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Coro Energy PLC
24 August 2022

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Coro Energy Plc

("Coro" or the "Company" and together with its subsidiaries the "Group")

Italian Portfolio Disposal: Option Award

Coro Energy plc, the South East Asian energy company with a natural gas and clean energy portfolio, announces that it has entered into an Option Agreement (the "Option Agreement") with an existing operator in Italy to purchase the Company's Italian natural gas asset portfolio for up to EUR 7.5M.

Following structural increases in global gas prices, the Company relaunched its Italian gas asset portfolio (the "Italian Portfolio") earlier in the year. The Italian Portfolio has since delivered significant free cash flows for the Group.

The Company however remains primarily focused on South East Asia and the significant growth and investment opportunities the region provides. Following unsolicited approaches in respect of the Italian Portfolio, in expectation of near term and long awaited developments on the Duyung PSC and with a view to capturing the value inherent in the Italian Portfolio following recent gas price rises, the Company has awarded a five-month option, with potential for a two-month extension (the "Option"), to Zodiac Energy plc (the "Optionholder"), a privately owned Italian gas operator. The Optionholder has the right to acquire 100% of the issued share capital of Coro Europe Limited, the Company's wholly owned subsidiary which in turn holds 100% of the issued share capital of Apennine Energy S.p.A, the Group entity holding the Company's interests in the Italian Portfolio.

Highlights:

- Total receipts from a disposal pursuant to the Option of up to EUR 7.5M, of which EUR 6.0M would be paid in cash at or prior to completion, and further contingent payments of up to an aggregate of EUR 1.5M through a 10% net profit interest ("NPI") in the Italian Portfolio over the three years from the date of

completion of any disposal of the Italian Portfolio under the Option Agreement.

- The Company retains full ownership and cash flows from the Italian Portfolio prior to the completion of the disposal. The Italian Portfolio produced approximately 0.6 mmcf/d in Q2 2022 net to the Company (approximately 100 boepd) and generated free cash flows to the Company in July 2022 of EUR 0.45 million.
- The Optionholder has already paid a non-refundable EUR 0.3 million deposit in respect of the award of the Option.
- Any proposed disposal of the Italian Portfolio under the Option would be subject to Coro shareholder approval pursuant to Rule 15 of the AIM Rules for Companies.

The Optionholder has paid to the Group EUR 0.3 million in respect of the award of the Option (the "Option Payment"). Should the Optionholder exercise the Option, a consideration payment of EUR 5.7 million would be payable and, on any disposal of the Italian portfolio by the Company, Coro would retain a 10% net profit interest ("NPI") in the Italian portfolio for a period of 3 years from the effective date of a disposal subject to an aggregate NPI cap of EUR 1.5 million.

Prior to the completion of a disposal, which would be conditional inter alia, upon the negotiation and entry of a sale and purchase agreement, regulatory approvals and Coro shareholder approval under Rule 15 of the AIM Rules for Companies, Coro retains full ownership and economic entitlement to the Italian Portfolio. The Option Payment is non-refundable save for circumstances where, inter alia, the Company's shareholders do not approve a disposal of the Italian Portfolio to the Optionholder.

Following an exercise of the Option and the completion of a subsequent disposal by the Group of the Italian Portfolio, Coro would be able to release its parent company guarantee covering the abandonment liability of the Italian Portfolio.

James Parsons, Coro's Chairman, commented:

"The proposed divestment is fully in line with the Company's strategic objectives, enabling Coro to focus exclusively on growing its oil, gas and clean energy portfolio in South East Asia where demand for energy and the opportunity for material expansion remain very strong.

The proposed divestment provides an immediate cash payment and the ability to retain cash flows from the Italian Portfolio in the near term prior to

any disposal, whilst also securing a fixed priced exit. The combination of the Option cash consideration, the retained NPI and the cash flows delivered by the Italian Portfolio under Coro's continued ownership in the current gas price environment, would be expected by the Board to represent approximately EUR 10 million.

We look forward to updating investors both in respect of developments regarding the Italian Portfolio, the Option and on our projects in South East Asia in due course."

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Anonymous (not verified)

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Company Announcement - General

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