RNS Number : 1128A
Coro Energy PLC
22 May 2023

Certain 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.

22 May 2023

Coro Energy Plc

("Coro" or the "Company")

Final Results

Coro Energy Plc, the South East Asian energy company with a natural gas and clean energy portfolio, announces its final results for the year ended 31 December 2022.

FY2022 Highlights

- Coro resumed and increased gas production from its Italian onshore operations to benefit from the rise in gas prices in Italy resulting in a profit of US$ 2.6m for the year and a cash benefit to the Group
- To capture the inherent value of the Italian natural gas portfolio and a structural increase in gas prices an option to acquire the business for up to Euro 7.5m was granted to Zodiac Energy plc. This option was exercised with the parties entering into a Sale and Purchase Agreement in March 2023
- Continued progress toward commercialising the Mako gas field (Duyung PSC, Coro 15% interest), with the Duyung PSC operator focused on key commercial workstreams including approval of an updated Plan of Development as announced in November and continued focus on progressing a binding Gas Sales Agreement
- In Vietnam successfully completed Coro's first rooftop solar project of 3MW following signing a 25-year Power Purchase Agreement which commenced delivering electricity in October. A further 3.25MW potential acquisition was announced in November.
- In the Philippines planning and permitting activities continued for both renewable

solar and wind projects. An application for a WESC (Wind Energy Service Contract) was submitted and the installation of a Lidar to collect data

- The Company's Luxembourg listed EUR 22.5m Eurobond secured notes were restructured in 2022 and now mature in April 2024

- Stephen Birrell joined as a Non-Executive Director and James Parsons transitioned to Executive Chairman. Fiona MacAulay and Andrew Dennan stepped down from their Non-Executive roles. Mark Hood transitioned to Non-Executive Director.

Post Period End

- A Sale and Purchase agreement was entered into in March 2023 with Zodiac Energy plc to acquire the Company's producing Italian gas portfolio for up to Euro 7.5m

- The Operator of the Duyung PSC announced it had engaged a global investment bank with a proven track record in similar transactions to lead a farm-down process for the divestment of a portion of its interest in the Duyung PSC. The Operator advised bids are expected to be received during the second quarter of 2023. Coro may participate pro rata in the farm-down process as various drag and tag along clauses exist in the Joint Operating Agreement. Coro may also entertain a full exit, depending on the terms offered.

- Naheed Memon joined the board as a Non-Executive Director with Mark Hood stepping down.

For further information please contact:

Coro Energy plc **James Parsons, Executive Chair** **Ewen Ainsworth, Chief Financial Officer**	Via Vigo Consulting Ltd
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Statement from the Chairperson

Whilst equity markets remain challenging, I am pleased with the operational progress that Coro has made over the course of 2022 and the first quarter of this year with the Company's flagship Indonesian gas asset approaching monetisation, the sale of our Italian gas assets well underway, and the continued growth of our clean energy portfolio in Vietnam and the Philippines.

Our strategy remains to monetise the Duyung PSC, repay or restructure our corporate debt, complete the sale of our Italian assets and then strategically invest to grow our South East Asian renewables business. The Company is also seeking to secure new oil and gas opportunities in South East Asia, which will assist the regional transition away from its over-reliance on coal, while meeting its significant and growing energy demand.

Consistent with this strategic focus on South East Asia, we are delighted to have recently signed the sale of our Italian assets to a well-funded operator in Italy for a consideration of up to 7.5 million Euro and to have received the first 1.5 million Euro payment. Both sides are now fully focused on completing the transaction quickly. The funds received from the sale of the assets will be used to meet the Duyung PSC pre FID expenditure, progress the Company's renewable portfolio and provide working capital.

Recent progress at the Duyung PSC has included an approved plan of development and a revised CPR, which together have delivered a significant uplift in our core NAV. The Company looks forward to the long awaited, yet mission critical, Gas Sales Agreement and believes the operator's farm in process, which they advise is underway, likely represents a unique opportunity for Coro to monetise and / or fund its position. We expect any monetisation of Duyung to provide the Company with an opportunity to either repay or restructure its corporate debt, well before its expiry in April 2024.

Meanwhile, the Company remains active across multiple regional business development opportunities, with a view to identifying potentially transformational oil and gas and other energy assets which would dovetail with the existing clean energy portfolio.

In anticipation of the journey ahead, we have also revised our Board and Executive team to provide the right balance of technical, commercial, operational and financial skills whilst maintaining a controlled cost base. To that end, we were delighted to welcome Naheed Memon as a Non-Executive Director in April 2023.

It is in this context that we are delighted to present our final results for the year end 31 December 2022.

JAMES PARSONS

Executive Chair

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	**31 December 2022 US$'000**	31 December 2021 US$'000
Continuing operations			
Revenue		**51**	-
Depreciation and amortisation expense		**(21)**	-
Gross profit		**30**	-
Other income	19	**309**	-

General and administrative expenses	5	**(3,574)**	(3,276)
Depreciation expense		**(15)**	(18)
Share of loss of associates		**(82)**	(249)
Loss from operating activities		**(3,332)**	(3,543)
Finance income	7	**636**	2,239
Finance expense	7	**(5,491)**	(5,171)
Net finance expense		**(4,855)**	(2,932)
Loss before income tax		**(8,187)**	(6,475)
Income tax benefit/(expense)	8	**-**	-
Loss for the period from continuing operations		**(8,187)**	(6,475)
Discontinued operations			
Gain / (loss) for the period from discontinued operations	19	**2,642**	(1,510)
Total loss for the period		**(5,545)**	(7,985)
Other comprehensive income/loss			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		**2,925**	485
Total comprehensive loss for the period		**(2,620)**	(7,500)
Loss attributable to:			
Owners of the Company		**(5,479)**	(7,985)
Non-controlling interests		**(66)**	-
Total comprehensive loss attributable to:			
Owners of the Company		**(2,554)**	(7,500)
Non-controlling interests		**(66)**	-
Basic loss per share from continuing operations ($)	9	**(0.004)**	(0.003)
Diluted loss per share from continuing operations ($)	9	**(0.004)**	(0.003)
Basic profit / (loss) per share from discontinued operations (US$)		**0.001**	(0.001)
Diluted profit / (loss) per share from discontinued operations (US$)		**0.001**	(0.001)

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2022

	Notes	**31 December 2022 US$'000**	31 December 2021 US$'000
Non-current assets			
Property, plant and equipment	12	**1,854**	10
Intangible assets	13	**18,896**	18,309
Investment in associates	23	**259**	401
Total non-current assets		**21,009**	18,720
Current assets			
Cash and cash equivalents	21	**166**	3,334
Trade and other receivables	11	**213**	106
Inventory	10	**34**	37
Total current assets		**413**	3,477
Assets of disposal group held for sale	19	**9,710**	8,224
Total assets		**31,132**	30,421
Liabilities and equity			
Current liabilities			
Trade and other payables	15	**819**	425
Borrowings	16	**-**	26,637
Total current liabilities		**819**	27,062
Non-current liabilities			
Borrowings	16	**28,183**	**-**
Total non-current liabilities		**28,183**	**-**
Liabilities of disposal group held for sale	19	**9,443**	8,889
Total liabilities		**38,445**	35,951
Equity			
Share capital	17	**3,184**	2,943
Share premium	17	**50,862**	50,461
Merger reserve	18	**9,708**	9,708
Other reserves	18	**7,267**	4,180
Non-controlling interests		**(66)**	**-**
Accumulated losses		**(78,268)**	(72,822)
Total equity		**(7,313)**	(5,530)
Total equity and liabilities		**31,132**	30,421

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to equity shareholders of the Company					
	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Other reserves US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2021	1,103	45,786	9,708	3,305	(64,837)	(4,935)
Total comprehensive loss for the period:						
Loss for the period	-	-	-	-	(7,985)	(7,985)
Other comprehensive income	-	-	-	485	-	485
Total comprehensive loss for the period	-	-	-	485	(7,985)	(7,500)
Transactions with owners recorded directly in equity:						
Issue of share capital	1,840	4,675	-	-	-	6,515
Share-based payments for services rendered	-	-	-	390	-	390
Total transactions with owners recorded directly in equity:	1,840	4,675	-	390	-	6,905
Balance at 31 December 2021	2,943	50,461	9,708	4,180	(72,822)	(5,530)

	Attributable to equity shareholders of the Company						
	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Other reserves US$'000	Accumulated losses US$'000	Non-controlling interest US$'000	Total US$'000
At 1 January 2022	2,943	50,461	9,708	4,180	(72,822)	-	(5,530)
Total comprehensive loss for the period:							
Loss for the period	-	-	-	-	(5,479)	(66)	(5,545)
Other comprehensive income	-	-	-	2,925	-	-	2,925
Total comprehensive loss for the period	-	-	-	2,925	(5,479)	(66)	(2,620)
Transactions with owners recorded directly in equity:							
Issue of share capital	241	401	-	-	-	-	642
Lapsed share options	-	-	-	(33)	33	-	-
Share based payments for services rendered	-	-	-	195	-	-	195
Total transactions with owners recorded directly in equity:	241	401	-	162	33	-	837
Balance at 31 December 2022	**3,184**	**50,862**	**9,708**	**7,267**	**(78,268)**	**(66)**	**(7,313)**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes including the description of reserves in notes 18.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	**31 December 2022 US$'000**	31 December 2021 US$'000
Cash flows from operating activities			
Receipts from customers		**6,270**	1,019
Payments to suppliers and employees		**(6,599)**	(3,873)
Interest paid	7	-	(649)
Interest received	7	-	1
Net cash used in operating activities		**(329)**	(3,502)
Cash flow from investing activities			
Payments for property, plant and equipment		**(1,868)**	-
Payments for exploration and evaluation assets	13	**(338)**	(289)
Payments for intangible development assets	13	**(257)**	-
Net cash used in investing activities		**(2,463)**	(289)
Cash flows from financing activities			
Proceeds from issuance of shares	17	-	5,669

Net cash provided by or generated from/(used in) financing activities	-	5,669
Net (decrease)/increase in cash and cash equivalents	**(2,792)**	1,878
Cash and cash equivalents brought forward	**3,551**	1,761
Effects of exchange rate changes on cash and cash equivalents	**25**	(88)
Cash and cash equivalents carried forward	**784**	3,551

Cash and cash equivalents carried forward at 31 December 2022 includes US$618k relating to discontinued operations (2021: US$217k) and US$166k relating to continuing operations (2021: US$3,334k). Refer to note 19.

The consolidated statement of cash flows should be read in conjunction with the accompanying notes, including the net debt reconciliation in note 16.

Company Balance Sheet

As at 31 December 2022

	Notes	**31 December 2022 US$'000**	31 December 2021 US$'000
Non-current assets			
Investment in subsidiaries	20	**17,501**	19,236
Property, plant and equipment	12	**3**	10
Intangible assets	13	**7**	15
Investment in associates	23	**602**	662
Total non-current assets		**18,113**	19,923
Current assets			
Cash and cash equivalents	21	**130**	3,269
Trade and other receivables	11	**3,204**	679
Loans to subsidiaries	20	**65**	666
Total current assets		**3,399**	4,614
Total assets		**21,512**	24,537
Liabilities and equity			
Current liabilities			
Trade and other payables	15	**734**	806
Borrowings	16	**-**	26,637
Total current liabilities		**734**	27,443
Non-current liabilities			
Borrowings	16	**28,183**	-
Interest bearing loans	21	**1,263**	-
Total non-current liabilities		**29,446**	-
Total liabilities		**30,180**	27,443
Equity			
Share capital	17	**3,184**	2,943
Share premium	17	**50,862**	50,461
Other reserves	18	**2,713**	2,095
Accumulated losses		**(65,427)**	(58,405)
Total equity		**(8,668)**	(2,906)
Total equity and liabilities		**21,512**	24,537

The Company balance sheet should be read in conjunction with the accompanying notes.

As permitted by s408 of the Companies Act 2006, the Company has not presented its own income statement. The Company loss for the year was US$7.1m (2021: loss US$5.6m).

Company Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital US$'000	Share premium US$'000	Other reserves US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2021	1,103	45,786	1,733	(52,830)	(4,208)
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(5,575)	(5,575)
Other comprehensive income	-	-	(28)	-	(28)
Total comprehensive loss for the period	-	-	(28)	(5,575)	(5,603)

Transactions with owners recorded directly in equity:					
Issue of share capital	1,840	4,675	-	-	6,515
Share-based payments for services rendered	-	-	390	-	390
Total transactions with owners recorded directly in equity	1,840	4,675	390	-	6,905
Balance at 31 December 2021	2,943	50,461	2,095	(58,405)	(2,906)

	Share capital US$'000	**Share premium US$'000**	**Other reserves US$'000**	**Accumulated losses US$'000**	**Total US$'000**
At 1 January 2022	**2,943**	**50,461**	**2,095**	**(58,405)**	**(2,906)**
Total comprehensive loss for the period:					
Loss for the period	**-**	**-**	**-**	**(7,055)**	**(7,055)**
Other comprehensive income	**-**	**-**	**456**	**-**	**456**
Total comprehensive loss for the period	**-**	**-**	**456**	**(7,055)**	**(6,599)**
Transactions with owners recorded directly in equity:					
Issue of share capital	**241**	**401**	**-**	**-**	**642**
Lapsed share options	**-**	**-**	**(33)**	**33**	**-**
Share-based payments for services rendered	**-**	**-**	**195**	**-**	**195**
Total transactions with owners recorded directly in equity	**241**	**401**	**162**	**33**	**837**
Balance at 31 December 2022	**3,184**	**50,862**	**2,713**	**(65,427)**	**(8,668)**

The Company statement of changes in equity should be read in conjunction with the accompanying notes.

Company Statement of Cash Flows

For the year ended 31 December 2022

	Notes	**31 December 2022 US$'000**	31 December 2021 US$'000
Cash flows from operating activities			
Payments to suppliers and employees		**(4,428)**	(2,594)
Interest paid	7	**-**	(649)
Interest received	7	**-**	1
Net cash used in operating activities		**(4,428)**	(3,242)
Cash flow from investing activities			
Investment in equity accounted associates	23	**-**	-
Net cash used in investing activities		**-**	-
Cash flows from financing activities			
Proceeds from issuance of shares	17	**-**	5,669
Loans to subsidiaries	20	**-**	(551)
Interest bearing borrowings from subsidiaries	21	**1,263**	-
Net cash provided by or generated from/(used in) financing activities		**1,263**	5,118
Net (decrease)/increase in cash and cash equivalents		**(3,165)**	1,876
Cash and cash equivalents brought forward		**3,269**	1,480
Effects of exchange rate changes on cash and cash equivalents		**26**	(87)
Cash and cash equivalents carried forward		**130**	3,269

The Company statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 31 December 2022

NOTE 1: CORPORATE INFORMATION

Coro Energy plc (the "Company" and, together with its subsidiaries, the "Group") is a company incorporated in England and listed on the AIM market of the London Stock Exchange. The Company's registered address is c/o Pinsent Masons LLP, 1, Park Row, Leeds, England, LS1 5AB, UK. The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its interests in its subsidiaries, investments in associates and jointly controlled operations (together referred to as the "Group").

NOTE 2: BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006.

(b) Basis of measurement

These financial statements have been prepared on the basis of historical cost apart from non-current assets (or disposal groups) held for sale, which are measured at fair value less costs of disposal and derivative financial instruments recorded at fair value through profit and loss.

(c) Going concern

The Group and Company financial statements have been prepared under the going concern assumption, which presumes that the Group and Company will be able to meet its obligations as they fall due for the foreseeable future.

At 31 December 2022 the Group had cash reserves of $0.2m (excluding cash recorded within assets of the Italian disposal group held for sale). Post year-end, the Group increased its available cash resources through an advance of US$1.6m of the consideration for the sale of the Italian gas portfolio. Management have prepared a consolidated cash flow forecast for the period to 30 June 2024 which shows that the Group has sufficient cash headroom to meet its obligations during this period. However, this conclusion is conditional on the Group successfully restructuring its Eurobond obligations. Currently, the bonds are scheduled to mature in April 2024 when principal of €22.5m ($24.8m) will become repayable in full along with interest. If bondholders continue to elect to receive interest payments in shares, accrued interest will be €4.2m ($4.6m) at the repayment date. If bondholders cease to elect to receive interest payments in shares from the quarter ending 12 July 2023, accrued interest will be €6.8m ($7.5m).

This assumes that quarterly interest payments continue to be settled with the issue of shares in the Company as has happened in recent quarters. The directors have a reasonable expectation that a debt restructuring can be achieved prior to maturity.

Negotiations with bondholders have not yet commenced, and the ability of the Company to successfully restructure the bonds is not guaranteed. However, based on the above, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the Group and Company financial statements for the year ended 31 December 2022. Should the Group and Company be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify fixed assets as current. The auditors make reference to a material uncertainty in relation to going concern within their audit report.

(d) Foreign currency transactions

The consolidated financial statements of the Group are presented in United States Dollars ("USD" or "US$"), rounded to the nearest US$1,000.

The functional currency of the Company and all UK domiciled subsidiaries is British Pounds Sterling ("GBP" or "£"). The Group's subsidiaries domiciled in Singapore have a functional currency of USD. The Group's subsidiaries domiciled in the Philippines have a functional currency of Philippines Pesos ("PHP"). The Group's subsidiaries domiciled in Vietnam have a functional currency of Vietnamese Dong ("VND"). Apennine Energy SpA, the Group's Italian subsidiary, included within the disposal group held for sale, has a functional currency of Euros ("€").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss as finance income or expense. Non-monetary assets and liabilities denominated in foreign currencies are translated at the date of transaction and not retranslated.

The results and financial position of Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate;
- Income and expenses are translated at average rates; and
- Equity balances are not retranslated. All resulting exchange differences are recognised in other comprehensive income.

(e) Use of estimates and judgements

The preparation of the financial statements requires management to make judgments regarding the application of the Group's accounting policies, and to use accounting estimates that impact the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

This note sets out the estimates and judgements taken by management that are deemed to have a higher risk of causing a material adjustment to the reported carrying amounts of assets and liabilities in future years.

(i) Key accounting judgements

Accounting for investment in Coro Europe Limited and related balances

In August 2022, following unsolicited approaches, the Group entered into an option agreement with Zodiac Energy plc ("Zodiac") whereby Zodiac acquired the right, for a period of five months with a potential two month extension period, to acquire 100% of the issued share capital of Coro Europe Limited ("CEL") for a total consideration of up to €7.5 million (the "Option Agreement"). Completion of the disposal is dependent of executing a sale and purchase agreement ("SPA") and customary regulatory consents. The SPA was executed on 27 March 2023. The Group expects the disposal to complete by end of Q3, 2023.

As at the reporting date, the Board of Directors had committed to the disposal of CEL and the Italian operation under the terms of the Option Agreement, and resultantly the Group classified the assets and liabilities of its Italian business as a disposal group held for sale, as well as a discontinued operation, as at 31 December 2022.

Accounting for investment in ion Ventures Holdings Limited

In November 2020, the Group acquired a 20.3% shareholding in ion Ventures Holdings Limited ("IVHL") in exchange for cash consideration of £500k (US$682k). IVHL was founded in the UK in 2018 to exploit opportunities that arise from the increasing complexity of energy systems, the shift to distributed generation and more localised networks, and the need for flexible and responsive solutions.

Under IFRS, the accounting for an interest in another entity depends on the level of influence held over the investee by the investor. Management have concluded that IVHL is an associate of the Group, due to Coro exercising "significant influence" over IVHL. With reference to the factors outlined in IAS 28 Investments in Associates and Joint Ventures, we concluded that significant influence arises as a result of:

- 20.3% shareholding in IVHL, which is above the 20% threshold at which significant influence is presumed to exist under IFRS (though this presumption can be rebutted);
- Right to appoint one director (of five) to the Board of Directors of IVHL; and
- Ability to exercise reserved powers under a Shareholder Agreement to participate in the key strategic and operational decisions of the investee, such as approval of annual budgets.

Associates are accounted for using the equity method, which is described further in note 3a.

Accounting for investment in Coro Renewables VN1 Joint Stock Company

In October 2021, a binding shareholder agreement was signed with Vinh Phuc Energy JSC ("VPE") and the Group acquired an 85% interest in the newly incorporated Vietnamese company, Coro Renewables VN1 Joint Stock Company ("CRV1"), which owns 100% of Coro Renewables VN2 Company Limited, which in turn owns 100% of Coro Renewables Vietnam Company Limited.

Under IFRS, the accounting for an interest in another entity depends on the level of influence held over the investee by the investor. Management have concluded that CRV1 is an indirectly held subsidiary of the Company, due to the Company controlling more than half of the voting rights. With reference to the factors outlined in IAS 27 Consolidated and Separate Financial Statements, we concluded that there were no contraindications of control.

- There is no agreement with VPE giving them control of the joint venture;
- There is no statute or agreement ceding control to any other party; and
- VPE does not have the power to appoint or remove the majority of the Board of Directors.

During 2022 the three Vietnamese Companies commenced trading therefore 100% of the transactions relating to CRV1 and its subsidiary undertakings have been recorded in these consolidated financial statements and the Group has recognised the appropriate non-controlling interest.

Share option and warrants

The Black-Scholes model is used to calculate the appropriate charge of the share options and warrants. The use of this model to calculate the charge involves a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

(ii) Key accounting estimates

Estimate of gas reserves and resources

The disclosed amount of the Group's gas reserves and resources impacts a number of accounting estimates in the financial statements including future cash flows used in asset impairment reviews, see note 13, and timing of rehabilitation spend used to calculate rehabilitation provisions.

In respect of the Group's Italian assets that are held for sale, estimation of recoverable quantities of Proved and Probable reserves is based on a number of factors including expected commodity prices, discount rates, future capital expenditure and operating costs impacting future cash flows. It also requires interpretation of complex geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period.

The Group employs staff with the appropriate knowledge, skills and experience to estimate reserves quantities. Periodically, the Group's reserves calculations are also subject to independent third-party certification by a competent person.

Measurement of non-current assets (and disposal groups) classified as held for sale (note 19)

At 31 December 2022, the Group classified the assets and liabilities of its Italian business (the "Italian portfolio") as a disposal group held for sale. Given the Italian business represents a separate geographical area of operation for the Group, the Italian results have also been treated as a discontinued operation.

As required by IFRS 5, the Group estimated the fair value of the entire Italian business at the balance sheet date to determine if any further write-downs are required. Management determined the fair value of the disposal group with reference to the Option Agreement with Zodiac. This led to an impairment reversal of US$1,479k (2021: impairment of US$894k), which has been allocated across non-current assets on a pro-rata basis.

Assessment of indicators of impairment of intangible exploration and evaluation assets (note 13)

The Group's exploration and evaluation assets, comprising assets related to the Duyung PSC (and excluding Italian exploration and evaluation assets held in disposal group), are assessed for indicators of impairment under IFRS 6 Exploration for, and evaluation of, mineral resources. Based on estimates as at 31 December 2022, there was $Nil write-off (2021: $Nil).

The Group acquired its 15% interest in the Duyung PSC in April 2019 and participated in a 2-well drilling campaign in 2019 that successfully appraised Mako gas field.

During 2022 the Operator of Mako field commissioned Gaffney, Cline and Associates ("GCA") to perform an updated independent resource audit for the Mako gas field as at 31 July 2022. The resource audit assessed that 2C (contingent) recoverable resource estimates are 437 Bcf (gross), and in the upside case, the 3C (contingent) resources increased are 779 Bcf (gross). The results of this independent resource audit supports management's view on the potential to develop the Mako field.

As a result of the resource confirmation, which was incorporated into our own updated economic modelling for Duyung, no impairment indicators were noted.

Impairment testing of exploration and evaluation assets recorded as assets of a disposal group held for sale is discussed above.

Rehabilitation provisions (note 19)

Costs relating to rehabilitation of oil and gas fields recorded within liabilities of a disposal group held for sale will be incurred many years in the future and the precise requirements for these activities are uncertain. Technologies and costs are constantly changing, as well as political, environmental, safety and public expectations. A change in the key assumptions used to calculate rehabilitation provisions could have a material impact on the carrying value of the provisions. Currently, the Group's rehabilitation provisions relate solely to oil and gas fields in Italy, and are recorded within liabilities of a disposal group held for sale.

The carrying value of these provisions in the financial statements represents an estimate of the present value of the future costs expected to be incurred to rehabilitate each field, which are reviewed at least annually. Future costs are estimated by internal experts, with external specialists engaged periodically to assist management. These estimates are based on current price observations, taking into account developments in technology and changes to legal and contractual requirements. Expectations regarding cost inflation are also incorporated. Future cost estimates are discounted to present value using a rate that approximates the time value of money, which ranges between 1.25% and 1.75% (2021: 1.25% to 1.75%) depending on the expected year of rehabilitation spend. The discount rate is based on the average yield on Italian Government bonds of a duration that matches the expected year of expenditures, incorporating a risk premium appropriate to the nature of the liabilities.

Recoverability of deferred tax assets (note 8)

The recoverability of deferred tax assets recorded within assets of a disposal group held for sale is dependent on the availability of taxable profits in future years. The Group undertakes a forecasting exercise at each reporting date to assess its expected utilisation of these losses. The key areas of estimation uncertainty in these forecasts are future gas prices, production rates, capital and operating costs, and overhead expenses, all of which could impact the generation of taxable profits by Italian subsidiaries. The model used to calculate expected utilisation of tax losses is prepared on a consistent basis to the DCF models used to test for impairment, but with the inclusion of corporate overheads and other non-asset specific costs. The DTA was partially written down in 2018, and again in 2020; no further write-down is deemed necessary at 31 December 2022 (2021: no write-down).

Assessment of indicators of impairment of investment in associates (note 23)

The Company holds a a 20.3% interest in ion Ventures Holdings Limited ("ion Ventures"). This investment is accounted for as an associate using the equity method.

The Company considered whether there should be any impairment of the investment as at 31 December 2022 and based on the forecasts prepared by the management of ion Ventures and the dividend stream expected from its investment in Flexion Energy, the Company's investment in ion Ventures is deemed to be recoverable in full.

Company only - impairment assessment for investment in subsidiaries, including loans and receivables (notes 13, 15 and 20)

The Company is required to assess its investments in subsidiaries for impairment at each reporting date. The Company's main assets are its Italian gas portfolio, held by Apennine Energy SpA ("Apennine"), its interest in the Duyung PSC, held by Coro Energy Duyung (Singapore) Pte Ltd ("CEDSPL") and its investment in the solar pilot project in Vietnam, held by Coro Renewables Vietnam Company Limited (CRVCL"). As such, the recoverability of investments in subsidiaries depends on the Company's assessment of indicators of impairment of the underlying assets recorded within its subsidiaries.

As noted above, and in note 13, the Company identified no indicators of impairment for its 15% interest in the Duyung PSC and, accordingly, the Company's investment in CEDSPL (held indirectly) is deemed to be recoverable in full.

As noted further above, and in note 19, the Company's investment in Apennine (held indirectly) is held at the lower of the net book value or its recoverable amount being the sale price agreed Zodiac Energy plc pursuant to the Option Agreement.

The Company performed an impairment tests on its solar pilot project in Vietnam and found that the recoverable value in use exceeds the net book value, accordingly, the Company's investment in CRVCL (held indirectly) and receivables from CRVCL is deemed to be recoverable in full.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements include the results of Coro Energy plc and its subsidiary undertakings made up to the same accounting date. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation.

(ii) Interests in other entities

The Group classifies its interests in other entities based on the level of control exercised by the Group over the entity.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognised at cost, including any directly attributable transaction costs, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss. The Group's share of movements in other comprehensive income of the investee are recognised in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment at least annually.

Other investments

In a situation where the Group has direct contractual rights to the assets, and obligations for the liabilities, of an entity but does not share joint control, the Group accounts for its interest in those assets, liabilities, revenues and expenses in accordance with the accounting standards applicable to the underlying line item. This is analogous to the "joint operator" method of accounting outlined in IFRS 11 Joint arrangements.

(b) Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the date of the statement of financial position.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(c) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment comprises the Group's tangible oil and gas assets, solar equipment as well as office furniture and equipment. Items of property, plant and equipment are recorded at cost less accumulated depreciation, accumulated impairment losses and pre-commissioning revenue and expenses. Cost includes expenditure that is directly attributable to acquisition of the asset.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within "other income" in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with expenditure will flow to the Group.

(iii) Depreciation

Oil and gas assets

Oil and gas assets includes gas production facilities and the accumulation of all exploration, evaluation, development and acquisition costs in relation to areas of interest in which production licences have been granted and the related project has moved to the production phase.

Amortisation of oil and gas assets is calculated on the units-of-production ("UOP") basis, and is based on Proved and Probable reserves. The use of the UOP method results in an amortisation charge proportional to the depletion of economically recoverable reserves. Amortisation commences when commercial levels of production are achieved from a field or licence area.

The useful life of oil and gas assets, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortisation will be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates change.

Changes to recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect of changes in commodity price assumptions; or
- Unforeseen operational issues that impact expected recovery of hydrocarbons.

Assets designated as held for sale, or included in a disposal group held for sale, are not depreciated.

Other property, plant and equipment

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation will commence when the asset is installed ready for use.

The estimated useful lives of each class of asset fall within the following ranges:

Solar equipment	8 - 25 years
Office furniture and equipment	3-5 years

The residual value, the useful life and the depreciation method applied to an asset are reviewed at each reporting date.

(iv) Impairment

The Group assesses at each reporting date whether there is an indication that an asset (or Cash Generating Unit - "CGU") may be impaired. For oil and gas assets, management has assessed its CGUs as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets. For Solar equipment, management has assessed its CGUs as being individual solar arrays including inverters. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal ("FVLCD") and value in use ("VIU"). Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecasts generally cover the forecasted life of the CGUs. VIU does not reflect future cash flows associated with improving or enhancing an asset's performance.

For assets/CGUs, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset/CGU does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation/amortisation, had no impairment loss been recognised for the asset/CGU in prior years. Such a reversal is recognised in the income statement.

(d) Intangible assets

(i) Exploration and evaluation assets

Exploration and evaluation assets are carried at cost less accumulated impairment losses in the statement of financial position. Exploration and evaluation assets include the cost of oil and gas licences, and subsequent exploration and evaluation expenditure incurred in an area of interest.

Exploration and evaluation assets are not depreciated. When the commercial and technical feasibility of an area of interest is proved, capitalised costs in relation to that area of interest are transferred to property, plant and equipment (oil and gas assets) and depreciation commences in line with the depreciation policy outlined above.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying value amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- the term of the exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for an evaluation of mineral resources in the specific area is not budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specific area; or
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Areas of interest that no longer satisfy the above policy are considered to be impaired and are measured at their recoverable amount, with any subsequent impairment loss recognised in the profit and loss.

(ii) Software

Costs for acquisition of software, including directly attributable costs of implementation, are capitalised as intangible assets and amortised over their expected useful life (currently five years).

(iii) Goodwill

Goodwill arising from business combinations is included in intangible assets.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(iv) Research and Development

Development costs that are directly attributable to the design and development of identifiable and unique projects controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the project;
- Management intends to complete the project;
- There is sufficient certainty that contractual rights, planning and permitting will be agreed;
- It can be demonstrated how the project will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the project are available; and
- The expenditure attributable to the project can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

(e) Inventory

Inventory is comprised of drilling equipment and spares and is carried at the lower of cost and net realisable value. Any impairment on value is taken to the income statement.

(f) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, they are available for sale in their present condition, they are being actively marketed, and a sale is considered highly probable. These conditions must be continuing for the assets to continue to be classified as held for sale.

Disposal groups are measured at the lower of their carrying amount and fair value less costs to sell, except for certain assets such as deferred tax assets, which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

(g) Investments and financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and measurement

A financial asset is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date the Group commits itself to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Currently, the Group's financial assets are all held for collection of contractual cash flows, which are solely payments of principal and interest. Accordingly, the Group's financial assets are measured subsequent to initial recognition at amortised cost.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iii) Impairment

On a forward-looking basis, the Group estimates the expected credit losses associated with its receivables and other financial assets carried at amortised cost, and records a loss allowance for these expected losses.

(iv) Investment in subsidiaries

In the Company balance sheet, investments in subsidiaries are carried at cost less accumulated impairment.

(h) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period.

(i) Provisions

(i) Rehabilitation provision

Rehabilitation obligations arise when the Group disturbs the natural environment where its oil and gas assets are located and is required by local laws/regulations to restore these sites.

Full provision for these obligations is made based on the present value of the estimated costs to be incurred in dismantling infrastructure, plugging and abandoning wells and restoring sites to their original condition. Changes to future cost estimates are capitalised and recorded in property, plant and equipment (oil and gas assets) as rehabilitation assets, unless the carrying value of these assets is not supportable, in which case changes to rehabilitation provisions are recorded directly in the income statement. Future cost estimates are inflated to the expected year of rehabilitation activity and discounted to present value using a market rate of interest that is deemed to approximate the time value of money.

The estimated costs of rehabilitation are reviewed annually and adjusted against the relevant rehabilitation asset or in the income statement, as appropriate. Annual increases in the provision relating to the unwind of the discount rate are accounted for in the income statement as a finance expense.

(ii) Other provisions

Other provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The provisions are discounted to present value using a market rate of interest that is deemed to approximate the time value of money. The increase in the provision due to the passage of time is recognised as interest expense.

(j) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Loan fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and amortised over the life of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(k) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of the invoice date. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to issue of shares are recognised as a deduction from equity, net of any tax effects.

(m) Share-based payments

Share-based payments relate to transactions where the Group receives services from employees or service providers and the terms of the arrangements include payment of a part or whole of consideration by issuing equity instruments to the counterparty. The Group measures the services received from non-employees, and the corresponding increase in equity, at the fair value of the goods or services received. When the transactions are with employees, the fair value is measured by reference to the fair value of the share based payments. The expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

(n) Revenue

Under IFRS 15 Revenue from Contracts with Customers, there is a five-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has two revenue streams, being the sale of gas (recorded within profit from discontinued operations), and the sale electricity from a solar project. Gas is sold to wholesale customers under gas supply agreements, which have different volume and price specifications (both fixed and variable). Gas sales revenue is recognised when control of the gas passes at the delivery point into the local gas pipeline network, which is the only performance obligation. Electricity is sold to an industrial customer under a power purchase agreement. Revenue is recognised based on actual produced electricity, which is the only performance obligation, at contractual rates. Revenue is presented net of value added tax ("VAT"), rebates and discounts and after eliminating intra-group sales.

(o) Leases

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period.

Right-of-use assets are measured at cost which comprises the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases (term less than 12 months) and all leases of low-value assets (generally less than US$5k) are recognised on a straight-line basis as an expense in profit or loss.

(p) Changes to accounting policies, disclosures, standards and interpretations

(i) New and amended standards adopted by the Group

The following new standards, amendments and interpretations are effective for the first time in these financial statements. However, none has had a material impact on the financial statements:

Standard	Effective date
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
References to Conceptual Framework (Amendments to IFRS 3)	1 January 2022

(ii) New standards not yet adopted

There are no new International Financial Reporting Standards and Interpretations issued but not effective for the reporting period ending 31 December 2022 that will materially impact the Group.

NOTE 4: SEGMENT INFORMATION

The Group's reportable segments as described below are based on the Group's geographic business units. This includes the Group's upstream gas operations in Italy, upstream gas and renewables operations in South East Asia, and the corporate head office in the United Kingdom. This reflects the way information is presented to the Board of Directors. Results from the Group's Italian business are classified as a discontinued operation. See note 19.

	Italy		**Asia**		**UK**		**Total**	
	31 December 2022 US$'000	31 December 2021 US$'000	**31 December 2022 US$'000**	31 December 2021 US$'000	**31 December 2022 US$'000**	31 December 2021 US$'000	**31 December 2022 US$'000**	31 December 2021 US$'000
Revenue	**-**	-	**51**	-	**-**	-	**51**	-
Depreciation and amortisation	**-**	-	**(21)**	-	**(15)**	(18)	**(36)**	(18)
Interest expense	**-**	-	**-**	-	**(3,584)**	(4,500)	**(3,584)**	4,500
Share of loss of associates	**-**	-	**-**	-	**(82)**	(249)	**(82)**	(249)
Segment loss before tax from continuing operations	**-**	-	**(662)**	(278)	**(7,525)**	(6,197)	**(8,187)**	(6,475)
Segment profit/(loss) before tax from discontinued operations	**2,642**	(1,510)	**-**	-	**-**	-	**2,642**	(1,510)

	Italy		**Asia**		**UK**		**Total**	
	31 December 2022 US$'000	31 December 2021 US$'000	**31 December 2022 US$'000**	31 December 2021 US$'000	**31 December 2022 US$'000**	31 December 2021 US$'000	**31 December 2022 US$'000**	31 December 2021 US$'000
Segment assets	**9,710**	8,224	**20,129**	17,985	**1,293**	4,212	**31,132**	30,421
Segment liabilities	**(9,548)**	(8,889)	**(182)**	(1,073)	**(28,715)**	(25,989)	**(38,445)**	(35,951)

NOTE 5: GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2022 US$'000	31 December 2021 US$'000
Employee benefits expense (note 6)	**1,401**	1,031
Business development	**650**	786
Corporate and compliance costs	**667**	451
Investor and public relations	**223**	247
G&A - Duyung venture	**275**	199
Other G&A	**162**	314
Share-based payments (note 22)	**196**	248
	3,574	3,276

Auditor's remuneration

Services provided by the Group's auditor and its associates

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	31 December 2022 US$'000	31 December 2021 US$'000
Fees payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	**49**	49
Fees payable to the Company's auditor for other services:		
Audit of subsidiaries	**-**	-

NOTE 6: STAFF COSTS AND DIRECTORS' EMOLUMENTS

	Group	
Staff costs	**31 December 2022 US$'000**	31 December 2021 US$'000
Wages and salaries	**436**	327
Pensions and other benefits	**50**	18
Social security costs	**59**	41
Share-based payments (note 22)	**51**	88
Total employee benefits	**596**	474
Average number of employees from continuing operations (excluding Directors)	**4**	2

Directors' emoluments	Group 31 December 2022 US$'000	31 December 2021 US$'000
Wages and salaries	**776**	568
Pensions and other benefits	**5**	7
Social security costs	**100**	70
Share-based payments (note 22)	**145**	160
Total employee benefits	**1,026**	805

The highest paid Director received aggregate emoluments of US$403k (2021: US$205k).

NOTE 7: FINANCE INCOME/EXPENSE

Finance income	Group 31 December 2022 US$'000	31 December 2021 US$'000
Interest income	**-**	1
Foreign exchange gain	**636**	2,238
Total finance income	**636**	2,239

Finance expense	Group 31 December 2022 US$'000	31 December 2021 US$'000
Interest on borrowings	**3,584**	4,500
Foreign exchange loss	**1,907**	671
Total finance expense	**5,491**	5,171

NOTE 8: INCOME TAX

Income tax

	Group 31 December 2022 US$'000	31 December 2021 US$'000
Deferred tax	**(583)**	**-**
Current tax	**(1,325)**	**-**
Total tax expense	**(1,908)**	**-**
Income tax expense is attributable to:		
Loss from discontinued operations	**(1,908)**	**-**
	(1,908)	**-**

Numerical reconciliation of income tax result recognised in the statement of comprehensive income to tax benefit/expense calculated at the Group's statutory income tax rate is as follows:

	Group 31 December 2022 US$'000	31 December 2021 US$'000
Loss from continuing operations before tax	(8,187)	(6,475)
Profit from discontinued operations before tax	4,550	(1,510)
Total loss before tax	(3,637)	(7,985)
Income tax benefit using the Group's blended tax rate of 12.7% (2021: 19.0%)	462	1,180
Non-deductible expenses	(548)	(339)
Non-taxable income	607	-
Deferred tax expense	(583)	-
Prior year adjustment	(363)	(260)
Tax losses utilised	583	-
Special excess profit tax - Italy	(1,325)	-
Current year losses and temporary differences for which no deferred tax asset was recognised	(741)	(581)
Income tax benefit/(expense)	(1,908)	-

Deferred tax

Deferred tax assets ("DTA") totalling US$674k (2021: US$1.3m) are recorded within assets of the disposal group, and have been recognised in respect of tax losses and temporary differences based on management assessment that future taxable profit will be available against which the Italian subsidiary company can utilise the benefits. No DTA in respect of carried forward tax losses has been recognised in respect of any UK or Singapore domiciled Group company due to doubt about the availability of future profits in these companies. Total unrecognised losses (gross) in respect of continuing operations are US$25m (2021: US$17m). Unrecognised losses (gross) relating to discontinued operations total US$88m (2021: US$82m).

NOTE 9: EARNINGS PER SHARE

	31 December 2022	31 December 2021
Basic loss per share from continuing operations (US$)	**(0.004)**	(0.003)
Diluted loss per share from continuing operations (US$)	**(0.004)**	(0.003)
Basic profit/(loss) per share from discontinued operations (US$)	**0.001**	(0.001)
Diluted profit/(loss) per share from discontinued operations (US$)	**0.001**	(0.001)

The calculation of basic loss per share from continuing operations was based on the loss attributable to shareholders of US$8.2m (2021: US$6.5m) and a weighted average number of Ordinary Shares outstanding during the year of 2,170,773,822 (2021: 1,917,559,412).

Basic profit or loss per share from discontinued operations was based on the profit attributable to shareholders from discontinued operations of US$2.9m (2021: loss of US$1.5m).

Diluted loss per share from continuing operations for the current and comparative periods and diluted loss per share from discontinued operations for the comparative period is equivalent to basic loss per share since the effect of all dilutive potential Ordinary Shares is anti-dilutive. Diluted profit per share from discontinued operations for the current period includes the potential dilutive effect of all share options and warrants that were "in the money" as at 31 December 2022, being 151,031,166 options issued to Directors and management. The potential dilutive shares includes options issued to Directors and management (note 22).

NOTE 10: INVENTORY

	Group	
	31 December 2022 US$'000	31 December 2021 US$'000
Inventory - Duyung PSC	**34**	37
	34	37

Inventory represents the Group's share of inventory held by the Duyung PSC, which is mainly comprised of drilling spares.

NOTE 11: TRADE AND OTHER RECEIVABLES

	Group	
	31 December 2022 US$'000	31 December 2021 US$'000
Current:		
Trade receivables	**37**	-
Indirect taxes receivable	**103**	39
Other receivables	**18**	20
Prepayments and accrued income	**55**	47
	213	106

	Company	
	31 December 2022 US$'000	31 December 2021 US$'000
Current:		
Indirect taxes receivable	**41**	39
Other receivables	**107**	1
Intercompany receivables	**3,022**	576
Prepayments	**34**	63
	3,204	679

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Group	
	31 December 2022 US$'000	31 December 2021 US$'000
Office furniture and equipment	**3**	10
Solar assets	**1,851**	-
	1,854	10

Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below:

Group

	31 December 2022 US$'000	31 December 2021 US$'000
Office furniture and equipment:		
Carrying amount at beginning of period	**10**	16
Additions	**2**	3
Depreciation expense	**(8)**	(9)
Effect of foreign exchange	**(1)**	-
Carrying amount at end of period	**3**	10

	Group	
	31 December 2022 US$'000	31 December 2021 US$'000
Solar assets:		
Carrying amount at beginning of period	-	-
Additions	**1,868**	-
Depreciation expense	**(21)**	-
Effect of foreign exchange	**4**	-
Carrying amount at end of period	**1,851**	-

	Company	
	31 December 2022 US$'000	31 December 2021 US$'000
Office furniture and equipment	**3**	10
	3	10

Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below:

	Company	
	31 December 2022 US$'000	31 December 2021 US$'000
Office furniture and equipment:		
Carrying amount at beginning of period	**10**	16
Additions	**2**	3
Depreciation expense	**(8)**	(9)
Effect of foreign exchange	**(1)**	-
Carrying amount at end of period	**3**	10

NOTE 13: INTANGIBLE ASSETS

	Group	
	31 December 2022 US$'000	31 December 2021 US$'000
Exploration and evaluation assets	**17,707**	17,540
Intangible development assets	**428**	-
Goodwill	**754**	754
Software	**7**	15
	18,896	18,309

Reconciliation of the carrying amounts for each material class of intangible assets are set out below:

	Group	
	31 December 2022 US$'000	31 December 2021 US$'000
Exploration and evaluation assets:		
Carrying amount at beginning of period	**17,540**	17,251
Reclassification to intangible development assets	**(171)**	-
Additions	**338**	289
Carrying amount at end of period	**17,707**	17,540

Exploration and evaluation assets relate to the Group's interest in the Duyung PSC. No indicators of impairment of these assets were noted. See note 2e.

	Group	
	31 December 2022 US$'000	31 December 2021 US$'000
Intangible development assets :		
Carrying amount at beginning of period	**-**	-
Reclassification from exploration and evaluation assets	**171**	
Additions	**257**	-
Carrying amount at end of period	**428**	-

Intangible development assets comprise additions related to expenditure directly attributable to the design and development of identifiable and unique renewables projects controlled by the Group in the Philippines.

	Group	
	31 December 2022 US$'000	31 December 2021 US$'000
Goodwill:		
Carrying amount at beginning of period	**754**	-
Recognised on acquisition	-	754
Carrying amount at end of period	**754**	754

As explained further in note 14, goodwill was recognised following the acquisition of GEPL. No impairment of goodwill was noted following testing performed at 31 December 2022.

	Company	
	31 December 2022 US$'000	31 December 2021 US$'000
Software	**7**	15
	7	15

NOTE 14: BUSINESS COMBINATION

Global Energy Partnership Limited

On 17 March 2021, the Company completed the acquisition of 100% of the issued capital of Global Energy Partnership Limited ("GEPL") in exchange for 142.5 million new Ordinary Shares in the Company. GEPL is incorporated in the United Kingdom and involved in the origination and development of renewable energy projects in South East Asia.

The Company issued 142.5 million new Ordinary Shares to the former GEPL shareholders at 0.4p per share, being the same price as the fundraise completed concurrently with the acquisition, resulting in a total value of consideration of £570k (US$754k), which together with transaction costs of US$379k was recorded as an investment in GEPL by the Company. Transaction costs were expensed within General and Administrative expenses as business development costs in the Group's 2021 consolidated financial statements.

The full purchase consideration of £570k (US$754k at the date of the transaction) was allocated to goodwill. No impairment of goodwill was identified in the period from acquisition to 31 December 2022.

Revenue and profit contribution

The acquired business contributed nil revenues and a net loss of US$23k to the Group in the period from 17 March 2021 to 31 December 2021. If the business were acquired on 1 January 2021, the Group's loss before tax for 2021 would have increased by US$2k.

NOTE 15: TRADE AND OTHER PAYABLES

	Group	
	31 December 2022 US$'000	31 December 2021 US$'000
Current		
Trade payables	**143**	216
Other payables	**78**	90
Accrued expenses	**416**	119
Joint venture payables	**182**	-
	819	425

	Company	
	31 December 2022 US$'000	31 December 2021 US$'000
Current		
Trade payables	**265**	687
Accrued expenses	**414**	119
Intercompany payables	**55**	-
	734	806

Included within trade payables of the Company is a net payable of US$92k (2021: US$464k) due to Sound Energy plc ("Sound") for the expected sales proceeds to be received for the sale of the Badile land, which are due to Sound under an agreement entered into by the two companies in 2018, offset by certain rehabilitation costs in relation Badile land which remains the financial responsibility of Sound and is due by Sound to Coro under the same agreement.

Apennine Energy SpA, the Company's subsidiary, entered into an agreement with Immobilandia Srl to dispose of the Badile land in two parcels, Area 1 and Area 2. The sale of Area 1 was completed on 12 February 2021 for proceeds of €250k (US$283k at year-end 2021 exchange rates), which were remitted to Sound net of costs incurred by Apennine. The sale of Area 2 is expected to complete in the first half of 2023. Subject to satisfactory completion of the rehabilitation works, Immobilandia will acquire Area 2 for €350k (US$373k at year-end exchange rates).

The estimated outstanding Badile land rehabilitation liabilities due from Sound was €264k (US$ 282k at year-end exchange rates). The Company has therefore recognised the net payable to Sound of US$92k above.

NOTE 16: BORROWINGS

	31 December 2022 US$'000	31 December 2021 US$'000
Current		
Eurobond	**-**	26,637
	-	26,637
Non-current		
Eurobond	**28,183**	-
	28,183	-

In 2019, the Group successfully completed the issue of €22.5m three-year Eurobonds with attached warrants to key institutional investors. The bonds were issued in two equal tranches A and B, ranking pari passu, with Tranche A paying a 5% cash coupon annually in arrears, and Tranche B accruing interest at 5% per annum payable on redemption.

The Eurobonds were due to mature on 12 April 2022 at 100% of par value plus any accrued and unpaid coupon. Bond subscribers were issued with 41,357,500 warrants to subscribe for ten new Ordinary Shares in the Company at an exercise price of 4p per share at any time over the three-year term of the bonds. An additional 6,000,000 warrants were issued to the firm subscriber Lombard Odier Asset Management (Europe) Limited and underwriter Pegasus Alternative Fund Ltd. All warrants related to the Eurobonds expired in April 2022 and none were exercised.

The warrants were valued on grant date at 3.3p per warrant using the Black-Scholes method, with the total fair value of warrants (US$2.0m) treated as a transaction cost and amortised over the life of the bonds.

The bonds were initially recognised at fair value and subsequently are recorded at amortised cost, with an average effective interest rate of 18.10%.

In March and April 2022 respectively, the tranche B Noteholders and Tranche A Noteholders approved the extension of the maturity of the bonds by two years to 12 April 2024 with an increase in the coupon to 10% accrued annually and payable in cash on redemption. In addition, the Company undertook to the Noteholders that in the event of a sale of the Company's interest in the Duyung PSC to utilise the net cash proceeds of such disposal(s) to first repay the capital and rolled up interest on the Notes and thereafter to distribute 20% of remaining net proceed(s) to Noteholders. The remaining net proceeds of any sales would be retained and/or distributed to shareholders by the Company.

The restructured bonds were initially recognised at fair value and subsequently are recorded at amortised cost, with an average effective interest rate of 12.10%. The contingent payment upon the sale of the Company's interest in the Duyung PSC has not been considered in the estimate of the effective interest rate as it meets the definition of a contingent liability (note 24).

At the option of a requisite number of Noteholders they may, at the expiry of each quarter on or after 12 July 2022, demand quarterly interest payments in newly issued ordinary shares of the Company. This election was made for the quarter ended 12 October 2022 and the quarterly interest was settled in shares (note 17).

Net debt reconciliation

An analysis of net debt and the movements in net debt for each of the periods presented is shown below:

	Group 31 December 2022 US$'000	31 December 2021 US$'000
Cash and cash equivalents	**166**	3,334
Borrowings	**(28,183)**	(26,637)
Net debt	**(28,017)**	(23,303)

	Cash and cash equivalents US$'000	Borrowings US$'000	Lease liabilities US$'000	Total US$'000
Net debt as at 1 January 2021	**1,706**	**(25,049)**	-	**(23,343)**
Cashflows	1,715	649	-	2,364
Eurobond amortisation	-	(4,512)	-	(4,512)
Effects of foreign exchange	(87)	2,275	-	2,188
Net debt as at 31 December 2021	**3,334**	**(26,637)**	**-**	**(23,303)**
Cashflows	(3,193)	-	-	(3,193)
Eurobond amortisation	-	(2,832)	-	(2,832)
Effects of foreign exchange	25	1,286	-	1,311
Net debt as at 31 December 2022	166	(28,183)	-	(28,017)

NOTE 17: SHARE CAPITAL AND SHARE PREMIUM

	Number 000s	Nominal value US$'000	Share premium US$'000	Total US$'000
As at 1 January 2022	**2,124,036**	**2,943**	**50,461**	**53,404**
Shares issued during the period:				
Proceeds from share issuance for Eurobond interest	215,941	241	401	642
Closing balance at 31 December 2022	**2,339,977**	**3,184**	**50,862**	**54,046**

	Number 000s	Nominal value US$'000	Share premium US$'000	Total US$'000
As at 1 January 2021	**806,908**	**1,103**	**45,786**	**46,889**
Shares issued during the period:				
Issued as consideration for the acquisition of GEPL	142,500	200	597	797
Proceeds from share issuance	1,162,215	1,624	4,046	5,670
Issued for services rendered	12,413	16	32	48
Closing balance at 31 December 2021	**2,124,036**	**2,943**	**50,461**	**53,404**

All Ordinary Shares are fully paid and carry one vote per share and the right to dividends. In the event of winding up the Company, Ordinary shareholders rank after creditors. Ordinary Shares have a par value of £0.001 per share. Share premium represents the issue price of shares issued above their nominal value. As at the date of these financial statements, the Company has unused authority to issue up to 434,059,278 new Ordinary Shares to Eurobond Noteholders in lieu of interest and up to 637,211,000 new Ordinary Shares for any other purpose.

No dividends were paid or declared during the current period (2021: nil).

NOTE 18: RESERVES

Merger reserve

The Merger reserve of US$9.7m relates to the reorganisation of ownership of Northsun Italia SpA, which occurred in the first half of 2017, being the difference between the value of shares issued and the nominal value of the subsidiary's shares received.

Other reserves

Share-based payments reserve

The increase in share-based payments reserve is attributable to the current period charge relating to options issued to Directors and management of the Company, which was US$195k (2021: US$391k). US$33k (2021: US$nil) share options lapsed during the year and were recycled to accumulated losses.

Functional currency translation reserve

The translation reserve comprises all foreign currency differences arising from translation of the financial position and performance of the Parent Company and certain subsidiaries, which have a functional currency different to the Group's presentation currency of USD. The total loss on foreign exchange recorded in other reserves for the period was US$2,925k (2021: US$485k).

NOTE 19: DISCONTINUED OPERATIONS

As at 31 December 2021, the Group classified the assets and liabilities of its Italian business as a disposal group held for sale following a decision by the Board of Directors to prioritise full divestment of the Group's Italian operations in the first half of 2019. Given the Italian business represents a separate geographical area of operation for the Group, the Italian results were also treated as a discontinued operation.

In May 2021, the Group announced it had entered into a conditional Sale and Purchase Agreement ("SPA") with Dubai Energy Partners, Inc ("DEPI") to dispose of the Company's interest in Coro Europe Limited ("CEL"), which in turn owns Apennine Energy SpA ("AES"), for cash consideration of €300,000 (the "Disposal"). AES owns all the Group's gas properties in Italy. Completion of the Disposal was conditional on, inter alia, receipt of required regulatory approvals from the Italian authorities by 26 February 2022. The Disposal had an economic effective date of 26 May 2021, however Coro continued to control CEL and AES. As a result, the Group continued to consolidate the results of CEL and AES in line with the requirements of IFRS 10. The required regulatory approvals to complete the Disposal were not received by 26 February 2022 and as such, the Disposal was terminated by the parties.

On 7 March 2022 the Group announced that having completed a full review of the Italian assets it was decided that, despite the Group remaining focussed on South East Asia, to maximise shareholder value, the Italian assets would no longer be marketed for sale and would instead be managed for value and cash flow. As such the Italian business temporarily did not qualify as a disposal group or discontinued operation under IFRS 5 from this date.

The Group, in common with other European gas producers, experienced a significant increase in wholesale gas prices since March 2022, which resulted in a materially positive impact on the value of the Italian operations. In August 2022, following unsolicited approaches, the Group entered into an option agreement with Zodiac Energy plc ("Zodiac") whereby Zodiac acquired the right, for a period of five months with a potential two month extension period, to acquire 100% of the issued share capital of CEL for a total consideration of up to €7.5 million (the "Option Agreement"). As announced by the Company on 24 August 2022, Zodiac paid a non-refundable deposit of €300,000 with a further €5,700,000 to be paid in cash on completion and further contingent payments up to an aggregate of €1,500,000 through a net profit interest. A definitive sale and purchase agreement was executed on 27 March 2023 and a initial cash payment of €1,500,000 was received on 4 April 2023 (see note 26). The shareholders of the company approved the disposal on 25 April 2023 and the disposal remains dependent only on customary regulatory consents. The Group expects the disposal to complete by end of Q3, 2023.

The Board of Directors are committed to the disposal of the Italian operation under the terms of the Option Agreement, and resultantly the Group classified the assets and liabilities of its Italian business as a disposal group held for sale, as well as a discontinued operation, as at 31 December 2022.

The results of the Italian operations for the period are presented below:

	31 December 2022 US$'000	31 December 2021 US$'000
Revenue	**6,270**	1,202
Operating costs	**(2,060)**	(971)
Gross profit	**4,210**	231
Other income	**30**	1,214
General and administrative expenses	**(1,012)**	(469)
Change in rehabilitation provisions	**52**	(25)
Impairment reversals/(losses)	**1,330**	(2,382)
Profit/(loss) from operating activities	**4,610**	(1,431)
Finance income	**-**	-
Finance expense	**(60)**	(79)
Profit/(loss) before tax	**4,550**	(1,510)
Income tax expense	**(1,908)**	-
Profit/(loss) for the period after tax	**2,642**	(1,510)

The major classes of assets and liabilities of the Italian operations classified as held for sale as at 31 December 2022 are as follows:

	31 December 2022 US$'000	31 December 2021 US$'000
Assets		
Property, plant and equipment	**4,086**	3,499
Exploration and evaluation assets	**2,215**	1,574
Land	**374**	396
Deferred tax assets	**674**	1,342
Inventories	**241**	163
Trade and other receivables	**1,502**	1,033
Cash	**618**	217
Total assets	**9,710**	8,224
Liabilities		
Trade and other payables	**2,258**	1,298
Lease liabilities	**221**	**-**
Provisions	**6,964**	7,591
Total liabilities	**9,443**	8,889
Net assets	**267**	(665)

The net cash flows of the Italian operations were as follows:

	31 December 2022 US$'000	31 December 2021 US$'000
Net cash flow from operating activities	1,606	(953)
Net cash flow from investing activities	(308)	1,195
Net cash flow from financing activities	897	(80)
Net cash inflow	401	162

As explained in note 2e, there were no specific impairments recorded in 2022 to oil and gas assets (producing assets within PPE and development assets within intangible assets). An impairment of US$21k (2021: US$137k) was recorded on other PPE (office furniture and equipment) and other assets, representing the amount that would have otherwise been depreciated if IFRS 5 accounting was not applied. The disposal group as a whole was tested for impairment as required under IFRS 5. This resulted in a reversal of previous impairment of US$1,408k (2021: impairment of US$894k), which was allocated across non-current assets pro-rata.

Refer to note 15 for further discussion on the presentation of balances owing to and from Sound Energy, which relate to the disposal group.

NOTE 20: INVESTMENT IN, AND LOANS TO, SUBSIDIARIES

	Company 2022 US$'000	2021 US$'000
Cost		
At 1 January	**52,374**	51,255
Additions	**-**	1,119
At 31 December	**52,374**	52,374
Accumulated impairment		
At 1 January	**(33,298)**	(33,298)
Impairment	**-**	**-**
At 31 December	**(33,298)**	(33,298)
Impact of foreign exchange	(1,575)	160
Net book value		
At 31 December	**17,501**	19,236

In March 2021, the Company acquired 100% of the issued capital of Global Energy Partnership Limited ("GEPL") in exchange for 142.5 million new Ordinary Shares in the Company at 0.4p per share, being the same price as the fundraise completed concurrently with the acquisition, resulting in a total value of consideration of £570k (US$754k), which together with transaction costs of US$379k was recorded as an investment in GEPL by the Company. Restated at the year-end exchange rate at 31 December 2021 the carrying value of the investment is US$1.1m.

During the year the Company incurred costs in relation to the CRV1 group's solar pilot project in Vietnam to the value of US$2,043k and this amount is included in receivables from the CRV1 group and included in trade and other receivables.

The Company's subsidiary undertakings at the date of issue of these financial statements are set out below:

Name	Incorporated	Principal activity	% owned	Registered address
Apennine Energy SpA*	Italy	Exploration, development and production company	100%	Via XXV Aprile 5, San Donato Milanese, (MI) 2009, Italy
Coro Europe Limited*	England	Holding company	100%	c/o Pinsent Masons LLP, 1 Park Row, Leeds, England LS1 5AB
Coro Energy Asia Limited*	England	Holding company	100%	c/o Pinsent Masons LLP, 1 Park Row, Leeds, England LS1 5AB
Coro Energy Holdings Cell A Limited	England	Holding company	100%	c/o Pinsent Masons LLP, 1 Park Row, Leeds, England LS1 5AB
Coro Energy (Singapore) Pte Ltd*	Singapore	Holding company	100%	80 Robinson Road #02-00, Singapore 068898
Coro Energy Bulu (Singapore) Pte Ltd*	Singapore	Holding company	100%	80 Robinson Road #02-00, Singapore 068898
Coro Energy Duyung (Singapore) Pte Ltd*	Singapore	Exploration and development company	100%	80 Robinson Road #02-00, Singapore 068898
Coro Asia Renewables Ltd†	Scotland	Holding company	100%	12 Traill Drive, Montrose DD10 8SW, Scotland
Coro Clean Energy Philippines Inc* #	Philippines	Exploration and development company	40%	1008 The Infinity Tower, 26th Street, Bonifacio Global City, Taguig City, Fourth District, National Capital Region, Philippines, 1634.
Coro Philippines Project 109 Inc*	Philippines	Exploration and development company	100%	1008 The Infinity Tower, 26th Street, Bonifacio Global City, Taguig City, Fourth District, National Capital Region, Philippines, 1634
Coro Philippines Project 121 Inc*	Philippines	Exploration and development company	100%	1008 The Infinity Tower, 26th Street, Bonifacio Global City, Taguig City, Fourth District, National Capital Region, Philippines, 1634
Coro Philippines Project 128 Inc*	Philippines	Exploration and development company	100%	1008 The Infinity Tower, 26th Street, Bonifacio Global City, Taguig City, Fourth District, National Capital Region, Philippines, 1634
Coro Clean Energy Ltd	England	Holding company	100%	c/o Pinsent Masons LLP, 1 Park Row, Leeds, England LS1 5AB
Coro Clean Energy Vietnam Ltd*	England	Holding company	100%	c/o Pinsent Masons LLP, 1 Park Row, Leeds, England LS1 5AB
Coro Renewables VN1 Joint Stock Company*	Vietnam	Holding company	85%	110 Bui Ta Han Street, An Phu Ward, Thu Duc City, Ho Chi Minh City, Vietnam
Coro Renewables VN2 Company Ltd*	Vietnam	Holding company	85%	110 Bui Ta Han Street, An Phu Ward, Thu Duc City, Ho Chi Minh City, Vietnam
Coro Renewables Vietnam Company Ltd*	Vietnam	Exploration and development company	85%	110 Bui Ta Han Street, An Phu Ward, Thu Duc City, Ho Chi Minh City, Vietnam

* Indirectly held.

† Formerly Global Energy Partnership Limited, acquired on 17 March 2021.

\# The Group has 80% economic interest and management's judgement is that Company controls this entity

The following subsidiaries are exempt from audit for the 2022 financial year under s479A of the Companies Act 2006: Coro Europe Limited, Coro Clean Energy Limited, Coro Energy Asia Limited, Coro Energy Holdings Cell A Limited, Coro Clean Energy Vietnam Limited, and Coro Asia Renewables Limited.

Loans to subsidiaries

	Company 2022 US$'000	 2021 US$'000
Current		
Loans to subsidiaries	**750**	666
Loans from subsidiaries	**(685)**	-
At 31 December	**65**	666

Loans to subsidiaries are unsecured, interest free and are repayable on demand.

NOTE 21: FINANCIAL INSTRUMENTS

Carrying amount versus fair value

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

31 December 2022

	Group Carrying amount US$'000	Fair value US$'000
Financial assets		
Trade receivables (current and non-current)	**158**	**158**
Cash and cash equivalents	**166**	**166**
Financial liabilities		
Trade and other payables	**819**	**819**
Borrowings (current and non-current)	**28,183**	**28,183**

31 December 2021

	Group Carrying amount US$'000	Fair value US$'000
Financial assets		
Trade receivables (current and non-current)	41	41
Cash and cash equivalents	3,334	3,334
Financial liabilities		
Trade and other payables	383	383
Borrowings (current and non-current)	26,637	26,637

31 December 2022

	Company Carrying amount US$'000	Fair value US$'000
Financial assets		
Trade and intercompany receivables (current and non-current)	**3,170**	**3,170**
Loans to subsidiaries	**65**	**65**
Cash and cash equivalents	**130**	**130**
Financial liabilities		
Trade and other payables	**734**	**734**
Interest bearing borrowings	**1,263**	**1,263**
Borrowings (current and non-current)	**28,183**	**28,183**

31 December 2021

	Company Carrying amount US$'000	Fair value US$'000
Financial assets		
Trade and intercompany receivables (current and non-current)	616	616
Loans to subsidiaries	666	666
Cash and cash equivalents	3,269	3,269
Financial liabilities		
Trade and other payables	765	765
Borrowings (current and non-current)	26,637	26,637

Determination of fair values

All the Group's financial instruments are carried at amortised cost. The carrying value of trade and other receivables, cash and cash equivalents and trade and other payables approximates their fair value. Borrowings comprises the Group's Eurobond, which is listed on the Luxembourg Stock Exchange. The carrying value is deemed to approximate fair value at the balance sheet date. Interest bearing borrowings comprise a loan from Apennine Energy S.p.A., a wholly owned indirect subsidiary of the Company with a total facility value of €2 million and a duration of 7 years but can be settled early at any time at the election of the Company. The interest rate on the loan is equal to the rate charged by a primary national banking institution in Italy.

Financial risk management

Exposure to credit, market and liquidity risks arise in the normal course of the Group's business.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

Risk recognition and management are viewed as integral to the Group's objectives of creating and maintaining shareholder value, and the successful execution of the Group's strategy. The Board as a whole is responsible for oversight of the processes by which risk is considered for both ongoing operations and prospective actions. In specific areas, it is assisted by the Audit Committee.

Management is responsible for establishing procedures that provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

(i) Credit risk

The Group is exposed to credit risk on its cash and cash equivalents and trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset as shown in the table above and in note 19.

Credit risk with respect to cash is reduced through maintaining banking relationships with financial intermediaries with acceptable credit ratings. All banks with which the Group has a relationship have an investment grade credit rating and a stable outlook, according to recognised credit rating agencies.

The Group undertakes credit checks for all material new counterparties prior to entering into a contractual relationship.

(ii) Market risk

Interest rate risk

The Group is primarily exposed to interest rate risk arising from cash and cash equivalents that are interest bearing. The Group's Eurobond bears interest at a fixed rate. Interest rate risk is currently not material for the Group.

Currency risk

The Group operates internationally and is exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The Group's primary currency exposure is to Euros, which is the denomination of the Eurobond. The Group is also exposed to changes in the Sterling exchange rate against the US Dollar. The Group holds a majority of its cash in US Dollars, which is the currency in which the Group's investment expenditures in South East Asia are denominated. This gives rise to Sterling exposure due to a predominantly Sterling cost base in the UK.

The Group's and Company's exposure to foreign currency risk at the end of the reporting period is summarised below. All amounts are presented in US Dollar equivalent.

	Group **2022** **US$'000** **USD**	**2022** **US $'000** **EUR**	2021 US$'000 USD	2021 US$'000 EUR
Cash and cash equivalents	119	1	2,649	113
Trade and other payables	-	(21)	(87)	(124)
Borrowings (current and non-current)	-	(28,183)	-	(26,637)
Net exposure	119	(28,203)	2,562	(26,648)

	Company **2022** **US$'000** **USD**	**2022** **US$'000** **EUR**	2021 US$'000 USD	2021 US$'000 EUR
Trade and other receivables (current and non-current)	3,022	-	-	-
Cash and cash equivalents	118	1	2,649	86
Loans to subsidiaries	750	(685)	1,008	27
Trade and other payables	(32)	(136)	(87)	(1,694)
Borrowings (current and non-current)	-	(29,446)	-	(26,637)
Net exposure	3,858	(30,266)	3,570	(28,218)

Sensitivity analysis

As shown in the table above, the Group is primarily exposed to changes in the GBP:USD exchange rate through its cash balance held in USD by the Company, and to changes in the GBP:EUR exchange rate due to the Eurobond denominated in EUR. The table below shows the impact in USD on pre-tax profit and loss of a 10% increase/decrease in the GBP to USD exchange rate, holding all other variables constant. Also shown is the impact of a 10% increase/decrease in the GBP to EUR exchange rate, being the other primary currency exposure.

	Group **US$'000**	**Company** **US$'000**
31 December 2022		
USD:GBP exchange rate increases 10%	(34)	1
USD:GBP exchange rate decreases 10%	34	(1)
EUR:GBP exchange rate increases 10%	(2,820)	(3,026)
EUR:GBP exchange rate decreases 10%	2,820	3,026
31 December 2021		
USD:GBP exchange rate increases 10%	256	256

USD:GBP exchange rate decreases 10%	(233)	(233)
EUR:GBP exchange rate increases 10%	(2,665)	(2,665)
EUR:GBP exchange rate decreases 10%	2,423	2,565

(iii) Capital management

The Group's policy is to maintain a strong capital base so as to maintain creditor confidence and to sustain future development of the business, safeguard the Group's ability to continue as a going concern and provide returns for shareholders.

As explained further in note 16 and note 2c, the Group's Eurobonds were due to mature in April 2022 at 100% of par value plus any accrued and unpaid coupon.

In March 2022, the tranche B Noteholders approved the extension of the maturity of the tranche B bonds by two years to 12 April 2024 with an increase in the coupon to 10% accrued annually and payable on redemption.

In April 2022, the tranche A Noteholders approved the extension of the maturity of the tranche A bonds by two years to 12 April 2024 with an increase in the coupon to 10% accrued annually and payable on redemption.

(iv) Liquidity risk

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due. Refer to the going concern statement in note 2c for further commentary.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts presented are the contractual undiscounted cash flows.

Group

31 December 2022	**Less than 6 months US$'000**	**6 to 12 months US$'000**	**Between 1 and 2 years US$'000**	**Between 2 and 7 years US$'000**	**Total contractual cash flows US$'000**
Trade and other payables	**406**	**-**	**-**	**-**	**406**
Borrowings	**-**	**-**	**28,183**	**-**	**28,183**
Total	**406**	**-**	**28,183**	**-**	**28,589**

31 December 2021	Less than 6 months US$'000	6 to 12 months US$'000	Between 1 and 2 years US$'000	Between 2 and 7 years US$'000	Total contractual cash flows US$'000
Trade and other payables	383	-	-	-	383
Borrowings	26,637	-	-	-	26,637
Total	27,020	-	-	-	27,020

Company

31 December 2022	**Less than 6 months US$'000**	**6 to 12 months US$'000**	**Between 1 and 2 years US$'000**	**Between 2 and 7 years US$'000**	**Total contractual cash flows US$'000**
Trade and other payables	**320**	**-**	**-**	**-**	**320**
Borrowings	**-**	**-**	**28,183**	**1,263**	**29,446**
Total	**320**	**-**	**28,183**	**1,263**	**29,766**

31 December 2021	Less than 6 months US$'000	6 to 12 months US$'000	Between 1 and 2 years US$'000	Between 2 and 7 years US$'000	Total contractual cash flows US$'000
Trade and other payables	301	464	-	-	765
Borrowings	26,637	-	-	-	26,637
Total	26,938	464	-	-	27,402

NOTE 22: SHARE-BASED PAYMENTS

Ordinary Shares

During 2022, the Company issued nil (2021: 12,413,794) new Ordinary Shares to service providers in lieu of cash compensation for services provided.

Share options and warrants

The following equity settled share-based awards have been made under the Company's discretionary share option plan.

	31 December 2022		31 December 2021	
	Average exercise price per option (pence)	**Number of options**	Average exercise price per option (pence)	Number of options
As at 1 January	1.90	137,687,500	4.38	58,000,000
Granted during the year	0.10	93,825,666	0.10	79,687,500
Exercised during the year	-	-	-	-
Forfeited during the year	1.88	(38,500,000)	-	-
As at 31 December	1.03	193,013,166	1.90	137,687,500
Vested and exercisable at 31 December	4.38	42,000,000	4.38	48,000,000

All remaining unvested options vest after three years of continuous service with the Company and on condition that the mid-market closing price per Coro ordinary share on the last day of the three year vesting period is equal to or higher than 0.46 pence per ordinary share for 2021 grants and higher than 0.43 pence per ordinary share for 2022 grants. Once vested, the Options may be exercised at any time until the sixth anniversary of grant.

For options that have not yet vested, the number of options which will vest on the vesting date will depend on the Company's Total Shareholder Return ("TSR") over the 3 year performance period starting on the date of grant, compared to a comparator group of 20 energy companies selected by the Company's Remuneration Committee. The number of Options vesting will be calculated as follows:

Relative TSR	**Percentage of Options vesting on the Vesting Date**
Below median	0%
Median	30%
Upper decile	100%
Between median and upper decile	Straight-line vesting between 30% and 100%

Vested options are exercisable at a price of 4.38p per new ordinary share.

The fair value of services rendered in return for 2022 share options is based on the fair value of share options granted and was measured using a Black Scholes model.

The inputs used in the measurement of the options granted during the year are summarised in the table below, with the volatility estimate of 52% based on the Company's historical volatility:

	April 2021 options
Fair value at grant date (p)	0.40
Share price at grant date (p)	0.48
Exercise price	0.10
Expected volatility	126%
Option life	3 years
Risk-free interest rate (based on yield on five-year gilts)	1.5%
Expiry date	1 April 2028

p - British pence.

The fair value of the options granted are spread over the vesting period. The amount recognised in the income statement for the year ended 31 December 2022 was US195$k (2021: US$248k).

During the year, 22,500,000 options granted to the Peter Christie, a former CFO of the Company lapsed and was forfeited. The cost previously recognised as an expense of US$33k has been recycled to accumulated losses (2021: US$nil). All other lapsed options related to options that had already fully vested by 31 December 2021.

NOTE 23: INTERESTS IN OTHER ENTITIES

ion Ventures

The Company holds a 20.3% interest in ion Ventures Holdings Limited ("ion Ventures"). This investment is accounted for as an associate using the equity method.

ion Ventures, incorporated and domiciled in the UK, is a South East Asian and UK focused developer of clean energy projects, primarily energy storage.

Summarised financial information for ion Ventures, which has a financial year end date of 31 December, is included below:

Summarised balance sheet	**31 December 2022 US$'000**	31 December 2021 US$'000
Current assets	463	522
Non-current assets	2,507	2,907

Current liabilities	(1,062)	(833)
Non-current liabilities	(630)	(621)
Net assets	1,278	1,975
Group's share in %	20.3%	20.3%
Group's share in US$	259	401

Summarised statement of comprehensive income	**31 December 2022 US$'000**	31 December 2021 US$'000
Revenue	1,555	1,564
Loss from continuing operations	(404)	(1,227)
Other comprehensive income	-	-
Total comprehensive income	(404)	(1,227)

As required by IAS 28 Investment in Associates, the excess between the fair value of ion Ventures' net assets on acquisition date and the consideration paid for Coro's investment has been recorded as notional goodwill and is included within non-current assets in the previous table.

In the Company balance sheet the investment in ion Ventures is carried at the cost of the investment of £500k, which is US$602k translated at the year-end exchange rate (2021: US$662k).

Duyung PSC

The Group's wholly owned subsidiary, Coro Energy Duyung (Singapore) Pte Ltd, is the owner of a 15% interest in the Duyung Production Sharing Contract ("PSC").

The Duyung PSC partners have entered into a Joint Operating Agreement ("JOA"), which governs the arrangement. Through the JOA, the Group has a direct right to the assets of the venture, and direct obligation for its liabilities. Accordingly, Coro accounts for its share of assets, liabilities and expenses of the venture in accordance with the IFRSs applicable to the particular assets, liabilities and expenses.

The operator of the venture is West Natuna Exploration Ltd ("WNEL"). WNEL is a company incorporated in the British Virgin Islands and its principal place of business is Indonesia.

Coro Renewables VN1 Joint Stock Company

In October 2021, a binding shareholder agreement was signed with VPE and the Group acquired an 85% interest in the newly incorporated Vietnamese company, Coro Renewables VN1 Joint Stock Company, which owns 100% of Coro Renewables VN2 Company Limited, which in tun owns 100% of Coro Renewables Vietnam Company Limited. During the year the Company incurred costs in relation to the CRV1 group's solar pilot project in Vietnam to the value of US$2,043k and this amount is included in receivables from the CRV1 group and included in trade and other receivables.

NOTE 24: CONTINGENCIES AND COMMITMENTS

Commitments

Coro's share of the 2023 Duyung Work Programme and Budget is estimated at US$1.2m, which will be allocated between items of capital expenditure and joint venture G&A. The Group had no committed work programmes in it Philippine or Vietnam operations.

Contingencies

The Company undertook to the Noteholders that in the event of a sale of the Company's interest in the Duyung PSC to utilise the net cash proceeds of such disposal(s) to first repay the capital and rolled up interest on the Notes and thereafter to distribute 20% of remaining net proceed(s) to Noteholders. The remaining net proceeds of any sales would be retained and/or distributed to shareholders by the Company. Due to its nature, it is not possible to quantify the financial impact of this contingent liability.

NOTE 25: RELATED PARTY TRANSACTIONS

Key management personnel compensation

	2022 US$'000	2021 US$'000
Short-term benefits	1,201	885
Post-employment benefits	-	-
Share-based payments	197	221

Key management personnel consists of the Directors of the Company and Ewen Ainsworth (CFO) and Michael Carrington (COO).

Other related party transactions

ion Ventures Holdings Limited is a related party due to the Company's 20.3% shareholding and ability to appoint one director to the Board of Directors of ion. There were no transactions between the two companies in 2022 or 2021 with the exception of Coro's initial £500k investment in ion.

Energy PTS is a company incorporated in Scotland in which Mark Hood, a director of the Company during the reporting period, has a majority interest. The Company paid consulting fees on an arm's length basis of £18k to Energy PTS during the reporting period.

NOTE 26: SUBSEQUENT EVENTS

On 13 January 2023 the Company announced that the Noteholders have elected by the requisite majority to receive interest payments on the Eurobonds in relation to the quarter to 12 January 2023 in new ordinary shares of the Company and that a total of 229,325,962 new ordinary shares would be issued to Noteholders.

On 27 January 2023 the Company announced that is has increased its entitlement to dividends from its subsidiary, Coro Clean Energy Philippines Inc., from 80% to 88%. As consideration for the increased entitlement the Company issued 20,000,000 ordinary shares in Coro at a price of 0.3p representing total consideration of £120,000.

On 9 February 2023 the Company announced that it had granted an aggregate of 70,000,000 options over new ordinary shares in the Company to certain employees (the "Options"). The Options will vest on the third anniversary of the grant on 9 February 2026, subject to the achievement of performance criteria and are exercisable at a price of 0.255p per new ordinary share at any time until 9 February 2028.

On 14 February 2023 the Company announced legal proceedings against an Italian contractor in relation to damages following the historical cessation of production at the Bezzecca field in Italy. The Company is claiming damages of approximately €300k for the capital and related costs of the replacement equipment and necessary cathodic protection and a further €7m for consequential losses.

On 27 March 2023 the Company announced that it had signed the Sale and Purchase Agreement ("SPA") for the disposal of its Italian Portfolio to Zodiac Energy plc ("Zodiac" or the "buyer") by way of the sale of the entire issued share capital of Coro Europe Limited. Zodiac Energy plc is a UK based holding company for an Italian subsidiary company Pengas Italiana Srl, which extracts crude petroleum and natural gas in Italy. The SPA was signed conditional on approval by the shareholders of the Company and is furthermore also conditional on, amongst other things, regulatory approval by the Italian authorities. The SPA contains total consideration of up to €7.5M, including contingent payments of up to an aggregate of €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. An initial cash payment of €1.5m was received by the Company in April 2023. The €1.5m payment will be repayable together with a 10% per annum coupon in the event that the transaction does not complete, and is secured over the Apennine bank account and gas sales. Any proceeds from the Bezzecca legal claim which was detailed in an announcement dated the 14 February 2023, and the cash flows from the business prior to completion, accrue to Coro and are in addition to the consideration of up to €7.5m. Whilst the Company retains full ownership and cash flows from the Italian Portfolio prior to Completion, the Company has agreed not to withdraw further cash from Coro Europe and its subsidiary. The accumulated cash in the business, alongside any inter-company loans and the 2022 Italian tax payments (including the extraordinary windfall tax introduced recently) will be adjustments to the final consideration using an industry standard net cash/debt adjustment at Completion.

On 13 April 2023 the Company announced that the Noteholders have elected by the requisite majority to receive interest payments on the Eurobonds in relation to the quarter to 12 April 2023 in new ordinary shares of the Company and that a total of 257,556,133 new ordinary shares would be issued to Noteholders.

On 25 April 2023 the Company's shareholders approved the sale of the Group's Italian natural gas assets (the "Italian Portfolio") at a general meeting.

On 2 May 2023 the Company announced that Conrad Asia Energy Ltd, the operator of the

Mako gas field within the Duyung PSC ("Mako"), has engaged an investment bank to farm-down its interest in Mako. The Group may participate pro rata in the farm-down process as various drag and tag along clauses exist in the Joint Operating Agreement. Coro may also entertain a full exit, depending on the terms offered.

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