for the financial year ended 31 March 2019, which are available on Zenith’s website at [www.zenithenergy.ca](http://www.zenithenergy.ca), is set out below.

	CAD\$’000
Revenues	6,567
Loss before tax	(9,761)
Total assets	1,088,688
Net assets	569,081

## 6. Coro Current Trading and Prospects

During the first half of 2019 the Company continued to take significant steps in building its business in South East Asia – beginning 2019 with a major addition to Coro’s asset portfolio in Indonesia through the acquisition

of a 15 per cent. interest in the Duyung PSC, supported by the issuance of an institutionally subscribed €22.5 million Eurobond. Elsewhere in Indonesia, the Company announced on 18 July 2019 that it had agreed restructured terms for the Bulu deal, extending the consideration payment schedule and improving the Group's short-term liquidity.

The Group made a loss before tax from continuing operations (excluding the Company's Italian operations) of US\$4.7m for the six months ended 31 June 2019 (H1 2018: loss from continuing operations US\$1.9m), which was driven by corporate costs including ongoing business development activities in South East Asia, as well as interest charges and foreign exchange losses relating to the Group's Eurobond.

The Company was pleased to announce on 22 November 2019 that a planned two well appraisal programme at the Duyung PSC had been completed by the Duyung PSC partners on time and within budget and that the appraisal programme had confirmed, *inter alia*, the Mako field to be a simple, single gas tank system with the upper section of the reservoir demonstrating high permeability and good porosity sandstone. The valuable information collected from this appraisal campaign will be used to revisit the resource estimates for the Mako field and the Duyung PSC partners will be commissioning an independent assessment of resources, which are currently expected to be completed in Q1 2020.

In addition to progress at the Duyung PSC, the Company has continued with the technical evaluation of Block 2A in Malaysia, which is yielding exciting results, and continues to evaluate a strong pipeline of business development opportunities in South East Asia.

## 7. Financial Information

Audited accounts for the Group for the year ended 31 December 2018 and unaudited interim results for the six months ended 30 June 2019 for the Group are available on the Company's website at [www.coroenergyplc.com](http://www.coroenergyplc.com).

## 8. Summary of the SPA Terms

The SPA is conditional on certain conditions having been satisfied or waived on or prior to Completion, including the following:

- Approval by the Shareholders;
- Receipt of required regulatory approvals required from the Italian authorities (the "**Italian Regulatory Approvals**");
- Zenith having submitted applications in the manner prescribed in the SPA for the issue of the Initial Consideration Shares to be issued on the Completion Date;
- there not having occurred (in relation to the Company or Zenith) between the date of the SPA and the Completion Date, 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 (A) the consolidated net assets of Zenith and its subsidiaries of more than €2,000,000, (excluding certain global events) (a "**Zenith Material Adverse Change**"); or (B) in the consolidated net assets of the Coro Europe Group and its subsidiaries of more than more than €2,000,000, excluding certain global events) (a "**Coro Europe Material Adverse Change**"); and
- Cell A having carried out its obligations in respect of a Bezzacca-Vitalba pipeline leak which occurred in November 2019 (the "**Leakage**") and paid all amounts due in respect thereof.

As noted above, the initial consideration of £0.4m is payable by Zenith to Cell A on Completion through the issue of the Initial Consideration Shares. Should the Coro Europe Italian Portfolio achieve average daily production of 100,000 scm over a period of four successive months, Zenith will issue the Deferred Consideration Shares to Cell A.

The SPA may be terminated in certain circumstances:

- (i) 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 Completion Date are not met or waived;

- (ii) by Zenith in the event that any director of the Company publicly changes (including by attaching qualifications to) or withdraws (including by abstaining) their statement that they consider the Disposal to be in the best interests of the Shareholders or their recommendation that the Shareholders approve the Disposal, or publicly states an intention to change their voting intention in respect of any relevant Company shares; and
- (iii) by Zenith in the event that (a) the conditions precedent have not been met by 30 April 2020 or (b) if the Italian Regulatory Approvals have not been granted or obtained by such date, 31 July 2020 or, (c) if before the end of the period set out in (b) Zenith provides written notice to Cell A, supported by reasonable documentation or other reasonable evidence that Zenith has promptly throughout filed all necessary applications and related supporting documents and taken all other actions necessary to obtain all necessary approvals (including following any requests from the Italian Regulatory Authorities) and such approval(s) have reached the final stage, 31 October 2020 or (d) such later date as Zenith and Cell A may agree.

Zenith and Cell A have undertaken to procure that, with effect from the Completion Date, each of Zenith and the Company enters into an agreement with Sound Energy plc ("**Sound**" as previous owner of Coro Europe, then known as Sound Energy Holdings Italy Limited) pursuant to which Zenith agrees that 5 per cent. of the total proceeds of natural gas sales received by Zenith and/or Coro Europe or any of its subsidiaries relating to the exploration license D.R. 74.AP (colloquially referred to as Laura) shall be paid to Sound by Zenith instead of the Company.

Zenith and Cell A have further undertaken to procure that, with effect from the Completion Date, each of Zenith, the Seller and the Company enter into an agreement with Sound pursuant to which:

- (i) Sound will retain its economic rights to receive the proceeds of any future sale of the land comprising the Badile permit issued on 23 March 2010 and situated in the Piedmont Lombard Basin in northern Italy owned by Coro Europe ("**Badile**") (the "**Badile Land**") and Zenith will undertake to remit the net proceeds of the Badile Land sale (the "**Badile Sale**") to Sound on receipt by Coro Europe;
- (ii) Sound undertakes that it shall:
  - (A) provide a restoration payment to Zenith (or Coro Europe or Apennine, as Zenith may direct) in respect of Badile in a total aggregate amount of EUR 870,000 (less payments already made by Sound under the Original Sale Agreement) to cover remaining costs with respect to the site restoration of Badile (payments to be made on a quarterly basis in instalments on the basis of estimates submitted by Zenith to Sound). If, at the end of the Badile site restoration process, Zenith has not received the full EUR 870,000, Sound agrees to make a balancing payment (the "**Badile Site Restoration Payments**"); and
  - (B) in addition to providing the Badile Site Restoration Payments, indemnify Zenith, Coro Europe and/or Apennine from and against any costs relating to the Badile site restoration which are incurred by Zenith, Coro Europe and/or Apennine above and beyond the Badile Site Restoration Payments (the "**Additional Badile Restoration Payment**") which directly result from:
    - the requirement of any regulatory authority (whether or not pursuant to applicable laws or regulations);
    - changes in any applicable laws or regulations following the date of the SPA;
    - changes following the date of the SPA in either environmental laws applicable to the restoration of Badile and/or the specific restoration requirements for Badile imposed by the relevant regulatory authority on Zenith, Coro Europe and/or Apennine (whether or not pursuant to applicable laws or regulations);
    - any bid or tender for works comprised or forming part of the Badile site restoration costs expiring as a result of delays in receipt of approvals from any regulatory authority (whether or not pursuant to applicable laws or regulations) and any new or revised bid or tender for such works being for an increased cost; and/or
    - a dispute regarding unpaid rent and unlawful occupation of land relating to the Badile Land;
- (iii) each of Zenith and Sound shall irrevocably and unconditionally release the Company from all liability that they may have in connection with the Badile Sale, including (for the avoidance of doubt) under an

implementation agreement entered into between the Company (then known as Saffron Energy plc) and Sound dated 22 January 2018 (the “**Original Sale Agreement**”); and

- (iv) the Company shall irrevocably and unconditionally waive any rights that it might have to receive the Badile Restoration Payments and/or the Additional Badile Restoration Payment, including (for the avoidance of doubt) under the Original Sale Agreement.

Under the SPA, Cell A has agreed to indemnify Zenith and each member of the Coro Europe Group against liabilities arising out of or in connection with the Leakage and relating to the period up to and including the date upon which approval of the remediation works relating to the Leakage is given by the regional environmental agency (the “**Leakage Indemnity**”).

Cell A has undertaken to enter into a reasonably standard form tax covenant on the Completion Date (the “**Coro Europe Tax Covenant**”). No claim can be brought against the Company under the Coro Europe Tax Covenant unless the value of the claim exceeds €25,000.

Under the SPA, no warranty claim can be brought unless it is for an amount at least equal to €25,000, and until the party bringing the claim has a claim or basket of claims exceeding €250,000. The liability of each of Cell A and Zenith under the SPA is further limited as follows:

- (i) Cell A’s total liability for all claims under the Coro Europe Tax Covenant and Leakage Indemnity and for all claims under the warranties given by it shall not in any event exceed EUR 200,000; and
- (ii) Zenith’s total liability for all claims under the warranties given by it shall not in any event exceed EUR 200,000.

## **9. General Meeting**

Set out at the end of this document is a Notice of General Meeting to be held at Watson Farley & Williams LLP, 15 Appold Street, London, EC2A 2HB at 11.00 a.m. on 20 December 2019 at which a resolution will be proposed to approve the sale of the entire issued share capital of Coro Europe to Zenith.

The Resolution is being proposed as an ordinary resolution and will require approval by a simple majority of those votes cast (by persons present in person or by proxy) at the General Meeting for the Resolution to be passed.

Completion of the Disposal is conditional, *inter alia*, on the Shareholders passing the Resolution being proposed at the General Meeting. If the Shareholders do not pass the Resolution, Completion of the Disposal and issue of the Initial Consideration Shares will not proceed.

## **10. Action to be Taken**

You will find enclosed with this document a Form of Proxy for use by the Shareholders at the General Meeting. Whether or not you intend to attend the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon. As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically at [www.signalshares.com](http://www.signalshares.com).

To be valid, completed Forms of Proxy must be received by Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom as soon as possible and in any event not later than 11.00 a.m. on 18 December 2019, being 48 hours (excluding non-Business Days) before the time appointed for holding the General Meeting. For an electronic proxy appointment to be valid, your appointment must be received not later than 11.00 a.m. on 18 December 2019, being 48 hours (excluding non-Business Days) before the time appointed for holding the General Meeting. Completion of a Form of Proxy or submission of an electronic proxy appointment. Completion of a Form of Proxy will not preclude you from attending the meeting and voting in person if you so choose.

If you hold your ordinary shares in uncertificated form in CREST, you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual. Further details are also set out in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted by CREST must also be received as soon as possible and in any event not later than 11.00 a.m. on

18 December 2019, being 48 hours (excluding non-Business Days) before the time appointed for holding the General Meeting.

#### **11. Recommendation and Voting Intentions**

**The Disposal constitutes a fundamental change of the Company's business for the purposes of Rule 15 of the AIM Rules and is therefore subject to the approval of the Shareholders at the General Meeting.**

**The Directors consider the Disposal to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that the Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings of Ordinary Shares, representing approximately 1.55 per cent. of the Company's existing Ordinary Shares.**

Yours faithfully

**James Parsons**

*Non-Executive Chairman*

## DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise:

<b>“Act”</b>	the Companies Act 2006, as amended
<b>“Additional Badile Restoration Payment”</b>	has the meaning given to it in paragraph 8 of this document
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers
<b>“AIM Rules for Companies”</b>	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the AIM Rules for Nominated Advisers published by the London Stock Exchange, as amended from time to time
<b>“Apennine”</b>	Apennine Energy SpA, a wholly owned Subsidiary of Coro Europe
<b>“Approvals”</b>	has the meaning given to it in paragraph 2 of this document
<b>“Badile”</b>	has the meaning given to it in paragraph 8 of this document
<b>“Badile Land”</b>	has the meaning given to it in paragraph 8 of this document
<b>“Badile Sale”</b>	has the meaning given to it in paragraph 8 of this document
<b>“Badile Site Restoration Payments”</b>	has the meaning given to it in paragraph 8 of this document
<b>“BCF”</b>	billion standard cubic feet of natural gas
<b>“Board” or “Directors”</b>	the directors of the Company, whose names are set out on page 5 of this document
<b>“Bulu Extension”</b>	has the meaning given to it in paragraph 2 of this document
<b>“Business Day”</b>	a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, England
<b>“Cell A”</b>	Coro Energy Holdings Cell A Limited, a wholly owned subsidiary of the Company
<b>“Cenkos Securities”</b>	Cenkos Securities plc, in its capacity as the Company’s nominated adviser
<b>“CIP”</b>	has the meaning given to it in paragraph 11 of this document
<b>“Company” or “Coro”</b>	Coro Energy plc, incorporated and registered in England & Wales with registered number 10472005 and, where the context permits, its subsidiaries
<b>“Completion”</b>	completion of the Disposal
<b>“Consideration”</b>	the total consideration to be paid in accordance with the terms of the SPA comprising £402,000 at Completion and £3.5 million to be paid in Zenith Shares subject to the Production Condition

<b>“Coro Europe”</b>	Coro Europe Limited, a wholly owned subsidiary of the Company and, where relevant, Coro Europe’s wholly owned subsidiary Apennine Energy S.p.A
<b>“Coro Europe Material Adverse Change”</b>	has the meaning given to it in paragraph 8 of this document
<b>“Coro Europe Tax Covenant”</b>	has the meaning given to it in paragraph 8 of this document
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear UK & Ireland is the operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
<b>“CREST Manual”</b>	the rules governing the operation of CREST as published by Euroclear
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time, and any applicable rules made under those regulations
<b>“Deferred Consideration Shares”</b>	a further payment of £3,500,000 to be settled by Zenith on the first business day after satisfaction of the Production Condition through the allotment and issue of new Zenith Shares as shall be calculated by dividing £3,500,000 by a 40 per cent. premium to the London Stock Exchange plc closing price of Zenith Shares on such day
<b>“Disposal”</b>	the proposed disposal of Coro Europe to Zenith
<b>“Financial Conduct Authority”</b> or <b>“FCA”</b>	the UK Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“Form of Proxy”</b>	the form of proxy relating to the General Meeting being sent to Shareholders with this document
<b>“FSMA”</b>	the UK Financial Services and Markets Act 2000 (as amended)
<b>“General Meeting”</b> or <b>“GM”</b>	the General Meeting of the Company to be held at Watson Farley & Williams LLP, 15 Appold Street, London, EC2A 2HB at 11.00 a.m. on 20 December 2019, notice of which is set out at the end of this document
<b>“Group”</b>	the Company and its subsidiary undertakings
<b>“Initial Consideration Shares”</b>	6,700,000 common shares of no par value in Zenith’s share capital to be to be allotted and issued to the Company as part of the Consideration under the SPA, conditional on, <i>inter alia</i> , the passing of the Resolution and Completion
<b>“Italian Regulatory Authorities”</b>	has the meaning given to it in paragraph 8 of this document
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Long Stop Date”</b>	has the meaning given to it in paragraph 2 of this document
<b>“MAR”</b> or <b>“Market Abuse Regulation”</b>	the EU Market Abuse Regulation (Regulation 596/2014)

<b>“MMscf”</b>	million standard cubic feet of natural gas
<b>“MMscm”</b>	million standard cubic metres of natural gas
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting set out at the end of this document
<b>“Official List”</b>	the official list of the UK Listing Authority
<b>“Ordinary Shares”</b>	ordinary shares of 0.1 pence each in the capital of the Company
<b>“Original Sale Agreement”</b>	has the meaning given to it in paragraph 8 of this document
<b>“Production Condition”</b>	subject to the average production of all hydrocarbon assets in which Coro Europe has an interest at Completion yielding not less than 100,000 standard cubic metres/day of extracted product for a period of four consecutive months
<b>“PSC”</b>	has the meaning given to it in paragraph 2 of this document
<b>“Registrars”</b>	Link Asset Services
<b>“Regulatory Information Service” or “RIS”</b>	one of the regulatory information services authorised by the London Stock Exchange to receive, process and disseminate information in respect of AIM quoted companies
<b>“Resolution”</b>	the resolution proposed to be passed by Shareholders at the General Meeting, as set out in the Notice of General Meeting
<b>“scm”</b>	standard cubic metres of natural gas
<b>“scm/d”</b>	standard cubic metres of natural gas per day
<b>“Shareholders”</b>	holders of the Ordinary Shares
<b>“Sound”</b>	has the meaning given to it in paragraph 8 of this document
<b>“SPA”</b>	the conditional agreement between (1) Coro Europe, (2) Coro Energy Holdings Cell A Limited and (3) Zenith relating to the Disposal, details of which are set out in this document
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>“Waiver”</b>	has the meaning given to it in paragraph 2 of this document
<b>“Zenith”</b>	Zenith Energy Limited, the proposed acquiror of Coro Europe
<b>“Zenith Material Adverse Change”</b>	has the meaning given to it in paragraph 8 of this document
<b>“Zenith Shares”</b>	common shares of no par value in Zenith’s share capital
<b>“€” or “Euros”</b>	lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty
<b>“£” or “Sterling”</b>	pounds sterling, the lawful currency of the United Kingdom
<b>“US\$” or “Dollars”</b>	United States dollars, the lawful currency of the United States.

## NOTICE OF GENERAL MEETING

# CORO ENERGY PLC

*(registered in England and Wales No.10472005)*

**NOTICE IS HEREBY GIVEN** that a general meeting of Coro Energy PLC (the “**Company**”) will be held at Watson Farley & Williams LLP, 15 Appold Street, London, EC2A 2HB at 11.00 a.m. on 20 December 2019 for the purpose of considering and, if thought fit, passing the following resolution.

### ORDINARY RESOLUTION

**THAT** the sale of the entire issued share capital of Coro Europe Limited by Coro Energy Holdings Cell A Limited, the Company’s wholly owned subsidiary, to Zenith Energy Limited (the “**Disposal**”) on the terms set out within the Share Purchase Agreement as defined and more particularly described in the circular sent to shareholders dated 3 December 2019 be approved, and that the Directors of the Company be and are hereby authorised to waive, amend, vary or extend any of the terms and conditions of the Disposal or the Share Purchase Agreement, and to do all such things that they may consider necessary or desirable in connection with the Disposal, being a disposal resulting in a fundamental change of business for the purposes of Rule 15 of the AIM Rules for Companies.

By order of the Board

**AMBA Secretaries Limited**  
*Company Secretary*

*Registered Office:*  
40 George Street  
London  
W1U 7DW

3 December 2019

Notes:

1. Any member entitled to attend, vote and speak at the meeting convened by the above notice is entitled to appoint one or more proxies to attend, speak and vote at the meeting instead of him. A proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member, but a member may not appoint more than one proxy to exercise rights attached to any one share.
2. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you) in the boxes indicated on the form of proxy. Please also indicate if the proxy instruction is one of multiple instructions being given. To appoint more than one proxy please see the instructions on the enclosed form of proxy. All forms must be signed and should be returned together in the same envelope.
3. To be valid, the enclosed form of proxy for the meeting convened by the above notice and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the Company's registrars' office (Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU) or submitted electronically at [www.signalshares.com](http://www.signalshares.com) not less than 48 hours (excluding any part of a day that is not a working day) before the time for holding the meeting. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the General Meeting is close of business 2 days (excluding any part of a day that is not a working day) prior to the time for holding the meeting, or if the meeting is adjourned close of business 2 days (excluding any part of a day that is not a working day) prior to the time for holding the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the issuer's agent (Link Asset Services, ID RA10) not less than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
10. In the case of a corporation, the form of proxy must be executed.

