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**Coro Energy plc**

**("Coro" or the "Company")**

**Second Fully Funded Indonesian Acquisition: Duyung PSC**

Coro Energy plc is delighted to announce the signing of a binding conditional agreement as it takes its next step in building its portfolio in SE Asia through the acquisition of an interest in the Duyung Production Sharing Contract ("PSC") in the West Natuna basin, offshore Indonesia which contains the Mako gas field.

Under the agreement, Coro will pay a cash and shares consideration of \$4.8 million and contribute \$10.5 million toward the 2019 drilling campaign, in order to earn a 15% stake in the PSC. The cash element of the consideration is being subscribed/underwritten by institutional investors, including cornerstone investor Lombard Odier Asset Management (Europe) Limited, on terms which have been announced separately today.

**Highlights**

- Acquisition of a 15% direct interest in the Duyung PSC, West Natuna

basin, offshore Indonesia, which contains the shallow water Mako gas field together with low risk step out exploration upside

- Independent review by Gaffney Cline & Associates ascribed gross 2C resources of 276 Bcf (48.78 MMboe) of recoverable dry gas in the Mako field with gross 3C resources of 392 Bcf (69.3 MMboe) representing additional field upside
- Total consideration of \$4.8 million, comprising \$2.95 million in cash and \$1.85 million in Coro shares, plus \$10.5 million in partial funding of the 2019 drilling programme for a 15% interest, representing an effective acquisition price of \$0.34/MMBtu on a 2C basis
- Identified exploration targets, both above and beneath the field, include the Tambak prospect (scheduled for 2019 drilling) with mid-case prospective resource potential of approximately 250 Bcf and a chance of geological success ("CoS") of 45% and the Mako Shallow prospect with mid-case resource potential of 100 Bcf and a CoS of 75%
- The field development plan has been submitted to the Indonesian authorities for approval
- The field is located close to the West Natuna Transportation System offering the potential to sell gas into the Singapore market, where a Heads Of Agreement has been recently signed with a gas buyer
- Favourable gas pricing in the developed Singapore market, with piped gas competing with LNG import

#### **James Menzies, Chief Executive Officer, commented**

*"Mako is a high quality asset with a great address: a large undeveloped resource in a prolific basin and close to existing infrastructure with capacity, providing access to a hungry market in Singapore. We are also excited by the exploration potential to more than double the size of the resource - this is very significant, high value, low risk step out exploration located above and beneath the field itself.*

*The operator, Conrad Petroleum, has done a great job in bringing the project forward and advancing the technical understanding of the field and the surrounding prospects, and we are delighted to now be working with them. We see this as a potential hub for wider value creation in the region and look forward to reporting on our further progress shortly."*

#### **The Transaction**

Coro has agreed to acquire a 15% interest in the Duyung PSC from West Natuna Exploration Limited ("WNEL"), a private company which in turn is 100% owner

and operator of the Duyung PSC. In order to earn the interest, Coro has agreed to pay the existing owners of WNEL consideration of \$2.95 million in cash and \$1.85 million in Coro shares, as well as a contribution of \$10.5 million toward the 2019 drilling campaign. Coro has today paid a total of \$2.95 million in cash (comprised of \$1.75 million of the WNEL cash consideration and \$1.2 million of drilling campaign contribution) which shall be treated as a break fee in the event Coro fails to complete.

The shareholders of WNEL currently comprise Conrad Petroleum Limited (90%), a private company based in Singapore, and the AIM-listed E&P company Empyrean Energy plc (10%).

In order to satisfy the cash element of the transaction, Coro's cornerstone investors will subscribe/underwrite a €22.5 million Eurobond issue. Details on the terms of the Eurobond and the subscription and underwriting commitments have been announced separately today.

The share element of the consideration has been priced at a 30 day VWAP of Coro's share price up to the date of signing of the acquisition agreement and is set at 2.3492 pence per share. 60,905,037 shares of 0.1p each ( "Ordinary Shares") will therefore be issued to the WNEL owners as the share element of the consideration for the transaction.

The balance of the consideration will be paid on first closing (within forty four business days) and transfer of PSC title, which requires Indonesian regulatory approval, is expected to follow with a long stop date of 31 December 2019, failing which the Company will receive transfers of 15% of the shares of WNEL instead. Further announcements will be made in due course.

### **The Mako Gas Field, Duyung PSC, Offshore Indonesia**

The Mako gas field is an extremely large, shallow structural closure, with an area extent of over 350 square km. The reservoir is a Pliocene-age sandstone, with a gas-water contact at approximately 391m true vertical depth sub-sea. The field has excellent seismic definition with direct hydrocarbon indicators being very evident.

Having been drilled but not tested by prior operators of the acreage, the commercial viability of the Mako gas field was demonstrated by the Mako South-1 well drilled by WNEL in 2017. The well was drilled to core and test the Mako reservoir, flowing up to 10.8 MMscf/d of dry gas on test. Overall four wells have penetrated the reservoir section, and while further appraisal is planned given the huge areal extent of the field, the reservoir distribution is reasonably well understood.

The Mako field is located in the prolific West Natuna basin, approximately 16 km from the WNTS pipeline system which delivers gas from Indonesia to Singapore. A plan of development has been submitted to the Indonesian authorities and initial gas marketing discussions have commenced, resulting in a Heads of Agreement being signed with a buyer in Singapore for the Mako gas. An independent report on the field's potential was carried out by Gaffney Cline & Associates earlier this year, resulting in the following gross resource assessment:

<b>Category</b>	<b>Gas Recoverable (Bcf)</b>
1C	184
2C	276

The operator's current field development plan envisages an initial four well development scheme, a small platform with compression facilities and an additional four wells as a second phase to be drilled later in the field's life. The plateau production rate is envisaged to be up to 90 MMscf/d.

### **Step Out Exploration Potential, To Be Tested in 2019**

A series of prospects both beneath and above the Mako field have been mapped. Of particular note is the Tambak prospect, a Lower Gabus structure that sits beneath the northern end of the Mako field. The target interval within Tambak exhibits seismic amplitude brightening, conformable with structural closure. The prospect has a prospective resource range of 200 to 300 Bcf with a mid-case 250 Bcf and a CoS of 45%.

At the southern end of the field, over the structure's crest, sits the Mako Shallow prospect. This again shows a very strong direct hydrocarbon indicators on seismic, conformable with closure in shallow Muda sandstones. The Shallow Muda prospect has potential to add a further 100 Bcf of recoverable resources and a very high CoS of 75%.

A drilling campaign is being planned for 2019 and a test of the Tambak prospect is to be a part of the programme.

### **A Significant Step In Establishing The Portfolio**

Following on from Coro's entry into the Bulu gas field earlier this year, the Company's next step is directly in-line with its strategy of building a SE Asian portfolio of fields with associated exploration upside. Coro intends to further build on these positions in the East Java and West Natuna basins and to continue to seek out these value accretive deals.

The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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Anonymous (not verified)

Acquisition of interest in Duyung PSC

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Mergers, Acquisitions and Disposals

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