Update and Directorate Changes
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Coro Energy PLC
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Coro Energy plc
("Coro", or the "Company")

Statement re Oil Price Volatility

Update on Disposal of Italian Operations

Directorate Changes

Coro Energy, the Southeast Asian focused upstream oil and gas company, provides the following update in relation to prevailing global oil prices, the disposal of its Italian operations and on cost reduction measures now being implemented by the Company to position Coro for the lower price environment and an anticipated likely temporary downturn in business development activities.

Statement re oil Price volatility and update on disposal of Italian operations

The Company's assets currently comprise a 15% non-operated interest in the Duyung production sharing contract, offshore Indonesia (the "Duyung PSC"), which contains the recently successfully drilled Mako gas field and a portfolio of Italian gas assets (the "Italian Portfolio"), which are subject to an ongoing disposal process.

Following the highly successful appraisal drilling campaign on the Mako gas field in Q4 2019, which saw the Tambak-1 and Tambak-2 wells demonstrate the presence of well developed, high quality reservoir sandstones with a common gas water contact across the Mako structure, Gaffney Cline and Associates ("GCA") are in the process of conducting a new independent reserves audit for the Mako field and the Company looks forward to updating shareholders on the results of the updated GCA reserves audit, which is now expected to be published in late April. The Board continue to estimate an upgrade in the Mako field resource size of an additional c.100 Bcf in the 2C category as a result of the 2019 drilling campaign (GCA previously ascribed 2C resources of 276 Bcf and 3C resources of 392 Bcf to the Mako field).

The Mako field is located close to the West Natuna pipeline system and gas from the field can be marketed to buyers in both Indonesia and in Singapore, where a heads of agreement with a gas buyer is already in place. With a Plan of Development approved by the Indonesian authorities, the conclusion of a gas sales agreement would mark the next step toward the final investment decision to develop and commercialise the field, but no further operations in the field are expected in the near term.

The disposal of the Italian Portfolio, described in a circular posted to Coro shareholders on 3 December 2019 (the "Disposal"), was approved by Coro shareholders on 20 December 2019 and completion of the Disposal remains subject to, *inter alia*, the approval of the Italian Ministry of Economic Development. Given the current situation in Italy in relation to COVID-19, the Company anticipates ongoing delays in the receipt of Italian ministerial approvals for the Disposal.

Whilst the Company is not currently an oil producer and expects that depressed global oil prices will ultimately give rise to additional potential business development opportunities, the Board considers that prevailing global events are likely to result in delays both in the completion of the Disposal and in the Company's ability to execute further material acquisition(s) in South East Asia.

As at 31 March 2020 the Company had unaudited cash balances of approximately $4.5 million. Despite this strong cash position, the Company considers it to be commercially prudent to significantly reduce its cost base given it is not possible to predict how long current difficult market conditions will last.

The Company is therefore now proactively implementing a material cost reduction exercise to position the Company for current circumstances. This will see a reduction of approximately $2.3 million of General and Administrative costs on an annualised basis, resulting in the Company having sufficient working capital to meet its requirements until April 2021, when the second annual coupon payment becomes due on Tranche A of the Company's EUR 22.5m 2022 Eurobond.

Further, prevailing gas prices in Italy are significantly lower than the corresponding period last year and these low prices are expected to continue through the summer.

As a result and in the light of the COVID-19 outbreak in Italy, the Company has taken the decision to temporarily suspend production on its Sillaro, Bezzecca and Casa Tiberi fields. The fields will continue to be maintained to allow the swift resumption of production when external conditions improve. The production suspension is expected to save $0.1 million and also allows the Company to delay 10-year maintenance activities on Sillaro, conserving a further $0.3 million. Production at Rapagnano will continue.

In addition to the directorate changes described below and the cost reduction exercise, each of James Parsons (Non-Executive Chairman), Marco Fumagalli (Non-Executive Director) and Fiona MacAulay (Independent Non-Executive Director) have agreed to defer 25% of their remuneration for a period of three months.

Directorate Changes

Given the unprecedented oil price decline, inability to travel due to the COVID-19 pandemic and related market changes, including the short term downturn in regional business development transactions, the Company has decided to immediately reduce its executive staffing and associated cost base. Following consultation with cornerstone investors and in line with current practices in other companies, the Company's Nominations and Remuneration Committee has offered the executive directors the options of: (a) taking an unpaid sabbatical; (b) receiving 3 months' notice (subject to conditions), payable in new ordinary shares in the Company, for the termination of their employments; and/or (c) stepping into a NED role. In putting these options to the executive directors, the Company has made the difficult but robust decision to not offer cash payments to outgoing executives. Andrew Dennan, the Company's CFO, has elected to become a Non-Executive Director of the Company with immediate effect. James Menzies, the Company's CEO, has not accepted any of the options offered to him and, in light of this and, *inter alia*, the need for the Company to cut costs to conserve cash resources in the current environment, the Board has therefore taken the decision to terminate his employment with immediate effect and without payment (notwithstanding any notice provisions in his service agreement). Share options previously awarded to Mr. Menzies have now lapsed and the Company will provide further updates, as appropriate, regarding any claims or settlement made by or reached with him. Following the termination of his employment, Mr. Menzies is required to resign as a statutory director of Coro group companies.

In support of the necessary cost reduction programme, Nick Cooper has offered his resignation as a Non-Executive Director to further reduce Board costs. The Board has accepted his resignation and he will leave the Board with immediate effect.

Following these changes, the Board will consist of James Parsons, Andrew Dennan, Marco Fumagalli and Fiona MacAulay in the roles of Non-Executive Chairman, Non-Executive Director, Non-Executive Director and Independent Non-Executive Director respectively and the composition of the Company's audit and remuneration committees will be unchanged. When external conditions improve, Executive Directors will be appointed to re-energise Coro's regional business development activities.

Each of the Non-executive Directors will provide support to the Company's executive management functions where required and appropriate to do so. Peter Christie, the Company's existing Group Financial Controller, will now report directly to the Coro Board, taking on the additional executive duties as Interim CFO. Leonardo Salvadori, Managing Director of Italy, will continue to report directly to the Coro Board and will also take on additional executive duties across South East Asia.

The Board has full confidence that this structure will deliver continuity and protect and maintain the value of the Company's asset base during these challenging conditions.

In his role as a Non-Executive Director, Andrew Dennan's remuneration will be on the same 25% deferred basis for a period of three months as the other remaining directors of the Company. He retains the 15,000,000 options exercisable at 4.38 pence previously awarded to him. His prior employment contract with the Company has been terminated for no consideration by mutual agreement.

Statement re COVID-19

COVID-19 has had a huge impact across the oil and gas industry and, coupled with the recent dispute between Russia and Saudi Arabia over oil production volumes, has led to a very significant drop in oil and gas prices. Given the pre-production nature of the Company's assets, COVID-19 has had limited direct impact on Coro's assets in South East Asia but, as outlined above, the disposal of the Company's Italian assets is anticipated to be delayed. Production operations in Italy have been unaffected to date, with the assets being managed through a combination of on-site working within social distancing guidelines or remote oversight, with all appropriate safety procedures remaining in place to protect staff and local communities. While our operational capability is largely unaffected, we have taken the decision to temporarily suspend production on unprofitable fields in Italy as set out above. Coro's staff in Italy, the UK and South East Asia are like many others working remotely wherever possible and the Company's priority remains ensuring their health and safety during this difficult period.

James Parsons, Non-Executive Chairman of Coro, commented:

"*These are unprecedented times not just for the oil and gas industry but wider society as countries around the world face up to the challenge presented by COVID-19 and its health, social and economic impact. The ensuing commodity price volatility has only made the task tougher for E&P companies, but the Board continues to believe in Coro's long term prospects and the now proven quality of its Mako asset, as well as its ability to add further opportunities to the portfolio when macro conditions improve. There remain opportunities in oil and gas, particularly in strong regional gas markets like Asia and in special situations, however, in the near term, we have moved decisively in the interests of the Company and its shareholders to protect our balance sheet in order to ensure Coro can weather the difficult period the industry currently faces. I am delighted that Andy will be staying on in a Non-Executive capacity.*"

Further announcements will be made, as appropriate, in due course.

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