coro energy PLC
Supporting the regional transition to a low-carbon economy
Annual Report and Financial Statements
For the Year Ended 31 December 2021
Stock code: CORO

CORO IS A SOUTH EAST ASIAN ENERGY COMPANY SUPPORTING THE REGIONAL TRANSITION TO A LOW-CARBON ECONOMY.

Blending a strong cash generating gas portfolio with early stage but growing renewables exposure.

INVESTMENT CASE

Blended renewables and gas portfolio underpinned by strong regional energy demand growth

Electricity demand forecast to increase **152% by 2050**

Read more in the **Market Review** on pages 4 to 5

Building the clean energy portfolio

Ion Ventures investment made in November 2020 – subsequent implied investment **valuation increased by 300%**

Acquisition of early stage Philippines renewables portfolio in March 2021

Initiation of Vietnam solar rooftop project

Read more in the Building a Clean Energy Portfolio on page 10

Unique offering in the London marketplace

1. Revenue generating gas portfolio

2. Low-carbon **investment strategy**

3. Significant upside – early stage development entry point

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Read more online at **coroenergyplc.com**

Statement from the Chairman and Chief Executive Officer

JAMES PARSONS
Executive Chairman

MARK HOOD
Chief Executive Officer

> "The Company is positioned for a hugely exciting 2022, with a broad opportunity set of clean energy investments and high-quality gas assets."
>
> **MARK HOOD**
> Chief Executive Officer

Chairman's Prelude

Coro Energy plc is a micro cap company with gas production, gas reserves and a growing clean energy portfolio. Underpinned by its strong Italian production and four institutional lenders, Coro's shareholders are uniquely exposed to a leveraged play on the oil price.

Our strategy remains to monetise the Duyung PSC, use the Italian cash flows, which more than covers the Company's G&A costs, and invest selectively in South East Asian renewables and high graded Italian production enhancement opportunities.

Recent volatility in energy markets have presented huge opportunity to Coro with the re-birth of the Italian portfolio alongside a significant uplift in the core NAV of its position in the Duyung PSC. It is in this context that we are delighted to present our annual report and accounts to shareholders.

The global energy sector continued to be disrupted by the COVID-19 pandemic throughout 2021. Although oil and gas prices recovered during the year, investor sentiment towards junior oil and gas companies lagged somewhat; however, post balance sheet end, we see that period changing and interest growing. The climate change arena, widely published during the COP26 conference in Glasgow, continued to see increased interest with the global energy transition from fossil fuels to clean energy sources taking priority.

Introduction of the Philippines renewable portfolio in Q1 2021 alongside the strategic investment in late 2020 in ion Ventures Holdings Limited ("ion Ventures"), initiated Coro's expansion to clean energy and delivered a large portfolio of early stage development clean energy assets.

It also introduced two new and exciting markets for Coro Energy: the Philippines, where we gained access to several projects including a 100 MW solar project and a 100 MW onshore wind project; and Vietnam, where we gained access

to up to 300 MW of solar projects. We were also delighted to welcome Mark Hood, Chief Executive Officer, and Michael Carrington, Chief Operating Officer, to the team.

Duyung

Global electricity demand is set to double by 2050, while regional electricity demand in Philippines, Singapore and South East Asia is currently forecast to increase by 154%, 56% and 140% respectively to 2050. Our Duyung gas asset, with its close proximity to the West Natuna Transportation System that delivers gas directly to Singapore, has the potential to play a key role in satisfying this demand.

While COVID-19 slowed progress in 2021 for the operator (Conrad Energy Asia), we expect several key commercial milestones to be delivered in 2022. These include an approval of an updated Plan of Development ("PoD") and signature of a Gas Sales Agreement ("GSA"), during 2022.

Italy

In May 2021, we signed a Sale and Purchase Agreement ("SPA") with Dubai Energy Partners, Inc., a US-based operator of producing oil and gas assets. The SPA required completion of regulatory approval within a nine-month period which expired on 26 February 2022.

In March 2022, post-period end, the final decision was made to terminate the SPA in light of strong gas prices in Italy, which rose from €0.17 per scm during the pandemic to over €1.5 per scm, due to renewed post-lockdown demand and the Russian invasion of Ukraine. As at the 31 December 2021, the Board of Directors remained committed to the divestment and the criteria within IFRS 5 were met and the Italian business is therefore treated in the 2021 financial statements as a disposal group.

The Company's growth strategy continues to focus on energy transition opportunities, and our Italian portfolio provides a robust financial platform for future deployment into renewable assets. We predict, based upon a gas price of €1 per scm, strong returns of approximately €5m free cash flow on an annualised basis, which will support our growth opportunities in South East Asia and maximise shareholder value in the near-term.

Renewables

With the increase in the energy demand and requirement for energy security in the region, Coro made the decision to acquire an early stage portfolio of clean energy projects.

Operationally, despite COVID-19 restrictions, we managed to achieve a number of key milestones in 2021, including the incorporation of the Philippines company, completion of the desktop survey for our 100 MW wind project in the Philippines and the signature of a joint venture partnership agreement with Vin Phuc Electrical Mechanical Installation Co Ltd. This will allow for the transfer of their project portfolio of rooftop solar in Vietnam to Coro, with the first pilot project due to be developed in 2022.

Ion Ventures

In February 2021, we saw ion Ventures, in which we have a 20.3% interest, partner with LiNA Energy, a solid-state battery technology developer, to conduct a successful trial of LiNA's proprietary solid-state sodium battery platform with a view of supporting further trials to eventually deploy the battery into the grid storage market in the coming years. In July 2021, ion Ventures formed a new partnership with GLIL Infrastructure Fund LLP, who confirmed a £150m commitment of capital into a new vehicle, Flexion Energy Holdings UK Ltd, with ion Ventures transferring their existing UK grid scale energy storage portfolio into Flexion.

ion Ventures' successes continue to demonstrate the ability of Coro leadership to identify opportunities in the market and to act as appropriately to strengthen the portfolio and our returns.

Corporate

We raised net proceeds of US$5.5m during February and March 2021 and, as previously reported, the cash balance at the 12 of April 2022 was US$2.8m.

Outlook

2021 was a pivotal year for Coro in its ongoing transition to becoming a regionally focused low-carbon energy company. The diversity and breadth of assets which we now operate provides a platform from which to grow the Company and we foresee a very exciting future for Coro and its stakeholders.

As the local and global restrictions brought about by COVID-19 start to ease, we have resumed travel to our local projects to directly oversee their progress and work with the local teams to support and to share knowledge and experience.

We are all extremely confident in what we can achieve in 2022, including our first rooftop solar Project in Vietnam becoming revenue generative. We would like to thank shareholders for their support in 2021 and look forward to meeting many of you in person this year.

We wish all shareholders a safe and prosperous 2022.

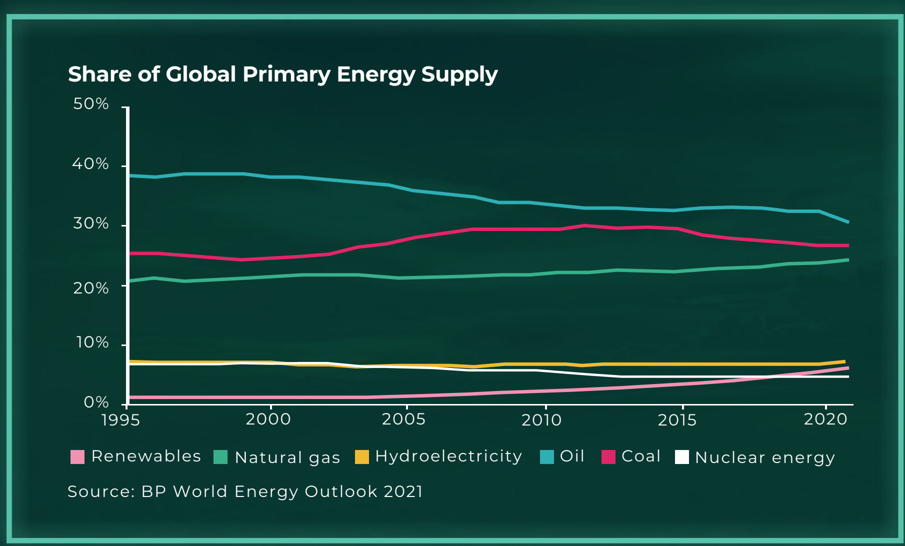
JAMES PARSONS
Executive Chairman

MARK HOOD
Chief Executive Officer

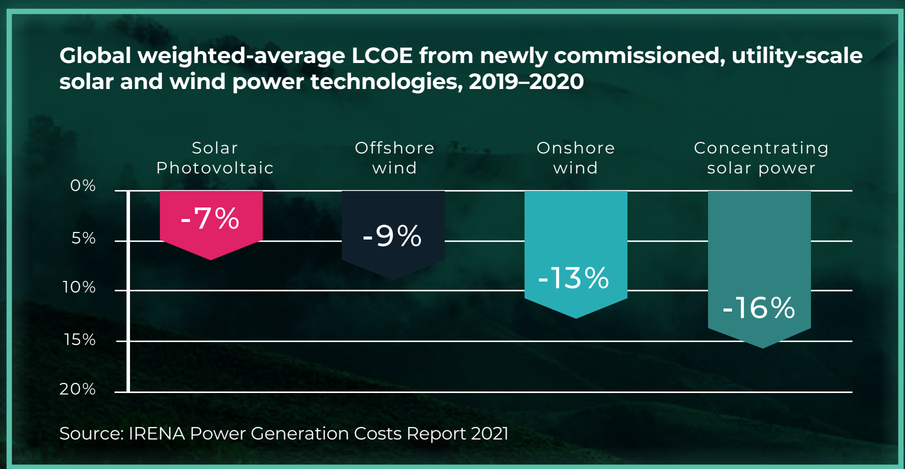
Market Review

WHY RENEWABLE ENERGY?

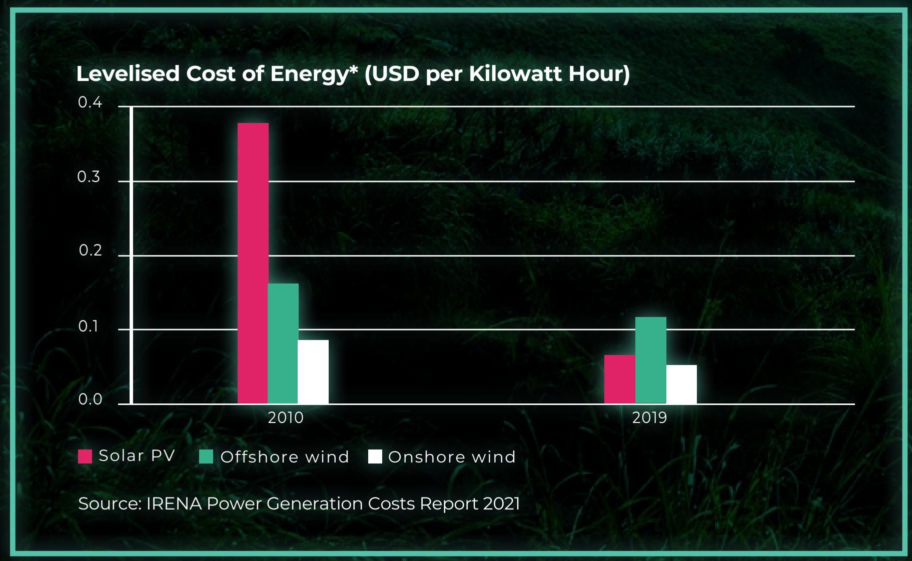
Global transition to low carbon energy system well underway.



Electrification of transport, residential homes and industry will require new investment in electricity generation and battery storage.

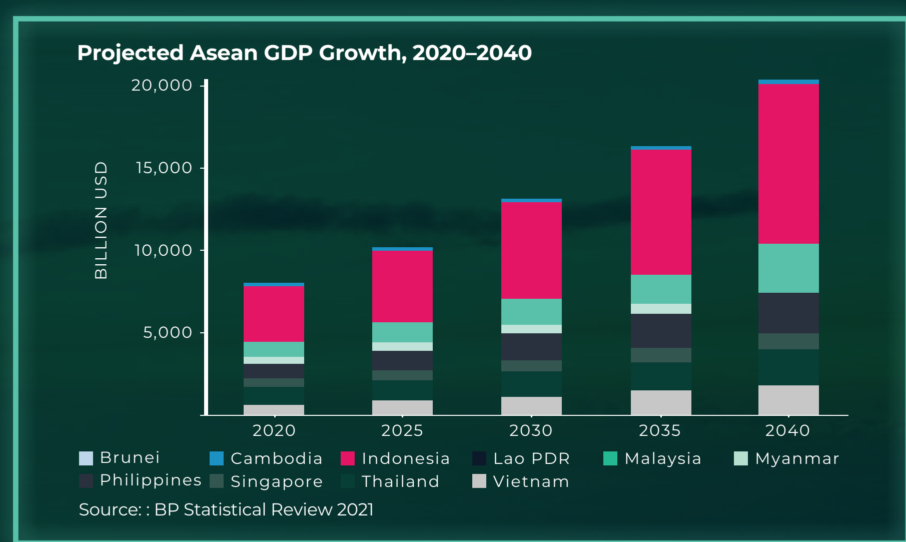


Cost of deploying renewables has fallen significantly due to improvements in technology.

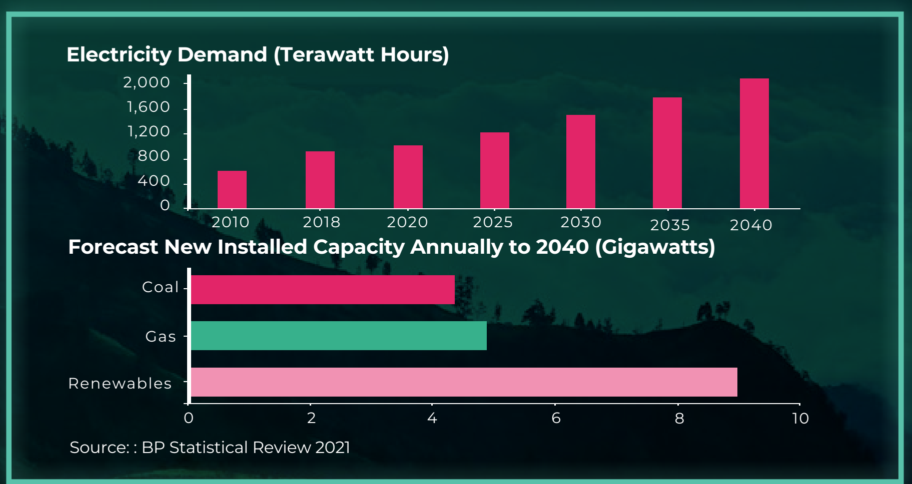


WHY SOUTH EAST ASIA?

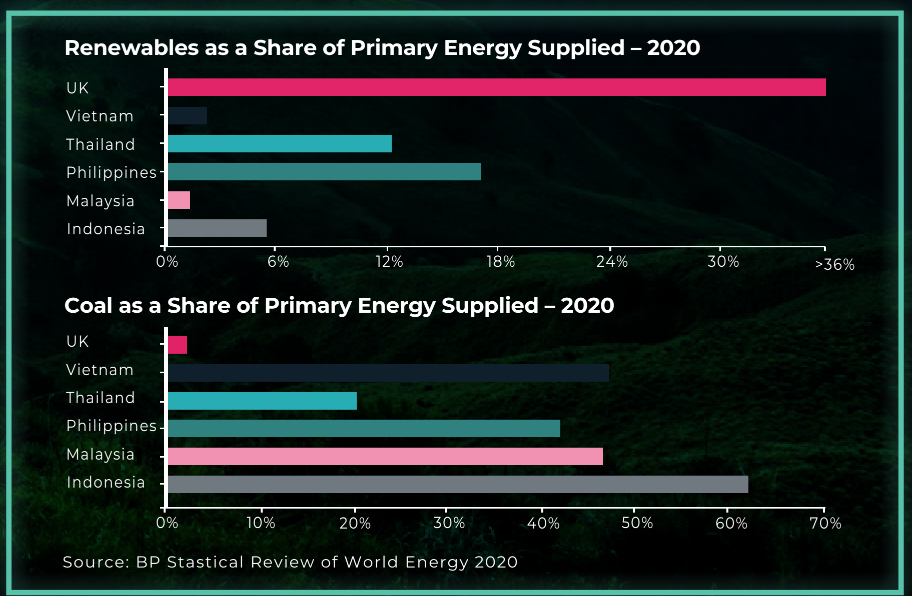
Electricity demand forecast to rise, driven by increasing population and growing wealth.



Utilisation of local resources including wind and solar to reduce energy imports and decrease reliance on fossil fuels



Coal still dominant and renewables penetration low. Governments noted to be shelving coal projects in favour of clean energy substitutes.



Our Markets

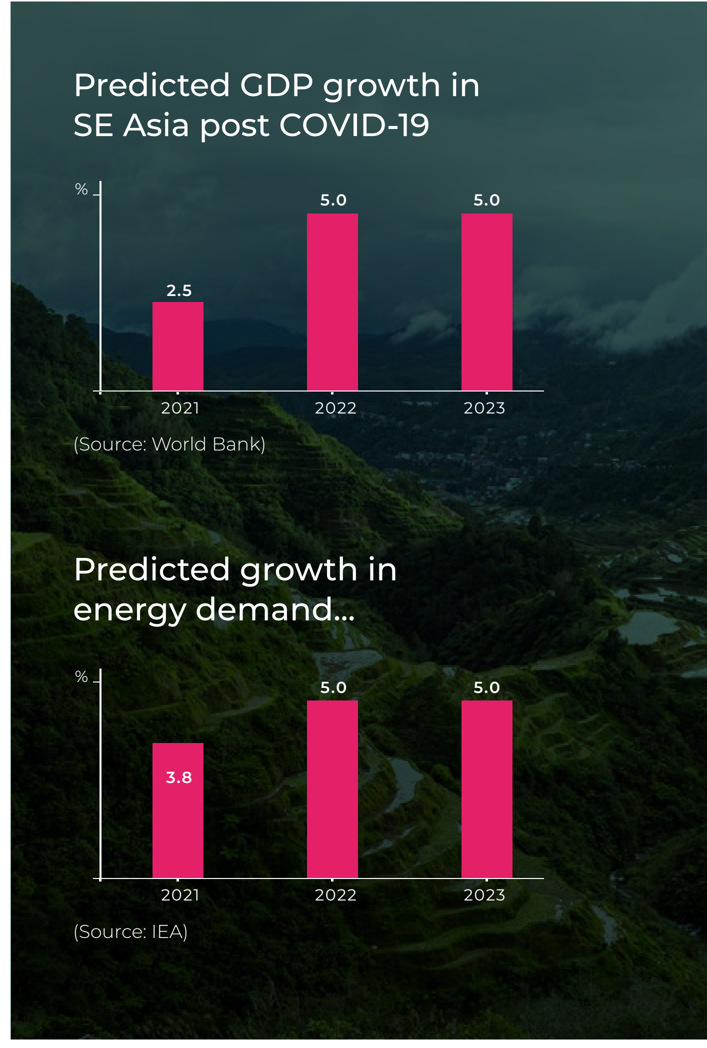
SOUTH EAST ASIA

Growth remains high in the region
Emerging and developing Asian economies are projected to continue to grow significantly above the global average by 5.9% in 2022 and 5.8% in 2023, according to the International Monetary Fund.

Electricity demand is rising as the population grows and accumulates more wealth and a middle class emerges.

As the economy in South East Asia continues to recover post COVID-19 so does the demand for electricity grow. Electricity consumption grew by 3.8% in 2021 YoY and will grow by 5% per annum in 2022–2024.[2]

Moreover, Vietnam's electricity demand increased by 10% p.a. from 2014–2019 and Electricity Vietnam (EVN) estimates the country must triple installed capacity by 2030 from c. 50G W to 130 GW.



Renewables and Energy Storage

Cost of deploying renewables in country is attractive
The levelised cost of energy takes into account the cost of electricity production over an asset's lifetime. Renewable assets have an indicative project lifespan of 25 years, significantly longer than many hydrocarbon projects. The levelised cost of solar and wind projects in South East Asia are significantly lower than in many parts of the world, and look set to continue to decrease.

Natural Landscape offers significant benefits
Typical 150 MW solar project should produce at least 150 GWh of electricity a year – in South East Asia this is significantly higher, due to higher levels of irradiation.

"Vietnam has tremendous natural endowments: 4 to 5 kilowatt-hours per square meter for solar and 3,000 kilometres of coastlines with consistent winds in the range of 5.5 to 7.3 meters per second."[1]

1 MW of peak power capacity in a solar plant in Vietnam has the potential to produce **1.5 times** more energy than in the UK.

The Philippines also has an abundance of solar and wind especially near its coastline making it the ideal country for renewables growth.

1. Source: McKinsey

High cost of coal and LNG in South East Asia accelerating the use of renewables as part of the energy mix
At the start of 2022, Indonesia, the world's largest coal exporter, has placed a temporary ban on exports of the fuel to avoid outages in domestic power stations. Coal prices were 59% higher than two months earlier, close to the previous peak on 15 October 2021. This high cost of coal is accelerating the need for energy security and the need for local energy sources, which renewables can fill.

Renewables in Vietnam are set to have a similar share to coal in the energy mix by 2024 (at 42% and 43% respectively).

2. Source: IEA

Favourable Regulation

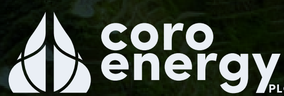
A number of regions within South East Asia offer favourable regulation for renewables with preference into the grid given in some countries like the Philippines.

At the **end of 2021**, spot prices for LNG

Reached over US$42 per MMBTU in Asia...

...the equivalent of ~US$0.26 per KWH of electricity 1.5x the UK Price

and only enough to power an oven for 30 mins.



ITALY

In Italy, the consumption of natural gas peaked in 2020 at 74 billion cubic meters (source: Statista).

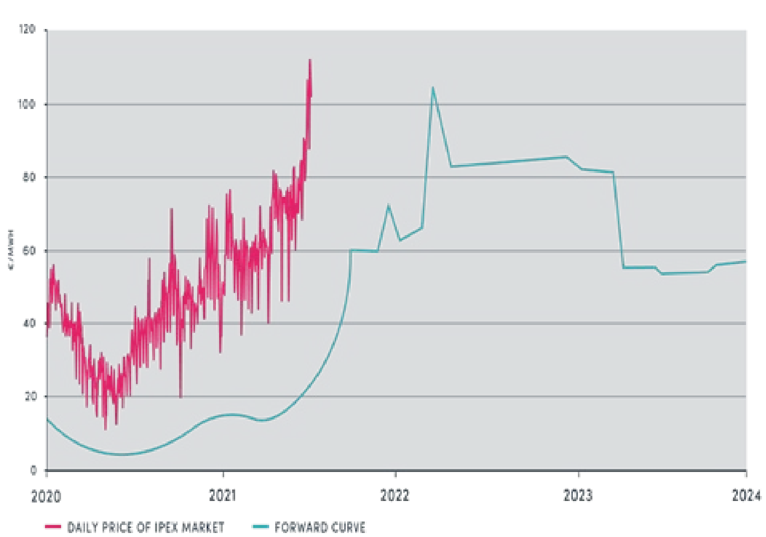
Going forward, consumption is set to remain the same or gradually decline by 2030, with supply set to decline more steeply, creating an increased gap in supply and demand, potentially pushing up prices even further.

Gas prices in Italy have been steadily climbing as demand increased post COVID-19, with electricity and gas rising 94% and 131% respectively in the first quarter of 2022 compared to 2021. Europe as a whole is facing soaring power prices as it, along with the global economy, recovers from the pandemic. While natural reserves on the continent are worryingly low, Italy relies heavily on imported gas.

Italy has one of the highest uses of gas within their energy mix, with gas constituting 40% of all energy consumption.

Italian portfolio

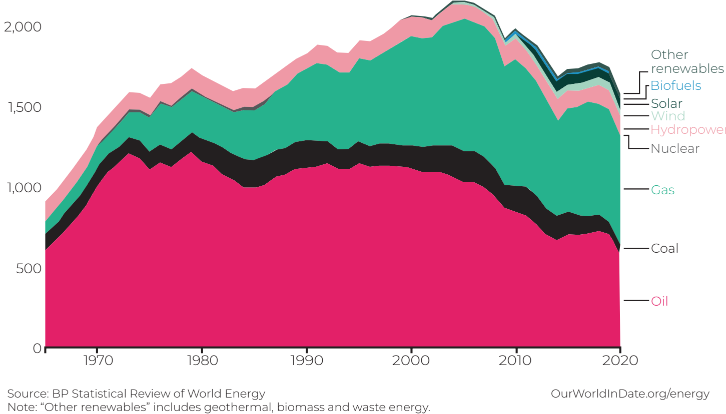
DAILY PRICE OF THE IPEX MARKET IN ITALY



SOURCE: ALBA

Primary energy consumption is measured in terawatt-hours (TWh). Here an inefficiency factor (the "substitution" method) has been applied for fossil fuels, meaning the shares by each energy source give a better approximation of final energy consumption.

Energy consumption by source, Italy



Business Model

Our Strengths

Entrepreneurial team:
Small, entrepreneurial management team with "an eye for a deal"

Network and presence in region:
Board, Management and local teams are well-connected in the region

Access to capital:
Supported by key cornerstone institutional investors and a Board with a track record of financing energy investments

Creating shareholder value:
Board who are experienced at creating shareholder value, including through M&A activity

ESG at our Core:
Clear vision of leading the energy transition to renewables in South East Asia. ESG strategy aligned with appropriate Sustainable Development Goals ("SDGs")

Our Market – South East Asia

Develop existing assets:
- Duyung
- Italy
- Vietnam
- Philippines
- ion Ventures

Grow asset portfolio:
- Acquisition of initial renewables portfolio announced Q1 2021
- Mature existing project pipeline and continue deal origination

Value Creation:
- Reinvest earnings to create a self-sustaining, mid-tier energy company
- Create value for shareholders

Operate Sustainably:
- Bring benefit to the countries we operate in
- Limit impact on the environment
- Development of local community projects

Our Strategy

Coro's vision is to build a hybrid "develop, build, own, operate" model, seeking strategic investments to increase stakeholder value, while developing energy projects which will provide continued value at all parts of the asset lifecycle.

Strategic Priorities

1. Vision in supporting the South East Asian energy transition

GDP in the ASEAN region is forecast to more than double to US$20tn by 2040, resulting in increasing energy demand. To meet emissions targets and boost energy independence and security, significant investment in clean energy and energy storage is planned in South East Asia – up to US$500bn by 2040. Further investment in energy sources, (including both renewables and gas), that complement the energy mix and reduce the dependence of the region on higher polluting fossil fuels is necessary. Coro's vision and contribution to this reduction in greenhouse gases is evidenced by our recent investments in assets and businesses that are supporting the energy transition in the region. Understanding the role gas has in the energy transition validates our strategy to continue to remain open to opportunities in the sector, identifying assets where there is compelling commercial logic.

2. Use the Duyung PSC as a platform for regional growth

Coro has a 15% interest in the non-operated Duyung PSC, which contains the Mako gas field, an independently certified 2C gas resource of 495 Bcf (gross, full field). The Mako field is one of the largest gas fields to be discovered in the prolific West Natuna basin, and its proximity to infrastructure and markets underpins Coro's value.

3. Review opportunities and their market impact

In reviewing opportunities, Environmental, Social, and Governance (ESG) and market impact are at the core of our decision-making process. One of Coro's objectives for 2022 is to set up a clearly defined ESG strategy for the coming five years, aligning itself to appropriate Sustainable Development Goals.

Duyung and our Italian gas portfolio present the Company with massive potential for growth, strengthening our position as a serious energy transition prospect backed with our focus on renewables in a high GDP growth area.

4. Results driven, ensuring value for Coro shareholders

Utilising our shareholders' capital to increase growth allows us to allocate funds only to those investments where there is a clear path to monetisation for our investors. We envisage reinvesting earnings to achieve our vision of building a mid-tier South East Asian energy company.

5. Investing in further growth

Revenue generated by our Italian portfolio will also be used for the further growth of our South East Asian renewables portfolio.

Building and Developing our Clean Energy Portfolio

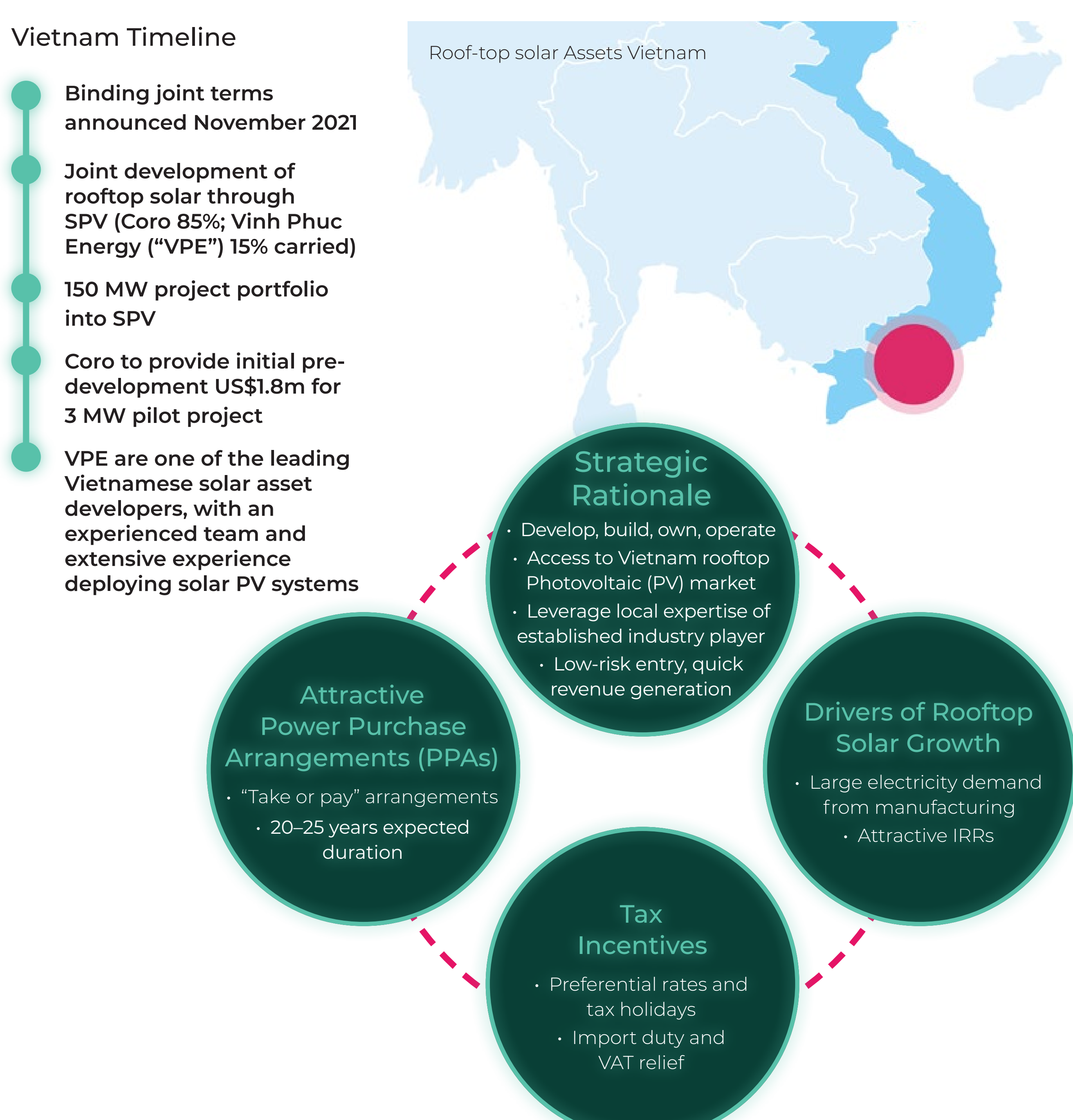
Our strategy on the energy transition is to transition from black (oil, coal) to blue (gas) and then ultimately green (renewables).

The introduction of our Philippines renewable portfolio in March 2021 has formed the backbone of our pre-development portfolio. Understanding the regulatory environment and energy priorities per country in South East Asia has meant that we have the pick of some of the best projects for our size in countries that are supportive of the energy transition and where energy security is a priority. You can find out more about why South East Asia is such a compelling business case for renewables in Our Markets section of this report which is on pages 6 to 7.

Our first projects span 150 MW Rooftop Solar in Vietnam, 100 MW onshore Wind and 100 MW Solar project in the Philippines.

Vietnam Timeline

- **Binding joint terms announced November 2021**
- **Joint development of rooftop solar through SPV (Coro 85%; Vinh Phuc Energy ("VPE") 15% carried)**
- **150 MW project portfolio into SPV**
- **Coro to provide initial pre-development US$1.8m for 3 MW pilot project**
- **VPE are one of the leading Vietnamese solar asset developers, with an experienced team and extensive experience deploying solar PV systems**



PHILIPPINES

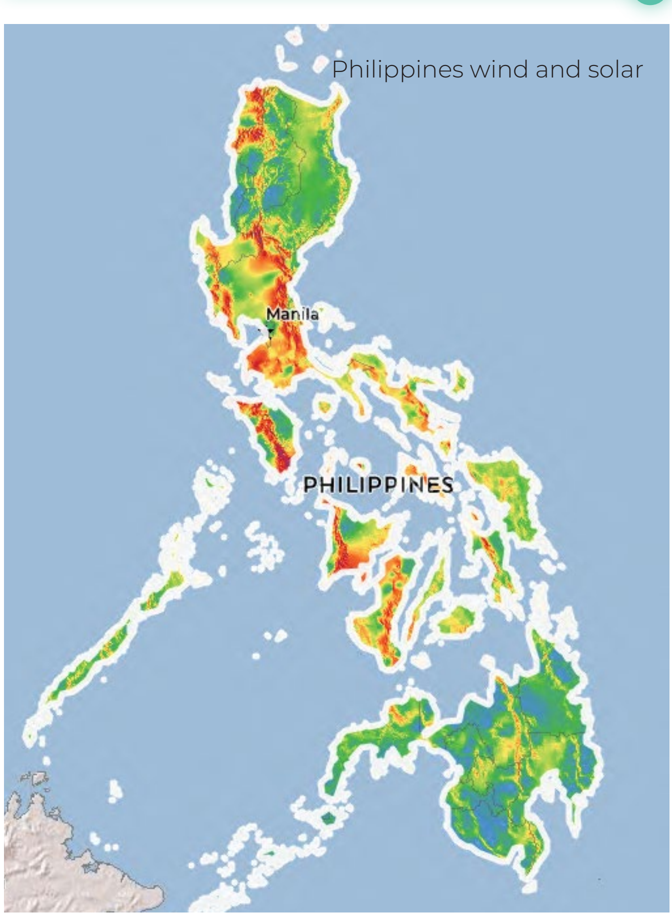
Our Philippines portfolio consists of an early stage

100 MW

Solar project and a 100 MW onshore wind project.

ITALY

Our Italian portfolio consists of six production concessions and one exploration licence comprising 7.2. Bcf in 2P reserves and 36.8 Bcf in 2C resource. The exploration licence is to be relinquished once the remediation work on the land is completed.



Focus on energy storage: Our investment in ion Ventures

Energy storage and other flexible energy solutions underpin the global transition to a low-carbon energy system. The ongoing rapid deployment of intermittent electricity generation assets, such as wind and solar, increases the volatility of electricity supply. This was seen in February 2022 when the UK experienced some of the worst storms in history and several areas were without power and electricity for days. In addition, the electrification of heating, cooling and transportation will increase electricity demand and create new and varied demand profiles. These trends point to an even greater role for flexible energy solutions in order to maintain a stable grid and ensure security of supply. For example, in the UK, National Grid forecasts up to 10 GW of additional energy storage required by 2030, compared to 1.3 GW of capacity currently installed 130 MW having been commissioned in 2021.

Energy storage, in the form of grid connected battery systems, is one such solution. Battery systems can draw electricity from the grid at times of high supply and discharge at periods of peak demand. This allows battery owners to benefit from price arbitrage in wholesale energy markets by purchasing electricity at very low prices during peak supply hours and selling back to the grid at much higher prices during periods of peak demand and/or low supply.

ion Ventures is a developer of these utility scale battery systems, as well as other flexible energy solutions suitable for smaller, off-grid and rural locations.

The market for flexible energy assets is growing exponentially, with Bloomberg New Energy Finance forecasting global spend of US$840bn on energy storage assets by 2050.

Operational Review

Duyung PSC

Summary

- Located in the prolific West Natuna basin, Indonesia
- Operated by Conrad Asia Energy Ltd
- Contains the Mako gas field, a shallow gas accumulation covering a large areal extent
- Six wells have been drilled on the field including a two well programme in 2019
- 79% upgrade in audited 2C resource announced in 2020, following 2019 drilling programme
- Mako contains dry gas, no H_2S, minimal CO_2, over 97% methane
- Potential for early commercialisation due to proximity to existing infrastructure.

Despite the obvious challenges posed by the COVID-19 pandemic in 2020, the Duyung partners were able to continue the positive momentum generated by the successful, two well appraisal drilling programme undertaken in Q4 2019.

Gaffney, Cline and Associates ("GCA") were engaged to prepare an updated resource audit, taking into account the extensive data gathered during 2019's drilling programme, including the flow test conducted on the Tambak-1 well. GCA completed their audit in May 2020 and confirmed a significant resource upgrade for the Mako gas field compared to their previous resource assessment released in January 2019, as shown in the table below.

Contingent Resource Estimates	January 2019 GCA Audit	May 2020 GCA Audit	Increase %
1C (low case)	184	287	56
2C (mid case)	276	495	79
3C (high case)	392	817	108

With the confirmation of the resource upgrade, the Mako gas field has, on a 2C resource basis, been shown to be one of the largest gas fields ever discovered in the West Natuna Basin.

The operator has now turned their focus to key commercial objectives, which are necessary to advance the Duyung project to a Final Investment Decision. This includes the submission of an updated Plan of Development ("PoD") to the Indonesian authorities – a necessary step given the significant resource upgrade since the original PoD was approved in early 2019. Gas Sales Agreement negotiations are also continuing, with the operator targeting signature of a Gas Sales Agreement in 2022. These negotiations, which we expect to be achieved during 2022, are taking place against a positive backdrop of stabilising commodity markets and an improving macroeconomic picture.

Italy

In May 2021, we announced that we entered into a binding conditional SPA with Dubai Energy Partners, Inc. ("DEPI") to dispose of our Italian business through the sale of our wholly owned subsidiary, Coro Europe Limited. Post balance sheet, the Company announced in March 2022, that DEPI was not able to obtain the necessary government approvals to satisfy the binding conditions of the SPA. The Company has therefore decided, on the back of recent structural increases in gas prices, to relaunch. At publication, the expected annual free cash flow from producing assets is expected to be €5mio per annum based on the price of €0.92scm and continued strong production from Sillaro.

Operationally, gas prices in Italy continued their upward trajectory from 2020 to 2021 and post balance sheet continued to rise. This represented a close to doubling of gas prices and provided a very favourable economic backdrop for the rejuvenation of our gas producing portfolio.

Going forward, gas prices are expected to remain high into 2023 before they start to dip slightly, meaning continued high revenue production from our assets.

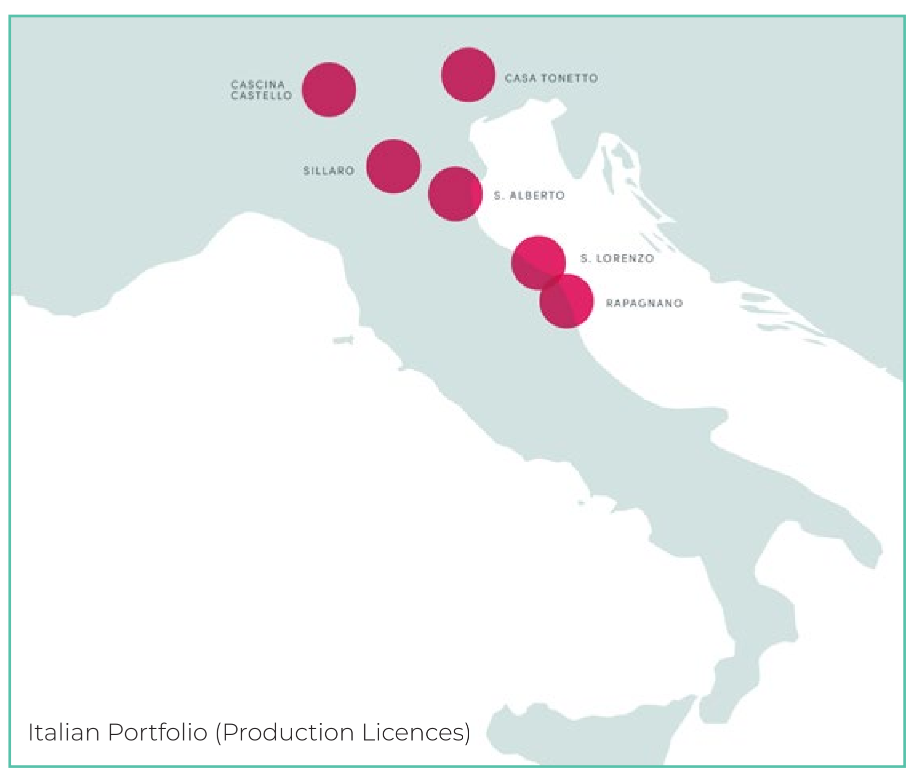
Concerning the licencing, the repurchase of 10% of the Bezzecca field from Petrorep Italian Srl, was completed on 1 February 2021, taking Coro's interest to 100%.

The cost mitigating actions undertaken in 2020 continued in 2021, maintaining the net cash outflow from operating activities from our Italian business under control, €842k in 2021 vs. €1M in 2020. Our Sillaro field has been producing since March 2022 and after a short suspension is back in production. We plan to bring Bezzecca back on stream in due course.

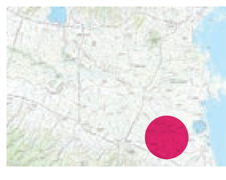
Asset	2P Reserves 31 December 2020 (MMscm)	Production 2021 (MMscm)	Revisions Recalculation 2021 (MMscm)	2P Reserves 31 December 2021 (MMscm)
Sillaro	61.9	–	–	61.9
Bezzecca	64.8	–	–	64.8
S. Alberto	58.9	–	–	58.9
Rapagnano	23.2	(2.3)	0.1*	21.0
Casa Tiberi	2.2	(0.5)	0.8**	2.5
	211.0	(2.8)	–	209.1

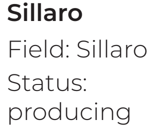
* Internal recalculation of reserves due to new static pressure measurement.

** In consideration of the additional potential from a deeper producing level that will be opened in 2022.

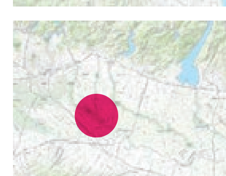


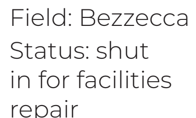
Italian Portfolio (Production Licences)



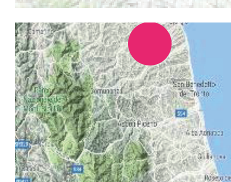


Sillaro
Field: Sillaro
Status: producing

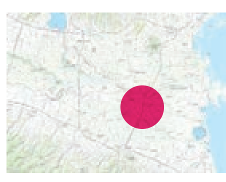




Cascina Castello
Field: Bezzecca
Status: shut in for facilities repair



Rapagnano
Field: Rapagnano
Status: producing



Sant'alberto
Field: S. Maddalena
Status: field development

Operational Review
continued

Renewables

In 2021, we commenced work on the development of our renewables projects in the Philippines and Vietnam. In the Philippines, we set up the local company and a desk-based wind measurement tool, where initial results are extremely encouraging.

In Vietnam, post our JV formation with VPE, we have started work on our pilot 3 MW rooftop solar project. We are currently in the pre-construction phase, which will see us conclude engineering and commence procurement, with construction expected to commence in Q3 and energised before year end 2022.

Philippines

Our projects in the Philippines are driven by an experienced in-country team comprising of a board of three Filipino national directors. The board is supported by a further team of six, fulfilling a range of roles across technical, financial and administration. The 100% subsidiary of Coro Energy Plc is called Coro Clean Energy Philippines Inc and was established in August 2021.

The 100 MW wind project commenced with desktop studies, which were completed during 2021, and confirm that transmission capacity is available. We are exploring different solutions for optimising grid connections and transmission from the wind and solar facilities.

We are also reviewing the potential for a hybrid solution of wind, solar and storage to smooth power delivery and maximise capacity.

We are in the process of constructing a met mast in the Philippines in order to confirm the meteorological conditions on a wind farm location that shows great promise. The met mast is 130m to provide information for the latest wind turbines with hub heights of 130m, which will produce upwards of 6 MW. The site location is favourable as it is approx. 600m AMSL as a plateau within 2km of the coast. We are also deploying a LiDAR to the wind farm location to further confirm our expectations of wind conditions in the area.

Next steps for our wind project include:

1. Service Contract Acquisition
2. Land Acquisition

100 MW utility scale solar

- 2 x Pre-development projects approximately 6 months from RTB status
- Currently prioritising land access, PPA, Energy service contracts
- Management are targeting IRR between mid-teen to mid-twenties
- Potential to sell projects at RTB (current market is c. US$200k per MW)

100 MW utility scale onshore wind

- Pre-development project approximately 12 months from RTB status
- 12-month wind data collection process initiated (Lidar measurement campaign and 130m met mast currently under engineering design)
- Annual production forecast to above 400,000 MWh with average wind speeds of >6m/s and capacity factor in the range of 40-50%
- Management are targeting IRR between mid-teen to mid-twenties.

Financial Review

> "A strategic fundraise was completed in March 2021, positioning the Company for future growth, and to enable the transition to a low carbon energy company."
>
> **EWEN AINSWORTH**
> Chief Financial Officer

During 2021, the industry continued to grapple with the challenges caused by the pandemic and its impact on the energy sector. We maintained the lower cash burn across all areas of the business, benefiting from the actions taken in 2020. Energy prices in 2021 started on an upward trajectory, which following recent events in Ukraine have recently achieved even higher levels. A strategic fundraise which raised net proceeds of £3.9m (US$5.3m) was completed in March 2021, positioning the Company for future growth, and to enable the transition to a low carbon energy company.

2021 RESULTS

The 2021 loss before tax from continuing operations was US$6.4m (2020: loss US$8.0m). The overall loss before tax saw only a slight increase of US$0.3m in general and administrative ("G&A") expenses offset by a gain on foreign exchange of US$2.2m (2020: loss US$1.1m) due to the strength of the US dollar against the Euro during the year, resulting in the unrealised gain.

As noted above, we took decisive action in 2020 to reduce our overhead cost base in response to the COVID-19 pandemic. These cost savings have been sustained during 2021.

In an announcement on the 27 May 2021, the Company signed a conditional share purchase agreement ("SPA") with Dubai Energy Partners, Inc ("DEPI"), in respect of the disposal by the Company of its Italian portfolio to DEPI. As a result, in accordance with IFRS 5 Non current assets held for sale and discontinued operations, the assets and liabilities of the Italian business are classified as a disposal group held for sale at the 31 December 2021. The Italian business represents a separate geographical area of operation for the Group so remains as a discontinued operation in the statement of comprehensive income. This is not withstanding the fact that subsequent to the year end, the sale process was terminated and following a full review of the gas assets in Italy, it was decided that they would no longer be marketed for sale; therefore, from the interims, these operations will be reclassified as continuing.

Financial Review
continued

The 2021 loss before tax from discontinued operations was US$1.5m (2020: US$2.2m).

Production from the Italian gas fields made a gross profit of US$0.2m in 2021 compared to a loss of US$0.2m in 2020.

The focus continued in 2021 on minimising costs, with a further reduction of US$0.2m in G&A and other income of US$1.2m.

The accounting loss from discontinued operations was impacted by an IFRS 5 impairment charge recorded against non-current assets totalling US$2.4m. No tax charge arose in the year.

2021 FINANCIAL POSITION

The Group has a 20.3% interest in ion Ventures and, as a result, the Group is therefore deemed to have significant influence over ion. Accordingly, our investment is classified as an investment in associates on the Group balance sheet. Our share of ion losses for 2021 was US$0.2m (2020: US$16k).

Intangible exploration and evaluation assets relating to our 15% interest in the Duyung PSC increased to US$17.5m (2020: US$17.3m) reflecting our share of the venture's capital expenditure for 2021.

We saw an increase in the closing Eurobond liability to US$26.6m across current and non-current liabilities (2020: US$25.0m). This was partly due to amortisation of the bonds totalling US$4.5m, but was also the result of weakening of the Euro compared to the prior year.

Net liabilities of the Italian business, treated as a disposal group held for sale, totalled US$0.7m at year end (2020: net assets of US$496k).

The Group ended the year with net liabilities of US$5.5m (2020: net liabilities US$4.9m).

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. As stated in Note 2 of the 2021 financial statements, at 31 December 2021 the Group had cash reserves of US$3.3m (excluding cash recorded within assets of the Italian disposal group held for sale).

Management have prepared a consolidated cash flow forecast to the end of June 2023 inclusive of the Italian portfolio which is no longer for sale and shows that the Group has sufficient cash resources to meet its obligations.

Further information relating to going concern as the basis of preparation is in Note 2 of the financial statements.

The Group's €22.5m Eurobond was restructured following the year end and now matures in April 2024.

EWEN AINSWORTH
Chief Financial Officer

Cash at Year End

£3,334
+00.0%

General & Administrative Expenses ("G&A")

£3,276
+00.0%

Managing Risk

Our Approach to Risk Management

The Board of Directors recognises that an effective risk management framework is essential to safeguard the Group's assets and enable it to meet its strategic objectives. The Board takes overall responsibility for identification and mitigation of risks, while the Audit Committee has delegated responsibility for reviewing and monitoring the internal control and risk management systems on which the Group is reliant. In the Board's judgement, the following principal risks represent the biggest threat to the ability of the Group to deliver on its strategy.

Risk	Description and Impact	Mitigation	Status
Strategic risks			
Availability of funding	Coro's asset portfolio does not yet generate the cash necessary to grow the business at a rate commensurate with its ambition and the Group will need to raise additional funds to implement its strategy. The ability of the Group to raise funds will depend on factors not wholly within the control of management, including general market sentiment and attitudes toward small-cap energy companies. As a result, there can be no assurance that the required funding will be available on favourable terms, if at all. Failure to raise required funds could have a material adverse effect on the Group's business, operating results and financial condition, and may result in erosion of value for investors. Despite increased revenue from Italian production, this risk has increased due to the current global political instability and availability of funding for small-cap firms.	The Group's strategic focus on acquiring and developing an asset portfolio, which is aligned with the ongoing energy transition, partly mitigates the risk posed by negative sentiment towards the future prospects for the hydrocarbon industry. Management also seeks to mitigate this risk through prudent management of costs and rigorous evaluation of investment opportunities to ensure these will be attractive to investors in the debt and capital markets. Ultimately, the Group is targeting self-sustaining cash flow from its asset portfolio.	▲
Failure to identify suitable M&A opportunities and/or failure to successfully execute M&A	The Group's strategy is to build an energy business focused on the South East Asian market. To deliver on this strategy, the Group needs to identify and execute value-accretive acquisitions in the region and is actively engaged in evaluation of individual assets as well as asset portfolios. There is a risk that the Group fails to identify suitable acquisition targets, or that deals cannot be closed on assets deemed to be attractive. Failure to identify and/or close M&A opportunities could lead to a loss of confidence in the Group's management, resulting in poor share price performance and tightening of funding availability, as well as depleting available cash balances through unsuccessful business development spend.	The Group mitigates this risk through employing appropriately skilled financial, technical and operational staff/ consultants with experience across upstream oil and gas and low-carbon energy assets in South East Asia. Potential opportunities are evaluated based on a range of criteria both financial and non-financial to ensure only value-accretive assets suitable for the Coro business are acquired.	▶

Managing Risk
continued

Risk	Description and Impact	Mitigation	Status
Commodity prices	The Group is exposed to risks arising from fluctuations in the demand for, and price of, hydrocarbons. Oil and gas prices depend on numerous factors over which the Group does not have any control, including global supply, international economic trends, currency exchange fluctuations, inflation, consumption patterns and global or regional political events. Through its investment in ion Ventures, the Group is indirectly exposed to the risk of fluctuation in wholesale electricity prices, which impact the value of ion's energy storage assets. This risk has increased as despite an overall increase in energy prices, political instability could bring further volatility in the year ahead.	For assets in the production phase, the Group mitigates this risk through entering into fixed price gas sales agreements where commercially acceptable. In terms of evaluating and sanctioning new hydrocarbon or low-carbon investments, the Group adopts a conservative price forecast to ensure capital is allocated to projects with robust economics, even in lower commodity price environments.	▲
Operational risks			
Oil and gas exploration and production risks	Coro remains the operator of a portfolio of gas assets in Italy. Through this portfolio, and our non-operated interested in the Duyung PSC, Coro is exposed to a wide variety of risks, including failure to locate hydrocarbons, changes to reserve estimates or production volumes, variable quality of hydrocarbons, weather impacts, facility malfunctions, lack of access to appropriate skills or equipment and cost overruns. Failure to effectively manage these risks could lead to decreased cash generation, lower profitability and a deterioration in the financial position of the Group. This risk, however, has decreased as high gas prices in Italy have brought increased revenue in 2022 post balance sheet close.	The Group has extensive experience operating its existing asset base in Italy, as well as assets in South East Asia, and has the right mix of technical, financial and operational skills necessary to successfully develop and produce oil and gas safely and economically. In non-operated joint ventures such as Duyung, the Group seeks to be an active participant in the key activities of the venture, to the extent possible under joint operating agreements.	▼

Key

Increase Decrease No change

Risk	Description and Impact	Mitigation	Status
Health, safety and environmental matters	Development and production of oil and gas involves risks that may impact the health and safety of personnel, the community and the environment. Industry-wide operating risks include fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. Failure to manage these risks could result in injury or loss of life, damage or destruction of property, and damage to the environment. Losses or liabilities arising from such incidents could significantly impact the Group's financial results. As we return to increased production in our Italian portfolio, this risk has increased.	The Group operates its Italian assets and mitigates these risks through a focus on responsible operation, ensuring close adherence to all regulatory standards in respect of Health, Safety and Environment matters. This includes regular inspection and maintenance of all our gas production facilities. All Health, Safety and Environment activities are overseen by a dedicated Board committee. Where we are not the operator of a venture, we seek to take an active role in joint venture management and operating committees, and work with the operators to foster a culture of responsible asset stewardship. Our renewed sustainability strategy that will be approved at board level aligns us with relevant Sustainable Development goals to ensure that this stewardship is achieved.	▲
Changes to law, regulations or government policy, political and emerging market risk	Changes in law, regulations and/or government policy may adversely affect Coro's business. Examples include changes to land access, the introduction of legislation that restricts or inhibits exploration, development and production of hydrocarbons, and unexpected changes to subsidy regimes for low-carbon energy assets. Similarly, changes to direct or indirect tax legislation may have an adverse impact on the Group's profitability, net assets and cash flow. Further, the Group has expanded its footprint in South East Asia where countries generally exhibit emerging market characteristics such as less established fiscal and monetary controls, laws, policies and regulatory processes. The Group is exposed to the resultant risk of being adversely affected by possible political or economic instability in its countries of operation including, inter alia, security risks, expropriation of assets, changes in mining or investment policies, inconsistent interpretation of laws and regulations including tax law, extreme fluctuations in currency exchange rates and high rates of inflation. All of these factors could materially adversely affect the Group's business, results of operations, financial condition or prospects. Once again, political instability and threat of whole regime changes has increased this risk.	To mitigate these risks, the Group employs staff and professional advisers with experience operating in all the Group's key territories and continuously monitors political, legal and economic developments in all its geographies. Active dialogue is maintained with local regulatory authorities in the Group's areas of operation.	▲

Managing Risk
continued

Risk	Description and Impact	Mitigation	Status
Alignment with joint venture partners	Development of energy assets is commonly undertaken with partners in order to spread risk and reduce upfront capital commitments for each party. Coro is currently party to a Joint Operating Agreement on the Duyung PSC, a Joint Venture partnership with VPE in Vietnam for the development of a rooftop solar portfolio and a Shareholder Agreement for its investment in ion Ventures. While these agreements are designed to establish the rights and obligations of all parties, and clarify governance arrangements for investees, there is a risk that the priorities of our partners will not be aligned with our own. This could lead to conflict between partners and delays in development of projects, resulting in variability in the Group's forecast cash flows and profitability. There are also risks associated with the continuing ability of partners to fund their share of expenditures where this is applicable, as it is on the Duyung venture. Our partners are facing similar funding challenges, hence we feel this risk has increased.	The Group seeks to mitigate this risk through appropriate diligence on potential partners prior to investing in a venture, as well as through active participation in the key decisions of each project to the extent permitted by joint operating/ shareholder agreements.	▲
Dependence on key personnel	The future performance of the Group will, to a significant extent, be dependent on its ability to retain the services and personal connections or contacts of key personnel and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced candidates to form a high-calibre management team. Such key personnel are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers. The loss of the services of any key personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Group.	The Group seeks to mitigate this risk through structuring appropriate incentive packages for key executives and staff, as well as providing a challenging and enjoyable work environment. The Group's key initiatives are also managed internally by teams, which mitigates the risk posed by the loss of any key management personnel.	▲

Key

Increase Decrease No change

ESG Statement of Intent

Coro initiatives to incorporate Environmental, Social, and Governance ("ESG") criteria into our operating framework reflect our commitment to our shareholders, partners, employees, and the communities in which we operate.

As Coro progresses towards realising our vision of building a mid-tier South-East Asian energy company that supports the regional transition to a low carbon economy, we will work to ensure ESG is rooted in our systems, processes and decision-making so it is a fundamental part of how we do business. This will be a long-term, continuous process of aligning our operations and controls with our values as a company.

Transparency and honesty to our stakeholders will remain at the centre of our ESG journey. We are currently implementing comprehensive policies and management systems to govern our operations and decision-making across our business. We are also working towards reporting in compliance with the internally recognised frameworks Global Reporting Initiative ("GRI") and the Taskforce for Climate-Related Financial Disclosures ("TCFD") for the calendar year 2023.

Progress on our ESG Journey

In preparation for compliant reporting to GRI and TCFD standards, we conducted an internal audit in Q4 2021 of the key ESG data currently being collected. We have begun putting in place processes to ensure the data we collect is accurate across all aspects of our business and that it is in line with our future goals.

We conducted an internal review of our Material Topics with the Management Team and plan to expand and review this materiality assessment with select stakeholders during 2022 and 2023, to ensure we are focusing on our partners and local communities.

We are in the process of finalising our ESG strategy, which will include measurable targets and goals that we can monitor and demonstrate our commitment to delivering ESG within our operating framework in a way that is transparent and provides for continuous improvement. We plan to publish our ESG strategy on our website in Q2 2022, once approved by the Board.

Our ESG Intentions

We believe the Environmental, Social and Governance facets of ESG are intricately connected and cannot be addressed in isolation. We strive to conduct our business in a holistic way that ensures each of these elements are considered with the objectives of minimising harm and maximising benefits to the Company, the environment and all our stakeholders.

Our core areas of focus for the next two years are:

- Safe and efficient production from our Italian gas assets, working on minimising our environmental impact;
- Efficient design, installation and operation of our wind and solar renewable energy projects in Vietnam and Philippines that has minimal negative impact on the local environment and communities;
- Quantify, track and reduce our Greenhouse Gas ("GHG") emissions;
- Contribute to the long-term economic benefit of local communities by supporting local content and diversity and building local skills capacity;
- Be a partner of choice for our employees and communities through delivering consistent, top quartile safety performance and supporting health and education in the communities in which we work;
- Conduct our business with the highest degree of ethics and integrity by demonstrating management commitment to strong and transparent ESG performance with zero tolerance of bribery and corruption; and
- Build positive stakeholder relationships for the long term.

Committed to a Journey of Continuous Improvement

The Management and Board of Coro is committed to this journey of continuous improvement and transparency, reporting its performance and demonstrating to Coro's stakeholders it is a responsible energy partner to support South East Asia in their transition to a low carbon economy.

ESG

At Coro, we are conscious that while our strategy is focused on the energy transition, our assets still give us exposure to gas. However, as coal supply (the dominant energy source in South East Asia) becomes disrupted with Indonesia stopping exports, it is clear the need for gas which is 50% less carbon intensive than coal is still apparent and increasing.

During 2021 and early 2022, we reviewed our existing ESG strategy and engaged an experienced team of ESG consultants to identify and align our strategy to the appropriate Sustainable Development Goals. This work is ongoing and we look forward to updating shareholders on our progress. We will also be engaging with our key stakeholders assessing what is important to them from an ESG standpoint.

While we fine tune our ESG strategy, the core principles as below remain in force across our operations.

Environment

We respect the environment in which we operate and pledge to act with consideration and minimal impact on the natural world. We do business under all appropriate international and local environmental regulations. As we expand and develop our operations in South East Asia, sensitivity around site selection both in the development stage and, as our assets reach final stage, sensitive restoration is key for Coro.

Social

We treat our employees, partners and in country hosts fairly and with respect. We encourage diversity and social change for good and have been involved in several projects in Italy over recent years, including assisting with building a school in the local area. As we expand on our operations, our relationships with local communities in which we operate within South East Asia will be a priority.

Governance

As a listed entity, we follow the Quoted Companies Alliance Corporate Governance Code 2018 ("QCA Code"), as well as the regulations and best practice guidance given by AIM and the FCA. Our Board meets regularly to opine on key strategic decisions and we employ a company secretary who records all meetings and (together with our Nominated Adviser) assists with guiding us and advising us on all governance related matters.

Directors' Statement under s.172(1) CA 2006

Section 172 (1) of the Companies Act 2006 obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole.

This section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) to:

a. the likely consequences of any decision in the long term;
b. the interests of the Company's employees;
c. the need to foster the Company's business relationship with suppliers, customers and others;
d. the impact of the Company's operations on the community and environment;
e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly as between members of the Company.

The Board of Directors is collectively responsible for formulating and delivering on the Company's strategy. When faced with the ongoing challenges in 2021 of the COVID-19 pandemic, the Board and Executive team continued to work together to progress the growth of the business as best as possible despite the difficulties resulting from the pandemic.

Some of the key decisions taken by the Board in 2021, which we believe served to promote the success of the Company for the benefit of all stakeholders, included:

- Acquisition of Global Energy Partnership Limited in Q2 2021, which gave access to several renewable projects within South East Asia including 100 MW solar and 100 MW wind projects in the Philippine.
- Established partnership with ion Ventures (Coro has 20.3% investment) and GLIL and infrastructure investment fund with £2.5bn funds backed by Local Pensions Partnership and Northern LGPs. GLIL committed up to £150m of capital and ion transferred current and new UK business to a newly incorporated vehicle, Flexion Energy Holdings UK Limited.
- Broadening of our South East Asian energy strategy: The Directors continue to strongly believe in the potential of South East Asian energy markets, where primary energy demand is forecast to continue increasing and where coal remains the primary source of electricity generation. The expected reduction in coal's share of the energy mix in these growth markets, to be replaced by gas and cleaner renewable sources, remains a key driver of the Company's strategy. Against this backdrop of growth in primary energy demand, a transition to cleaner energy, and the prevailing market conditions limiting the Company's ability to pursue a purely hydrocarbon-focused South East Asian energy strategy in the near term, the Board approved a broadening of the Group's focus beyond solely hydrocarbons to specifically include alternative, low-carbon energy sources and related technologies. This positions the Group to continue to pursue investment opportunities that satisfy growing energy demand in South East Asia, while supporting the regional transition to a low-carbon economy.

The Board places equal importance on all shareholders and strives for transparent and effective external communications, within the regulatory confines of an AIM-listed company. The primary communication tool for regulatory matters and matters of material substance is through the Regulatory News Service ("RNS"). The Company's website is also updated regularly, and provides further details on the business, as well as links to helpful content such as our latest investor presentations. We also hold investor events, which are open to all shareholders and provide a forum on our website for investors to communicate any questions or concerns to the Company. Throughout 2021, we held several Q&A sessions for investors, two virtual conferences and interviews with Proactive Investors. We also produced videos where the management team explained Coro's strategy in more detail to shareholders and potential new investors.

Our employees are one of the primary assets of our business and are critical to the future success of the Company. First and foremost, the Directors strive to ensure a safe working environment for all staff and contractors, and we are proud of our safety achievements in 2021. We also seek to reward employees with remuneration packages, which align the interests of the Company and its shareholders with those of employees. We believe we have achieved this through the award of share options, under the Company's Long Term Incentive Plan, which values medium to long-term performance over short term achievements. Employees are also provided with challenging work and external training opportunities to ensure their continual development.

Conclusion

The Directors believe they have acted the way they consider most likely to promote the success of the Company for the benefit of its members as a whole, as required by Section 172 (1) of the Companies Act 2006.

This Strategic Report was approved by the Board on 27 June 2022 and signed on its behalf by:

MARK HOOD
Chief Executive Officer

Corporate Governance Statement

As Chairman of the Company, it is my responsibility to work with my fellow Board members to ensure that the Company embraces the highest standards of corporate governance and to manage the Board in the best interests of our many stakeholders. The Board shares my belief that practising solid corporate governance is essential for building a successful and sustainable business, and our commitment to good corporate governance has allowed us to build a healthy corporate culture throughout the organisation.

The Company adopts the Quoted Companies Alliance Corporate Governance Code (2018) (the "QCA Code"), which it still believes to be the most appropriate governance code for Coro. We report our compliance with the QCA Code on the Company's website and in this Annual Report.

The Company is developing its growth strategy of seeking low carbon energy investments in South East Asia, together with its existing interest in the Duyung PSC. The Company is committed to responsible and ethical business practices when we make any business decisions, at both Board and operational levels. This is particularly important to us as an acquisitive business, and our culture is something that we maintain and closely monitor.

In 2020, the Board recognised the prevailing global events caused by the COVID-19 pandemic and the downturn in global oil prices, and, as a result, the Company made the decision to implement a cost-reduction programme, which included changes to the Board. During 2021, following the acquisition of Global Energy Partnership Limited and the move to a strategy of investing in renewable energy projects, the Company strengthened its executive position by appointing Mark Hood as CEO and a member of the Board in March 2021. Mark has over 20 years' experience in utility scale energy projects at all stages of development, asset transition, and rejuvenating off track organisations and projects.

The importance of engaging with our shareholders continues, and the Board strives to ensure that there are numerous opportunities for investors to engage with both the Board and Executive team.

JAMES PARSONS
Executive Chairman

QCA Code – Application, principles and disclosure requirements

The Board of Directors of the Company recognises the importance of corporate governance and applies the QCA Code, which we believe is the most appropriate governance code for a company of our size with shares admitted to trading on the Alternative Investment Market ("AIM") of the London Stock Exchange. The QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all its stakeholders.

The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business, as summarised below. Further disclosures regarding the Company's application of the QCA Code can be found on the Company's website.

PRINCIPLES	CORO RESPONSE
Establish a strategy and business model that promotes long-term value for shareholders	The Group's strategy and business model are outlined on pages 8 to 9.
Seek to understand and meet shareholder needs and expectations	While opportunities for in-person engagement with shareholders have been restricted by the COVID-19 pandemic, the Group seeks to engage with shareholders regularly through its Regulatory News Flow, periodic online Question and Answer forums and preparation of investor presentations, which are updated quarterly and available on the Group's website, and the Board looks forward to welcoming shareholders in person to the 2022 General Meetings. It is hoped that more face-to-face engagement will be possible during 2022.
Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Group seeks to be a responsible corporate citizen in all its territories of operation and has an "open door" policy internally where employees can raise opinions and concerns to management. We are committed to operating our business according to the highest international safety and environmental standards. We strive to deliver lasting benefit to the communities and environments where we work as well as our shareholders, contractors and employees.
Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Group has an effective risk management framework, which is subject to oversight by the Audit Committee. See further details on page 17.
Maintain the Board as a well-functioning balanced team led by the Chair	Refer to further discussion of the Board structure, composition and processes on page 28.
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The complementary skills and experience of our Board and management team are included on pages 26 to 27.
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	Refer to a discussion of Board evaluation on page 29.
Promote a corporate culture that is based on ethical values and behaviours	The Group's employees are bound by a Code of Conduct, which sets forth the standards expected by the Company. This includes a zero-tolerance approach to bribery and corruption, and a commitment on the part of all employees to a high level of honesty, care, fair dealing and integrity in the conduct of Coro's business activities. A Whistleblowing Policy is in place to provide a framework for employees to call out unethical or illegal behaviour.
Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	Refer to further discussion of the Group's governance structures, including matters reserved for the Board, on page 28.
Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Group's financial and operational performance are summarised in the Annual Report and the Interim Report, with regular updates provided to stakeholders in other forums through the year, including press releases, investor events and regular updates to the Group's website.

Board of Directors

JAMES PARSONS
Executive Chairman

James has over 25 years' experience in the fields of strategy, management, finance and corporate development in the energy industry. He started his career with the Shell group where he spent 12 years working across Brazil, the Dominican Republic, Scandinavia, the Netherlands and London.

James is also Chairman at Ascent Resources plc and Corcel plc.

James was previously Chief Executive at Sound Energy Plc for eight years, is a qualified accountant and has a BA Honours in Business Economics.

MARK HOOD
Chief Executive Officer

Mark is the co-founder of Global Energy Partnership Ltd, now Coro Asia Renewables Ltd.

He has over 20 years' experience in utility scale energy projects at all stages of development and asset transition, having delivered projects for BP and Capricorn Energy (formerly Cairn Energy) in locations across Asia as well as Greenland, Africa and Europe.

Having worked across the energy space, Mark has a wealth of experience in oil and gas, nuclear and renewable energy projects and operations, where most recently he developed the portfolio for GEPL.

Mark is a qualified Project Manager with PMP and a MSc in Project Management.

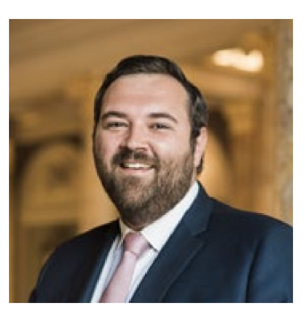
STEPHEN BIRRELL
Independent
Non-Executive Director
(appointed on 25 March 2022)

Stephen is a highly experienced geoscientist who has worked in the upstream oil and gas industry for over 35 years with a particular focus on gas developments across multiple jurisdictions with Britoil, BP and Elf and Sterling Resources, where he discovered and initiated the development of the Black Sea gas field complex, Ana/Doina in Romania. Stephen has a BSc Honours in Applied Geology and is a member of the Association of International Petroleum Negotiators and the Society of Petroleum Engineers.

FIONA MACAULAY

Independent
Non-Executive Director

Appointed to the Board
12 December 2017
Resigned from the Board
25 March 2022



ANDREW DENNAN

Non-Executive Director

Appointed to the Board
22 March 2019
Resigned from the Board
14 June 2022

MARCO FUMAGALLI
Non-Executive Director

Marco is a Founding Partner at Continental Investment Partners SA, a Swiss-based fund. Marco is a well-known Italian businessman who was a former Group Partner at 3i. He is a qualified accountant and holds a degree in Business Administration from Bocconi University in Milan.

Marco is also a Non-Executive Director of SourceBio International Plc, Sound Energy plc and Echo Energy plc.

Management

EWEN AINSWORTH
Chief Financial Officer

Ewen is an experienced AIM company director. He is currently a Non-Executive Director of Corcel Plc and CEO of Discovery Energy Limited, an advisory, consultancy and investment company and has worked in a variety of senior and board-level roles in the natural resource sector for over 30 years, most recently as Finance Director for San Leon Energy and Gulf Keystone Petroleum Ltd. He qualified as a chartered management accountant, before moving into leading commercial roles. He holds a degree in Economics and Geography from Middlesex University, and is a member of the Energy Institute.

MICHAEL CARRINGTON
Chief Operating Officer

Michael co-founded Global Energy Partnership Ltd and has over 30 years experience of energy efficiency and clean tech generation in the built environment, including strategic management, acquisition integration, research and development commercialisation, project origination, due diligence, and project pre-development across Europe, UK and ASEAN countries.

LEONARDO SALVADORI
Managing Director, Italy

Leonardo has over 30 years of international exploration, business development and general management experience. He has worked in Libya and Norway as an explorationist and in Italy with exploration and new ventures roles, focusing on international asset evaluations, portfolio development and corporate acquisitions, with a specific focus on the Middle East, Africa, Asia and the North Sea.

Corporate Governance Framework

Role of the Board

The Group continued to evolve in 2021 and grew through acquisition of Global Energy Partnership Ltd (now Coro Asia Renewables Ltd) and continues to develop the business, so it is critical that the Group's governance and control structure is robust, clearly defined and communicated. The Board of Directors is responsible for the overall management and performance of the Group and operates within a framework of prudent and effective controls, which enables risk to be assessed and managed. It is also collectively responsible for the success of the Group and operates within a framework of reserved matters, delegations and assurance.

Governance Structure

In 2021, following the appointment of Mark Hood on 17 March 2021, the Board was comprised of a Chief Executive Officer, Non-Executive Chairman and three Non-Executive Directors. Post the year end, the Non-Executive Chairman transitioned to Executive Chairman.

Currently, the Board comprises of James Parsons, Executive Chairman; Mark Hood, Chief Executive Officer; Marco Fumagalli, Non-Executive Director; and Stephen Birrell, Independent Non-Executive Director.

Michael Carrington joined the Company in March 2021 as Chief Operating Officer. Michael co-founded Global Energy Partnership Ltd and has over 30 years' experience of energy efficiency and clean tech generation in the built environment. Peter Christie left the Group as CFO in November 2021, following which Ewen Ainsworth joined the Company as CFO, appointed on 28 February 2022. Ewen has responsibility for the commercial and financial management of the Group, reporting to the CEO. Leonardo Salvadori, Managing Director of Italy, remains responsible for Italian operations and assists with the Group's wider South East Asian activities as required, reporting to the CEO. Mark Hood was appointed as Chief Executive Officer in March 2021. Prior to Mark's appointment, the Group's Non-Executive Directors provided additional assistance to the Executive team as required to ensure continuity of operations.

Matters Reserved for the Board

The Board retains full and effective control over the Group and is responsible for the Group's strategy and key financial and compliance issues. There are certain matters that are reserved for the Board, which are reviewed on an annual basis, and they include:

- **Strategy and management**
  (approval of strategic aims and objectives; approval of the Group's annual operating and capital expenditure budgets and changes; decision to cease to operate all or any material part of the Group's business);
- **Structure and capital**
  (major changes to the Group's corporate structure; any change to the Company's listing);
- **Financial reporting and controls**
  (approval of financial results; annual reports and accounts; dividend policy and declaration of any dividend; significant changes in accounting policies/practice; and treasury policies);
- **Internal controls**
  (ensuring maintenance of a sound system of internal control and management);
- **Contracts**
  (major capital contracts; contracts that are material or strategic; and major investments or any acquisitions/disposals);
- **Communications**
  (approval or resolutions and documentation put forward to shareholders);
- **Board membership and other appointments**
- **Remuneration**
  (determining the remuneration policy for Directors, senior Executives and Non-Executive Directors; introduction of new share incentive plans; and changes to existing plans);
- **Corporate governance matters**
  (review of the Group's overall corporate governance arrangements);
- **Policies**
  (approval of Group policies, including the share dealing code);
- **Other**
  (litigation involving £5m and over or otherwise material to the Group; approval of the appointment of professional advisers; and approval of overall levels of insurance for the Group).

Board Committees

The Board has formed four committees: the Audit Committee, the HSE/Technical Committee, the Nominations Committee and the Remuneration Committee, with delegated responsibility to monitor their respective areas and to report back to the full Board. The Committees operate under clearly defined terms of reference, which are kept under review, to ensure proper functioning of the committees and effective application of best practice. The Directors appointed to each Committee are outlined below, with the HSE/Technical Committee supported by additional employees with the appropriate skills and experience during the year.

Board meeting attendance

Year ended 31 December 2021	Board (scheduled)	Board (ad hoc[1])	Audit Committee	Remuneration Committee	HSE Committee	Nominations Committee
Number of meetings held	**5**	**7**	**3**	**4**	**5**	**0**
James Parsons	5	7	–	1[2]	–	–
Mark Hood[5]	4	4	–	–	–	–
Andrew Dennan[3]	5	7	–	–	–	–
Marco Fumagalli	5	7	3	4	–	–
Fiona MacAulay[4]	5	7	3	4	5	–

1 Ad hoc meetings are called for specific matters, generally of a more administrative nature not requiring full Board attendance.
2 Attended one meeting prior to stepping down as a member of the Committee, in Q1 2021.
3 Resigned on 14 June 2022.
4 Resigned on 25 March 2022.
5 Appointed to the Board on 17 March 2021.

Board Evaluation

The Directors consider seriously the effectiveness of the Board, its Committees and individual performance.

The Board generally meets formally five times a year with ad hoc Board meetings as the business demands. There is a regular flow of communication between the Directors and the Executive management team.

Board meeting agendas are set in consultation with the management team and the Chairman, with consideration being given to both standing agenda items and the strategic and operational needs of the business. Comprehensive Board papers are circulated well in advance of meetings, giving Directors ample time to review the documentation and enabling an effective meeting.

Resulting actions are tracked for appropriate delivery and follow up. The Directors have a broad knowledge of the business and understand their responsibilities as directors of a UK company quoted on AIM.

The Company's Nomad provides annual boardroom training as well as initial training as part of a Director's onboarding. The Company Secretary, assisted by the Group's solicitors, helps keep the Board up-to-date with developments in corporate governance and liaise with the Nomad on areas of AIM requirements. The Company Secretary has frequent communication with both the Chairman, CEO and management team and is available to other members of the Board as required.

The Directors also have access to the Company's auditors and lawyers as and when required, and the Directors are able, at the Company's expense, to obtain advice from other external advisers if required.

The Board recognises that, in order to meet the requirements of the QCA Code, a Board effectiveness process needs to be considered in the short to medium term. To date, a formal Board effectiveness review has not been undertaken given recent Board changes; however, a formal review will take place when the Board is settled in. The Directors are committed to ensuring the ongoing efficient functioning of the Board to ensure it is meeting its objectives.

Auditor Rotation

The Company's policy is to undertake an audit tender at least every ten years and to change auditors at least every 20 years. The incumbent auditor, PKF Littlejohn LLP, has been the Company's auditor since its first financial period, which ended 31 December 2017, meaning this is their fifth year as the Company's auditors. The audit of the 2021 financial statements is the final year for the current audit partner, Joseph Archer, given the requirement to change audit partner every five years. The Company does not have any plans to retender the audit in the next 12 months.

Corporate Governance Framework
continued

Board reports

Audit Committee
The Audit Committee comprises Marco Fumagalli (Chair) and Stephen Birrell. Fiona MacAulay served as Chair until her resignation in March 2022.

Scope and responsibilities:

The Audit Committee is mainly responsible for the oversight of financial reporting in accordance with regulatory and statutory requirements, and for the review and monitoring of the Group's internal financial control and risk management systems. The Committee meets a minimum of twice a year.

2021 activities:
- Reviewed the 2020 audit plan and approved auditor's remuneration.
- Reviewed and approved the Group's 2020 Annual Report and 2021 Interim Report.
- Reviewed the independence and competence of the Group's auditor, PKF Littlejohn LLP ("PKF") and recommended their reappointment.
- Considered the going concern position of the Group.
- Reviewed the Group's risk register.

Remuneration Committee
The Remuneration Committee comprises Non-Executive Directors Stephen Birrell (Chair), and Marco Fumagalli. James Parsons stood down from Chair of the Committee at the end of January 2021, at which point Fiona MacAulay assumed the position of Chair of the Committee until she stepped down from the Board in March 2022.

The Committee generally meets twice a year and is responsible for making recommendations to the Board of Directors on senior Executives' remuneration.

The Committee reviews the overall Remuneration policy of the Company, the Executive Director's scorecard, and bonus awards related to the achievements of the targets set.

2021 activities:
- Reviewed and approved the 2020 bonus awards to Executives and management and the 2020 scorecard.
- Discussed and debated the changes to the Executive management team.
- Reviewed the Group's long-term incentive structures.
- Put in place a new LTIP scheme for the Company and approved awards to be made under the scheme.
- Considered the remuneration package for the incoming CEO and members of the Executive Management team.

Nominations Committee
The Nominations Committee comprises of James Parsons (Chair) and Marco Fumagalli. Fiona MacAulay served as Chair until her resignation in March 2022.

The Committee was established during 2020, with matters pertaining to Nominations previously dealt with by the Remuneration Committee.

The role of the Committee is to consider Board composition and succession planning, to identify candidates for NED positions and to make recommendations to the Board.

2021 activities:
- Assisted with the appointment of the CFO.
- Considered the near term composition of the Board to ensure the right support was provided for the incoming CEO.
- Reviewed and approved the 2021 scorecard.

HSE/Technical Committee
The HSE/Technical Committee comprises Stephen Birrell (Chair) and Leonardo Salvadori. Fiona MacAulay served as Chair until her resignation in March 2022.

Paramount to Coro's ability to pursue its strategic priorities is a safe workplace and a culture of "safety first". The Company regards environmental awareness and sustainability as key strengths in planning and carrying out business activities.

Coro's daily operations are conducted in a way that adheres to these principles and management is committed to their continuous improvement. While growing from exploration roots, the Company has strived to continually improve underlying safety performance. The Company has adopted a Health, Safety and Environment Management System, which provides for a series of procedures and routine checks (including periodical audits) to ensure compliance with all legal and regulatory requirements and best practices in this area.

In 2021, Coro maintained its outstanding occupational health, safety and environmental track record and only one near miss to report. During 2021, the total man-hours amounted to 16,268 (2020: 19,327) with zero Lost Time Injury ("LTIs") recorded (2020: nil)

The 2021 HSE Report is provided on page 31.

HSE Report

In the first half of 2021, the Group only operated the Rapagnano gas field. Starting from July, also Casa Tiberi field was put into production. Plant and construction site maintenance activities were carried out on all the other sites.

Key activities undertaken in 2021 included:

- Implementation of all COVID-19 government measures including any necessary update of the health protocol for safe operational management and within the terms of the law.
- Update of all Company safety and environmental documentation required by the Italian regulations.
- Completion of the two-year maintenance activity at Rapagnano.
- Renewal of the fire prevention certificate on Casa Tonetto site.
- Monthly HSE visits on all sites, including those where production is suspended, continued as required.

The total man-hours worked in 2021 were 16,268 with key HSE statistics recorded in the following four main categories:

1) Man-hours Worked

	2021	2020
Company	**7,794**	9,967
Contractors	**8,474**	9,360
Total man-hours	**16,268**	19,327

2) Lagging Indicators

	2021	2020
Fatality	**0**	0
Lost Time Injury (LTI)	**0**	0
Restricted Work Case (RWC)	**0**	0
Medical Treatment Case (MTC)	**0**	0
First Aid Case (FAC)	**0**	0
Property damage	**0**	1
Environmental incident	**0**	2
Road Traffic Accident (RTA)	**0**	0
Near miss	**0**	1
HiPo (high potential incidents)	**0**	1
Lost workdays	**0**	0

3) Leading Indicators

	2021	2020
HSE inspections	**337**	293
HSE audits	**6**	13
HSE meetings	**6**	2
HSE inductions	**342**	408
Emergency drills	**3**	1
TBTs	**3**	0
Training hours	**173**	220
SHOC cards	**2**	0
JSAs	**10**	0
Management tours	**5**	0

4) Environmental Data

	2021	2020
Diesel consumed (mc)	**13**	16
Water consumed (mc)	**48**	80
Mud cuttings (mc)	**0**	0
Non-hazardous waste (tonne)	**419**	1,249
Hazardous waste (tonne)	**0**	0
Instrumentation gas (mc)	**4,200**	4,800
Electrical energy (MWh)	**47**	60

Coro is proud of its HSE achievements, with zero LTIs placing us ahead of industry averages.

Directors' Remuneration Report

Remuneration Committee

The Remuneration Committee recognises the importance of attracting, retaining and motivating talent within the Boardroom and the wider Executive team to ensure the success of the Company.

The Remuneration Committee is responsible for reviewing and determining compensation arrangements for all Directors and senior Executives. The Committee considers the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and senior Executive team.

There were changes made to the Company's Board and Executive team in early 2021 due to the acute challenges posed by the COVID-19 pandemic, which saw the Group operate with a leaner management structure, with Non-Executive Directors supporting management as appropriate. Recognising a greater time commitment for the Chairman, the Committee approved a temporary increase in the Chairman's fees from September 2020 which continued as the new Executive team embedded within the business., and until the decision in 2022 to transition the Chairman to an Executive Chair position. The Committee will continue to work to ensure that the appropriate policies and framework are in place to reward the new Executive team for achievements and targets met, which, in turn, creates value for stakeholders.

Remuneration Package – Executive Directors

The Company offers a fixed remuneration package of salary, pension and certain benefits. In addition, Executive Directors are eligible for a discretionary bonus award. Award of bonuses depends on performance against a balanced scorecard, which is agreed by the Committee. The Committee approved a new Long-Term Incentive Plan (the "LTIP") in which all Executives are entitled to participate. Under the LTIP, options may be granted to Executives annually, at the discretion of the Committee, and will generally vest in three years subject to performance vesting conditions determined by the Committee, and in accordance with the rules of the LTIP.

Non-Executive Directors' Fees

The fees paid to the Non-Executive Directors are set at a level both in line with the market and to appropriately reward and retain individuals of a high calibre and are reviewed and approved by the Remuneration Committee. The fees paid reflect the level of commitment and contribution to the Company. Fees are paid monthly in cash and are inclusive of all Committee roles and responsibilities. In addition, Directors were awarded Company share options in 2018 with a three-year vesting period to align the interests of Directors and shareholders.

Remuneration of Directors

The following remuneration table comprises Directors' salaries and benefits in kind that were payable to Directors who held office during the year ended 31 December 2021:

	Salary and cash benefits US$'000	Transitional Support	Bonus US$'000	Benefits in kind US$'000	Pensions US$'000	Total 2021 US$'000	Total 2020 US$'000
Executive Directors							
Mark Hood[1]	163		37.5	–	4.1	**204.6**	–
Non-Executive Directors							
James Parsons	89	113	–	–	–	**202**	115
Andrew Dennan	55		–	–	–	**55**	99
Fiona MacAulay	55		–	–	–	**55**	51
Marco Fumagalli	55		–	–	–	**55**	51

[1] Mark Hood was appointed as Director on 17 March 2021.

Directors' Remuneration Report
continued

Share-Based Payments

Mark Hood was granted 37.5 million new share options when he was appointed to the Board in March 2021. There were no other new share options granted to Directors in the year under the LTIP. The table below shows all outstanding share awards to the Directors. All other options were awarded to individual directors prior to the adoption of the LTIP and each have an exercise price of 4.38p per share and vest on the third anniversary of grant date. The options awarded to Mark Hood will vest after three years subject to fulfilling the set performance conditions. The total share-based payments expense recognised in respect of Directors in 2021 was US$160k (2020: US$597k). For further details, refer to note 22 of the Notes to the Financial Statements.

The number of share options held by the Directors in the current and prior year is set out below:

	Options held at 1 January 2021	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Options held at 31 December 2021
Mark Hood	–	37,500,000	–	–	**37,500,000**
James Parsons	10,000,000	–	–	–	**10,000,000**
Andrew Dennan	15,000,000	–	–	–	**15,000,000**
Fiona MacAulay	10,000,000	–	–	–	**10,000,000**
Marco Fumagalli	10,000,000	–	–	–	**10,000,000**

Directors' Interest in Shares

Directors and their connected persons had the following interests in shares of the Company at 31 December 2021:

Name of Director	No. of shares at 31 December 2021	No. of shares at 31 December 2020
Andrew Dennan	**7,280,194**	4,280,194
Mark Hood	**72,720,558**	–
James Parsons	**4,695,414**	1,729,226
Marco Fumagalli[1]	**–**	–

[1] Marco Fumagalli holds no Ordinary Shares directly. M Fumagalli holds a 25% interest in Continental Investment Partners S.A ("Continental"), which has 3,817,065 Ordinary Shares. In addition, M Fumagalli is a director of CIP Merchant Capital Limited, which owns 150,684,929 shares in the Company.

This Remuneration Report was approved by the Board of Directors on 27 June 2022 and signed on its behalf by:

JAMES PARSONS
Executive Chairman

Directors' Report

The Directors present their Annual Report and the audited Group and Company financial statements of Coro Energy plc for the year ended 31 December 2021.

Principal Activities

Coro is an AIM-listed South East Asian energy company supporting the regional transition to a low-carbon economy, with a strategy centred on low-carbon energy investments, supported by an existing platform of gas assets.

The Company has gas assets in Italy which during 2021 were classified as a disposal group and held for sale and therefore presented in these accounts as a discontinued operation. In an announcement on the 27 May 2021, the Company signed a conditional share purchase agreement ("SPA") with Dubai Energy Partners, Inc ("DEPI"), in respect of the disposal by the Company of its Italian portfolio to DEPI. This SPA was conditional on, inter alia, the receipt of required regulatory approvals from the Italian authorities being received by 26 February 2022. These regulatory approvals were not received and the sale process was terminated.

Subsequent to the 2021 year end, the Board completed a full review of the gas assets in Italy and agreed that they would no longer be marketed for sale.

Results and Dividends

The Group made a net loss after tax of US$8.0m (2020: loss US$10.2m), which comprised a loss after tax from continuing operations of US$6.5m (2020: loss from continuing operations US$8.0m).

The Directors have not recommended payment of a dividend (2020: nil).

Directors

The Directors who served during the period, and up to the date of this report, were as follows:

- James Parsons
- Andrew Dennan (resigned on 16 June 2022)
- Marco Fumagalli
- Fiona MacAulay (resigned on 25 March 2022)
- Mark Hood (appointed 17 March 2021).

Directors' and Officers' Indemnity Insurance

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors and officers. These were made during the previous year and renewed post year end, and remain in force at the date of this report.

Provision of Information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Future Developments

Future developments are included in the Statement from the Chairman.

Information on the financial instruments of the Group and its approach to financial risk management is disclosed in note 21 to the financial statements.

Substantial Shareholdings

The Directors were advised of the following significant direct and indirect interests in the issued share capital of the Company above 3% as at the date of this report:

Name of shareholder	Interest
Lombard Odier Asset Management (Europe) Limited	9.29%
CIP Merchant Capital Ltd	7.09%
GP (Jersey) Ltd	3.40%
Spreadex Ltd*	4.01%
Mark Hood	3.42%
Michael Carrington	3.35%

* 23,096,000 votes (1.09%) – CFD/Spread bet financial instruments – 62,153,318 ordinary shares (2.92%) held directly.

Subsequent Events

The events after the reporting period are set out in note 26 to the financial statements.

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 their obligations as they fall due for the foreseeable future.

Further discussion on the Directors' assumptions and their conclusions are included in note 2c to the financial statements.

This Directors' Report was approved by the Board on 27 June 2022 and signed on its behalf by:

MARK HOOD
Chief Executive Officer

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group and Company Financial Statements in accordance with UK-adopted international accounting standards and, as regards the Company financial statements, as applied in accordance with the requirements of the Companies Act 2006.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group and the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the applicable IFRSs have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Group is compliant with AIM Rule 26 regarding the Group's website.

This report was approved by the Board on 27 June 2022 and signed on its behalf by:

MARK HOOD
Chief Executive Officer

Independent Auditor's Report

To the Members of Coro Energy Plc

Opinion

We have audited the financial statements of Coro Energy Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of management's forecast financial information for a period of 12 months after the date of approval of these financial statements and providing challenge to the corresponding assumptions used, as well as discussion with management regarding future plans, availability of funding, and other plans in the pipeline for the group.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

Group materiality 2021	Group materiality 2020	Basis for materiality
Overall materiality: US$216k	Overall materiality: US$246k	5% net assets (2020: 5% net assets basis)
Performance materiality: US$151k (70%)	Performance materiality: US$156k (70%)	

Materiality for the parent company was set at $99k (2020: $200k) based on 5% of net assets (2020: 5% of net assets).

Independent Auditor's Report
To the Members of Coro Energy Plc continued

We consider net assets to be the most significant determinant of the group's financial position and performance used by shareholders, with key financial statement balances within both assets (exploration and evaluation assets; assets of the Italian disposal group; and cash and cash equivalents) and liabilities (Eurobond; liabilities of disposal group). The going concern of the group is dependent on its ability to fund operations going forward, as well as on the valuation of its assets, which represent the underlying value of the group.

Whilst materiality for the financial statements as a whole was set at US$216k, each significant component of the group was audited to an overall materiality ranging between US$99k-US$208.5k with performance materiality set at 70%, as considered appropriate for a group of this size and risk profile. We applied the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements.

We agreed with the audit committee that we would report to the committee all audit differences identified during the course of our audit in excess of US$10.8k (2020: US$10.5k). There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas requiring the directors to make subjective judgements, for example in respect of significant accounting estimates including the carrying value of assets and the consideration of future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

An audit was performed on the financial information of the group's operating components which for the year ended 31 December 2021 were located in the United Kingdom, Italy and Asia, with the group's accounting functions being based in the UK and Italy.

The audit work surrounding our key audit matter in respect of the carrying value of investments was performed by us as group auditor and is explained further in the Key audit matters section.

The Italian component, Apennine Energy SpA has been assessed as a significant component of the group. As at 31 December 2021, the Italian operations, headed by group subsidiary Coro Europe Limited, are recorded as a disposal group and accounted for under IFRS 5. The held for sale assets and liabilities are included as line items on the group statement of financial position, and the loss for the period from discontinued operations is included as a line item on the consolidated statement of comprehensive income. The key balances held within the disposal group are exploration & evaluation assets, oil & gas assets and rehabilitation provisions.

In addition, we engaged another audit firm to perform agreed upon procedures in relation to the Duyung PSC. These procedures were limited to specified procedures surrounding key risk areas, focused on costs capitalised during the year within the group and compliance with local laws and regulations. This work was significant in addressing our key audit matter in respect of capitalised exploration costs as the group's exploration costs (other than those within the Italian disposal group) are wholly relating to their interest in the Duyung PSC. The assessment of the carrying value of the exploration and evaluation assets was performed at the group level and as such the group auditor have performed this assessment.

The work on both of these components was performed by component auditors operating under our instruction. There was regular interaction with the component auditors during all stages of the audit, and we were responsible for the scope and direction of the audit process. We reviewed key working papers and reporting appendices to understand the work performed and conclusions reached, in order to gain sufficient appropriate evidence for our opinion on the group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Carrying Value of Investments in Subsidiaries (Parent Company) (Note 20)	**Our work included the following:**
Investment in subsidiary undertakings totalled USD19.2m at 31 December 2021 representing the largest asset on the parent company's balance sheet. Recoverability depends on Management's assumptions regarding their future performance which is in turn dependent on the successful recoverability of resources from exploration assets and other assets held by its investments, relating to the Duyung PSC and the Italian portfolio, the latter classified as a disposal group as at 31 December 2021. There is the risk that these investments may be impaired due to the judgements required in assessing the ability of the underlying assets to generate future value for shareholders.	• Confirmation of ownership of subsidiaries; and • A review of the impairment assessment prepared by management and challenge of all inputs and estimates included therein. We have reviewed management's internal valuation modelling in respect of the Duyung project and Italian portfolio. This included challenging the key assumptions, data, method, and the sensitivity of the models to reasonably possible changes in the inputs used.
Carrying Value of Capitalised Exploration Costs (Group) (Note 13)	**Our work included the following:**
Capitalised exploration costs total US$18.3m represent the most material assets within the group's financial statements. These assets represent capitalised exploration costs in respect of the Duyung PSC and it is from these assets that the group hopes to deliver future value to its shareholders. There is the risk that these amounts are impaired and the capitalised amounts do not meet the recognition criteria of International Financial Reporting Standards (IFRS) 6. This is due to the significant judgement involved in relation to the ability of the assets to generate future value for the shareholders.	• Confirmation that the parties to the Duyung Joint Operation Agreement hold good title to the PSC license area; • Review of the work performed by the component auditor in respect of capitalised costs relating to the Duyung project, including the considerations made in respect of the recognition criteria within IFRS 6; and • A review of management's considerations of impairment in respect of the Duyung project. This included challenging the key assumptions, data, method, and the sensitivity of the models to reasonably possible changes in the inputs used. We considered whether evidence of impairment exists in accordance with the impairment indicators within IFRS 6.

Independent Auditor's Report

To the Members of Coro Energy Plc continued

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our

understanding in this regard through, discussions with management, industry research, application of cumulative audit knowledge and experience of the sector etc. This is evidenced by discussion of laws and regulations with the management, reviewing minutes of meetings of those charged with governance, and Regulatory News Service (RNS) and review of legal or professional expenditures. As for the parent company's subsidiaries, corresponding instructions have been issued to the component auditors to assess the compliance of the components to the applicable laws and regulations.

- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from Companies Act 2006, AIM rules, and local laws and regulations in Italy and Indonesia relating to exploration and production.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - Discussion with management regarding potential non-compliance;
  - Review of the component auditor's work on compliance with laws and regulations;
  - Review of legal and professional fees to understand the nature of the costs and the existence of any non-compliance with laws and regulations; and
  - Review of minutes of meetings of those charged with governance and RNS announcements.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business and review of the bank statements during the year to identify any large and unusual transactions where the business rationale is not clear.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

JOSEPH ARCHER
(Senior Statutory Auditor)

For and on behalf of
PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London
E14 4HD

27 June 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	31 December 2021 US$'000	31 December 2020 US$'000
Continuing operations			
General and administrative expenses	5	**(3,276)**	(2,942)
Depreciation expense		**(18)**	(114)
Other losses		**–**	(19)
Share of loss of associates		**(249)**	(16)
Loss from operating activities		**(3,543)**	(3,091)
Finance income	7	**2,239**	28
Finance expense	7	**(5,171)**	(4,906)
Net finance expense		**(2,932)**	(4,878)
Loss before income tax		**(6,475)**	(7,969)
Income tax benefit/(expense)	8	**–**	–
Loss for the period from continuing operations		**(6,475)**	(7,969)
Discontinued operations			
Loss for the period from discontinued operations	19	**(1,510)**	(2,198)
Total loss for the period		**(7,985)**	(10,167)
Other comprehensive income/loss			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		**485**	(840)
Total comprehensive income for the period		**(7,500)**	(11,007)
Loss attributable to:			
Owners of the Company		**(7,500)**	(10,167)
Total comprehensive income attributable to:			
Owners of the Company		**(7,500)**	(11,007)
Basic loss per share from continuing operations ($)	9	**(0.003)**	(0.010)
Diluted loss per share from continuing operations ($)	9	**(0.003)**	(0.010)
Basic loss per share from discontinued operations (US$)		**(0.001)**	(0.003)
Diluted loss per share from discontinued operations (US$)		**(0.001)**	(0.003)

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

Consolidated Balance Sheet

As at 31 December 2021

	Notes	31 December 2021 US$'000	31 December 2020 US$'000
Non-current assets			
Property, plant and equipment	12	**10**	16
Intangible assets	13	**18,309**	17,274
Investment in associates	23	**401**	666
Total non-current assets		**18,720**	17,956
Current assets			
Cash and cash equivalents	21	**3,334**	1,706
Trade and other receivables	11	**106**	118
Inventory	10	**37**	37
Derivative financial instruments	21	**–**	10
Total current assets		**3.477**	1,871
Assets of disposal group held for sale	19	**8,224**	11,417
Total assets		**30,421**	31,244
Liabilities and equity			
Current liabilities			
Trade and other payables	15	**425**	209
Borrowings	15	**26,637**	689
Total current liabilities		**27,062**	898
Non-current liabilities			
Borrowings	15	**–**	24,360
Total non-current liabilities		**–**	24,360
Liabilities of disposal group held for sale	19	**8,889**	10,921
Total liabilities		**35,951**	36,179
Equity			
Share capital	17	**2,943**	1,103
Share premium	17	**50,461**	45,786
Merger reserve	18	**9,708**	9,708
Other reserves	18	**4,180**	3,305
Accumulated losses		**(72,822)**	(64,837)
Total equity		**(5,530)**	(4,935)
Total equity and liabilities		**30,421**	31,244

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

The financial statements on pages 42 to 81 were authorised for issue by the Board of Directors on 29 June 2022 and were signed on its behalf by:

JAMES PARSONS
Executive Chairman

MARK HOOD
Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	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 2020	1,080	45,679	9,708	3,978	(55,263)	5,182
Total comprehensive loss for the period:						
Loss for the period	–	–	–	–	(10,167)	(10,167)
Other comprehensive income	–	–	–	(840)	–	(840)
Total comprehensive loss for the period	–	–	–	(840)	(10,167)	(11,007)
Transactions with owners recorded directly in equity:						
Issue of share capital	23	107	–	–	–	130
Share-based payments for services rendered	–	–	–	760	–	760
Lapsed share options	–	–	–	(593)	593	–
Total transactions with owners recorded directly in equity:	23	107	–	167	593	890
Balance at 31 December 2020	1,103	45,786	9,708	3,305	(64,837)	(4,935)

	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)**

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 2021

	Notes	31 December 2021 US$'000	31 December 2020 US$'000
Cash flows from operating activities			
Receipts from customers		**1,019**	1,138
Payments to suppliers and employees		**(3,873)**	(3,837)
Interest paid	7	**(649)**	(632)
Interest received	7	**1**	32
Net cash used in operating activities		**(3,502)**	(3,299)
Cash flow from investing activities			
Payments for intangible assets	13	**(289)**	(486)
Investment in equity accounted associates	24	**–**	(682)
Net cash used in investing activities		**(289)**	(1,168)
Cash flows from financing activities			
Proceeds from issuance of shares	18	**5,669**	–
Principal elements of lease payments	17	**–**	(207)
Net cash provided by or generated from/(used in) financing activities		**5,669**	(207)
Net increase/(decrease) in cash and cash equivalents		**1,878**	(4,674)
Cash and cash equivalents brought forward		**1,761**	6,526
Effects of exchange rate changes on cash and cash equivalents		**(88)**	(91)
Cash and cash equivalents carried forward		**3,551**	1,761

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

Cash and cash equivalents carried forward at 31 December 2021 includes US$217k relating to discontinued operations (2020: US$55k). Refer to note 20.

Company Balance Sheet

As at 31 December 2021

	Notes	31 December 2021 US$'000	31 December 2020 US$'000
Non-current assets			
Investment in subsidiaries	21	**19,236**	18,687
Property, plant and equipment	12	**10**	16
Intangible assets	13	**15**	23
Investment in associates	24	**662**	682
Total non-current assets		**19,923**	19,408
Current assets			
Cash and cash equivalents	22	**3,269**	1,480
Trade and other receivables	11	**679**	463
Loans to subsidiaries	21	**666**	341
Derivative financial instruments	22	**–**	10
Total current assets		**4,614**	2,294
Total assets		**24,537**	21,702
Liabilities and equity			
Current liabilities			
Trade and other payables	15	**806**	861
Borrowings	16	**26.637**	689
Total current liabilities		**27,443**	1,550
Non-current liabilities			
Borrowings	16	**–**	24,360
Total non-current liabilities		**–**	24,360
Total liabilities		**27,443**	25,910
Equity			
Share capital	18	**2,943**	1,103
Share premium	18	**50,461**	45,786
Other reserves	19	**2,095**	1,733
Accumulated losses		**(58,405)**	(52,830)
Total equity		**(2,906)**	(4,208)
Total equity and liabilities		**24,537**	21,702

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$5.6m (2020: loss US$9.3m).

The financial statements on pages to 42 to 81 were authorised for issue by the Board of Directors on 27 June 2022 and were signed on its behalf by:

JAMES PARSONS
Executive Chairman

MARK HOOD
Chief Executive Officer

Company Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital US$'000	Share premium US$'000	Other reserves US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2020	1,080	45,679	2,014	(44,162)	4,611
Total comprehensive loss for the period:					
Loss for the period	–	–	–	(9,261)	(9,261)
Other comprehensive income	–	–	(448)	–	(448)
Total comprehensive loss for the period	–	–	(448)	(9,261)	(9,709)
Transactions with owners recorded directly in equity:					
Issue of share capital	23	107	–	–	130
Share-based payments for services rendered	–	–	760	–	760
Lapsed share options	–	–	(593)	593	–
Total transactions with owners recorded directly in equity	23	107	167	593	890
Balance at 31 December 2020	1,103	45,786	1,733	(52,830)	(4,208)

	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)**

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 2021

	Notes	**31 December 2021 US$'000**	31 December 2020 US$'000
Cash flows from operating activities			
Receipts from customers		**–**	150
Payments to suppliers and employees		**(2,594)**	(1,932)
Interest paid	7	**(649)**	(624)
Interest received	7	**1**	28
Net cash used in operating activities		**(3,242)**	(2,378)
Cash flow from investing activities			
Investment in equity accounted associates	24	**–**	(682)
Net cash used in investing activities		**–**	(682)
Cash flows from financing activities			
Proceeds from issuance of shares	18	**5,669**	–
Loans to subsidiaries	21	**(551)**	(599)
Principal elements of lease payments	17	**–**	(88)
Net cash provided by or generated from/(used in) financing activities		**5,118**	(687)
Net increase/(decrease) in cash and cash equivalents		**1,876**	(3,747)
Cash and cash equivalents brought forward		**1,480**	5,324
Effects of exchange rate changes on cash and cash equivalents		**(87)**	(97)
Cash and cash equivalents carried forward		**3,269**	1,480

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 2021

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 Alternative Investment Market of the London Stock Exchange. The Company's registered address is c/o Watson Farley & Williams LLP, 15 Appold Street, London EC2A 2HB, UK. The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its interests in its subsidiaries, investments in associates and jointly controlled operations (together referred to as the "Group"), whose principal activities are described further in the Directors' Report on page 35.

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.

On 31 December 2021, the Group had cash reserves of US$3.3m (excluding cash recorded within assets of the Italian disposal group held for sale). Management have prepared a consolidated cash flow forecast to the end of June 2023 inclusive of the Italian portfolio which is no longer for sale and shows that the Group has sufficient cash resources to meet its obligations.

In making this assessment management considered the planned forecast expenditure in the various jurisdictions in which it has a presence inclusive of general, administrative, and operating costs, capital expenditure and revenue from the Italian portfolio and the solar project in Vietnam. Whilst there are risks to the forecast this is mainly viewed as being to the level of gas production achieved in Italy and the related gas price and consequent sales proceeds received.

The going concern assumption does not include any further receipts from either debt or equity financing which management believes is available and mitigates any risk to the revenue from Italy and/or Vietnam. In addition, the planned capital expenditure in the Philippines is largely uncommitted and could be tailored to meet the Group and Company cash position if deemed appropriate.

(d) Foreign currency transactions

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

The functional currency of the Company and all UK domiciled subsidiaries is British Pounds Sterling ("GBP"). 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"). 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.

Notes to the Financial Statements

For the year ended 31 December 2021

Note 2: Basis of preparation continued

(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 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 July 2021, the Group announced its intention to form a joint venture with Vinh Phuc Electrical Mechanical Installation Co Ltd, trading as Vinh Phuc Energy JSC ("VPE"), the joint venture ("CRV1") with the Company contributing US$500k in cash for an 85% share of the joint venture and VPE contributing its existing 150 MW project portfolio for a non-controlling 15% share of the joint venture. 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 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.

At 31 December 2021, the three Vietnamese Companies had not commenced trading and the Group's initial US$500k contribution had not been transferred to Vietnam; there are therefore no transactions relating to CRV1, nor its subsidiary undertakings, recorded in these consolidated financial statements.

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.

Note 2: Basis of preparation continued

(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. The date of the last Competent Person's Report issued in respect of the Group's disclosed gas reserves and resources was as follows:

- Italian assets (Sillaro and Rapagnano fields): effective date 31 December 2019
- Italian assets (other fields): effective date 31 December 2017
- Duyung PSC: effective date 22 May 2020.

Gas reserves and resources are disclosed in the Operational Report on page 16.

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

At 31 December 2021, the Group classified the assets and liabilities of its Italian business (the "Italian portfolio") as a disposal group held for sale following a decision by the Board of Directors in 2019 to prioritise full divestment. 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.

In December 2019, the Group entered into a conditional sale and purchase agreement ("SPA") with Zenith Energy Ltd ("Zenith") for the sale of the Italian Portfolio. The necessary Italian regulatory approvals for the disposal were not obtained prior to a long stop date of 31 July 2020 and, as such, the disposal was mutually terminated by the parties. However, the criteria within IFRS 5 were considered to be met at 31 December 2020 because the Board of Directors remained committed to the divestment; this had been communicated to the market and indicative offers had been received from several other interested parties.

In May 2021, the Group entered into a new conditional sale and purchase agreement ("SPA") with Dubai Energy Partners, Inc ("DEPI") for the sale of the Italian Portfolio. Again, the necessary Italian regulatory approvals for the disposal were not obtained prior to a long stop date of 26 February 2022 and, as such, the disposal was terminated by the parties after the year end.

While the Italian portfolio is no longer for sale at 31 December 2021, the Board of Directors remained committed to the sale and were working in good faith towards the completion of the sale in accordance with the conditional SPA signed in May 2021.

As required by IFRS 5, the entire Italian business has been fair valued 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 SPA agreed with DEPI, notwithstanding the post balance sheet termination of this agreement nor the subsequent significant increases in the wholesale gas prices. This led to an 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. The Group acquired its 15% interest in the Duyung PSC in April 2019. In Q4 2019, the operator of the Duyung venture undertook a two-well campaign designed primarily to appraise the Mako gas field.

Notes to the Financial Statements

For the year ended 31 December 2021

Note 2: Basis of preparation continued

Following completion of the drilling programme, the operator of the Duyung venture engaged Gaffney, Cline and Associates ("GCA") to complete an independent resource audit for the Mako gas field.

GCA completed their audit in May 2020 and confirmed a significant resource upgrade for the Mako gas field compared to their previous resource assessment released in January 2019 (the "2019 GCA Audit"). 2C (contingent) recoverable resource estimates were increased to 495 Bcf (gross), an increase of approximately 79% compared with the 2019 GCA Audit. In the upside case, the 3C (contingent) resources increased by approximately 108% compared with the 2019 GCA Audit, to 817 Bcf (gross).

As a result of the resource upgrade, 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 15)

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% (2020: 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 2021.

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

In 2020, the Company acquired 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 2021 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 (note 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"), and its interest in the Duyung PSC, held by Coro Energy Duyung (Singapore) Pte Ltd ("CEDSPL"). 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.

Note 2: Basis of preparation continued

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) was impaired to its recoverable amount being the sale price agreed with DEPI in the SPA agreed in May 2021.

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.

Notes to the Financial Statements
For the year ended 31 December 2021

Note 3: Significant accounting policies continued

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 together with 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.

Note 3: Significant accounting policies

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:

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. 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.

Notes to the Financial Statements

For the year ended 31 December 2021

Note 3: Significant accounting policies continued

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.

(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.

Note 3: Significant accounting policies continued

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.

Notes to the Financial Statements
For the year ended 31 December 2021

Note 3: Significant accounting policies continued

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 shares issued. 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 one revenue stream, being the sale of gas (recorded within loss from discontinued operations). 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. Revenue is presented net of value added tax ("VAT"), rebates and discounts and after eliminating intra-group sales.

Note 3: Significant accounting policies continued

(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) 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.

Notes to the Financial Statements

For the year ended 31 December 2021

Note 3: Significant accounting policies continued

(q) 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
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendment to IFRS 16 in respect of COVID-19-Related Rent Concessions beyond 30 June 2021	1 January 2021

(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 2021 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 and South East Asia, along with 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 2021 US$'000	31 December 2020 US$'000	**31 December 2021 US$'000**	31 December 2020 US$'000	**31 December 2021 US$'000**	31 December 2020 US$'000	**31 December 2021 US$'000**	31 December 2020 US$'000
Depreciation and amortisation	**–**	–	**–**	–	**(18)**	(114)	**(18)**	(114)
Interest expense	**–**	–	**–**	–	**(4,500)**	(3,755)	**4,500**	(3,755)
Share of loss of associates	**–**	–	**–**	–	**(249)**	(16)	**(249)**	(16)
Segment loss before tax from continuing operations	**–**	–	**(278)**	(223)	**(6,197)**	(7,746)	**(6,475)**	(7,969)
Segment loss before tax from discontinued operations	**(1,510)**	(1,275)	**–**	–	**–**	–	**(1,510)**	(1,275)

	Italy		Asia		UK		Total	
	31 December 2021 US$'000	31 December 2020 US$'000	**31 December 2021 US$'000**	31 December 2020 US$'000	**31 December 2021 US$'000**	31 December 2020 US$'000	**31 December 2021 US$'000**	31 December 2020 US$'000
Segment assets	**8,224**	11,417	**17,985**	17,511	**4.212**	2,316	**30,421**	31,244
Segment liabilities	**(8.889)**	(10,921)	**(1,073)**	(9)	**(25,989)**	(25,249)	**(35,951)**	(36,179)

Note 5: General and administrative expenses

	31 December 2021 US$'000	31 December 2020 US$'000
Employee benefits expense (note 6)	**1,031**	861
Business development	**786**	347
Corporate and compliance costs	**451**	501
Investor and public relations	**247**	215
G&A – Duyung venture	**199**	179
Other G&A	**314**	141
Share-based payments (note 23)	**248**	698
	3,276	2,942

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 2021 US$'000	31 December 2020 US$'000
Fees payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	**49**	40
Fees payable to the Company's auditor for other services:		
Audit of subsidiaries	**–**	3

Note 6: Staff costs and directors' emoluments

	Group	
Staff costs	**31 December 2021 US$'000**	31 December 2020 US$'000
Wages and salaries	**327**	169
Pensions and other benefits	**18**	9
Social security costs	**41**	17
Share-based payments (note 23)	**88**	101
Total employee benefits	**474**	296
Average number of employees from continuing operations (excluding Non-Executive Directors)	**2**	2

	Group	
Directors' emoluments	**31 December 2021 US$'000**	31 December 2020 US$'000
Wages and salaries	**568**	592
Pensions and other benefits	**7**	11
Social security costs	**70**	63
Share-based payments (note 22)	**160**	597
Total employee benefits	**805**	1,263

The highest paid Director received aggregate emoluments of US$205k (2020: US$281k) as disclosed in the Directors' Remuneration Report on page 33.

Notes to the Financial Statements

For the year ended 31 December 2021

Note 7: Finance income/expense

	Group	
Finance income	**31 December 2021 US$'000**	31 December 2020 US$'000
Interest income	**1**	28
Foreign exchange gain	**2,238**	–
Total finance income	**2,239**	28

	Group	
Finance expense	**31 December 2021 US$'000**	31 December 2020 US$'000
Interest on borrowings	**4,500**	3,755
Finance charge on lease liabilities	–	6
Unrealised loss on foreign exchange forward contracts	–	6
Foreign exchange loss	**651**	1,139
Total finance expense	**5,151**	4,906

Note 8: Income tax

Income tax

	Group	
	31 December 2021 US$'000	31 December 2020 US$'000
Deferred tax	–	(923)
Total deferred tax	–	(923)
Total tax expense	–	(923)
Income tax expense is attributable to:		
Loss from discontinued operations	–	(923)
	–	(923)

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 2021 US$'000	31 December 2020 US$'000
Loss from continuing operations before tax	**(6,475)**	(7,969)
Loss from discontinued operations before tax	**(1,510)**	(1,275)
Total loss before tax	**(7,985)**	(9,244)
Income tax benefit using the Group's blended tax rate of 19% (2020: 20%)	**1,180**	1,815
Non-deductible expenses	**(339)**	(60)
Prior year adjustment	**(260)**	(139)
Write-down of deferred tax assets	–	(923)
Current year losses and temporary differences for which no deferred tax asset was recognised	**(581)**	(1,616)
Income tax benefit/(expense)	–	(923)

Note 8: Income tax continued

Deferred tax

Deferred tax assets totalling US$1.3m (2020: US$1.5) 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$17m (2020: US$13m). Unrecognised losses (gross) relating to discontinued operations total US$82m (2020: US$99m).

Note 9: Earnings per share

	31 December 2021	31 December 2020
Basic loss per share from continuing operations (US$)	**(0.003)**	(0.010)
Diluted loss per share from continuing operations (US$)	**(0.003)**	(0.010)
Basic loss per share from discontinued operations (US$)	**(0.001)**	(0.003)
Diluted loss per share from discontinued operations (US$)	**(0.001)**	(0.003)

The calculation of basic loss per share from continuing operations was based on the loss attributable to shareholders of US$6.4m (2020: US$8.0) and a weighted average number of Ordinary Shares outstanding during the year of 1,917,559,412 (2019: 793,502,096).

Basic loss per share from discontinued operations was based on the loss attributable to shareholders from discontinued operations of US$1.5m (2020: US$2.2m).

Diluted loss per share from continuing and discontinued operations for the current and comparative periods is equivalent to basic loss per share since the effect of all dilutive potential Ordinary Shares is anti-dilutive. The potential dilutive shares includes warrants issued to Eurobond holders and options issued to Directors and management (note 22).

Note 10: Inventory

	Group	
	31 December 2021 US$'000	31 December 2020 US$'000
Inventory – Duyung PSC	**37**	37
	37	37

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

Notes to the Financial Statements

For the year ended 31 December 2021

Note 11: Trade and other receivables

	Group	
	31 December 2021 US$'000	31 December 2020 US$'000
Current:		
Indirect taxes receivable	**39**	44
Other receivables	**20**	–
Prepayments	**47**	74
	106	118

	Company	
	31 December 2021 US$'000	31 December 2020 US$'000
Current:		
Indirect taxes receivable	**39**	44
Other receivables	**2**	–
Intercompany receivables	**576**	355
Prepayments	**63**	64
	680	463

Note 12: Property, plant and equipment

	Group	
	31 December 2021 US$'000	31 December 2020 US$'000
Office furniture and equipment	**10**	16
	10	16

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

	Company	
	31 December 2021 US$'000	31 December 2020 US$'000
Office furniture and equipment:		
Carrying amount at beginning of period	**16**	50
Additions	**3**	–
Depreciation expense	**(9)**	(13)
Reclassification to assets of disposal group held for sale	**–**	–
Disposals	**–**	(20)
Effect of foreign exchange	**–**	(1)
Carrying amount at end of period	**10**	16

Note 12: Property, plant and equipment continued

	Company	
	31 December 2021 US$'000	31 December 2020 US$'000
Office furniture and equipment	**10**	16
	10	16

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

	Company	
	31 December 2021 US$'000	31 December 2020 US$'000
Office furniture and equipment:		
Carrying amount at beginning of period	**16**	50
Additions	**3**	–
Depreciation expense	**(9)**	(13)
Disposals	**–**	(20)
Effect of foreign exchange	**–**	(1)
Carrying amount at end of period	**10**	16

Note 13: Intangible assets

	Group	
	31 December 2021 US$'000	31 December 2020 US$'000
Exploration and evaluation assets	**17,540**	17,251
Goodwill	**754**	–
Software	**15**	23
	18,309	17,274

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

	Group	
	31 December 2021 US$'000	31 December 2020 US$'000
Exploration and evaluation assets:		
Carrying amount at beginning of period	**17,251**	17,247
Additions	**289**	4
Impact of foreign exchange	**–**	–
Carrying amount at end of period	**17,540**	17,251

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.

Notes to the Financial Statements

For the year ended 31 December 2021

Note 13: Intangible assets continued

	Group	
	31 December 2021 US$'000	31 December 2020 US$'000
Goodwill		
Recognised on acquisition	**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 2021.

	Company	
	31 December 2021 US$'000	31 December 2020 US$'000
Software	15	23
	15	23

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. On the same date, GEPL co-founders Mark Hood and Michael Carrington joined the Company in the roles of CEO and COO respectively, with Mark Hood also appointed as a Director of the Company.

Background to the acquisition

Since inception, GEPL has screened over 25 GW of renewable energy projects and has identified a shortlist of priority pipeline projects for investment across the Philippines, Vietnam and Indonesia, with an initial focus on the Philippines.

For the financial period ended 31 January 2021, GEPL generated no revenues, incurred a trivial net loss and had net liabilities of £3k (approx. US$4k).

The acquisition met a number of key strategic objectives for the Group, including:

- Acquiring GEPL's pipeline of early-stage renewable energy projects in South East Asia, with an initial focus on the Philippines;
- Securing an experienced Executive team with a proven record of originating and executing energy projects; and
- Building on the Company's investment in ion Ventures in 2020, acquiring a complementary business with opportunities for project co-development in the future.

Consideration for the acquisition

In exchange for acquiring 100% of the issued capital of GEPL, 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. Restated at the year-end exchange rate the carrying value of the investment is US$1.1m. Transaction costs were expensed within General and Administrative expenses as business development costs in the Group's consolidated financial statements.

Note 14: Business combination continued

Fair value of assets and liabilities acquired

At acquisition, GEPL's projects were at an early stage, with the initial focus being on two high-graded opportunities in the Philippines: a 100 MW solar project and 100 MW onshore wind project. Work done on the projects prior to acquisition date mainly comprised GEPL management's time including pre-feasibility studies, understanding of relevant laws/regulations, site visits, community engagement, liaising with potential engineering contractors and financiers, and building networks and partnerships locally. The Directors believe there is significant latent value which can be unlocked by investing in these Filipino opportunities; however, at the date of acquisition, there were no contractual rights associated with the projects and accordingly, we have assessed that there were no identifiable assets under IFRS. Similarly, GEPL had no liabilities, with all creditors extinguished prior to acquisition completion.

Accordingly, the full purchase consideration of £570k (US$754k at the date of the transaction) has been allocated to goodwill. While GEPL has identified opportunities in Vietnam and Indonesia, we view the principal value in the company as being its Philippines project pipeline and associated intellectual property and the goodwill has been allocated accordingly. No impairment of goodwill was identified in the period from acquisition to 31 December 2021.

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 would have increased by US$2k.

Note 15: Trade and other payables

	Group	
	31 December 2021 US$'000	31 December 2020 US$'000
Current		
Trade payables	**216**	105
Other payables	**90**	61
Accrued expenses	**119**	43
	425	209

	Company	
	31 December 2021 US$'000	31 December 2020 US$'000
Current		
Trade payables	**687**	827
Accrued expenses	**119**	34
	806	861

Included within trade payables of the Company is a payable of US$464k (2020: US$737k) 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. 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 exchange rates), which were remitted to Sound net of costs incurred by Apennine.

Under the terms of sale of Area 2, Immobilandia will first have to complete all rehabilitation works relating to the Badile licence and Moirago-1 well at its own expense prior to completing the acquisition of the land. Subject to satisfactory completion of the rehabilitation works, Immobilandia will acquire Area 2 for €350k (US$396k at year-end exchange rates). The Company has therefore recognised the net payable to Sound of US$464k above.

The receivable from Sound for Badile rehabilitation costs in note 11 has been reduced to nil reflecting the contract with Immobilandia.

Notes to the Financial Statements

For the year ended 31 December 2021

Note 16: Borrowings

	31 December 2021 US$'000	31 December 2020 US$'000
Current		
Eurobond	**26,637**	689
	26,637	689
Non-current		
Eurobond	**–**	24,360
	–	24,360

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.

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 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.

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 (see note 2c and note 27 for further explanation).

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 2021 US$'000	31 December 2020 US$'000
Cash and cash equivalents	**3,334**	1,706
Borrowings	**(26,637)**	(25,049)
Lease liabilities	**–**	–
Net debt	**(23,303)**	(23,343)

Note 16: Borrowings continued

	Cash and cash equivalents US$'000	Borrowings US$'000	Lease liabilities US$'000	Total US$'000
Net debt as at 1 January 2020	**6,374**	**(19,843)**	**(248)**	**(13,717)**
Cashflows	(4,563)	618	88	(3,857)
Eurobond amortisation	–	(3,755)	–	(3,755)
Lease terminations	–	–	158	158
Effects of foreign exchange	(105)	(2,069)	2	(2,172)
Net debt as at 31 December 2020	**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)

Note 17: Share capital and share premium

	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	**12,414**	**16**	**32**	**48**
Closing balance at 31 December 2021	**2,124,036**	**2,943**	**50,461**	**53,404**

	Number 000s	Nominal value US$'000	Share premium US$'000	Total US$'000
As at 1 January 2020	**789,586**	**1,080**	**45,679**	**46,759**
Shares issued during the period:				
Issued for services rendered	17,322	23	107	130
Closing balance at 31 December 2020	**806,908**	**1,103**	**45,786**	**46,889**

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 1,381,257,206 new Ordinary Shares.

No dividends were paid or declared during the current period (2020: nil).

Notes to the Financial Statements

For the year ended 31 December 2021

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 and warrants issued in consideration for services rendered, which was US$391k (2020: US$760k). US$nil (2020: US$593k) 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$58k (2020: US$840k loss).

Note 19: Discontinued operations

At 31 December 2021, the Group classified the assets and liabilities of its Italian business (the "Italian portfolio") as a disposal group held for sale following a decision by the Board of Directors in 2019 to prioritise full divestment. 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.

In December 2019, the Group entered into a conditional sale and purchase agreement ("SPA") with Zenith Energy Ltd ("Zenith") for the sale of the Italian portfolio. The necessary Italian regulatory approvals for the disposal were not obtained prior to a long stop date of 31 July 2020 and, as such, the disposal was mutually terminated by the parties. However, the criteria within IFRS 5 were considered to be met at 31 December 2020 because the Board of Directors remained committed to the divestment; this had been communicated to the market and indicative offers had been received from several other interested parties.

In May 2021, the Group entered into a new conditional sale and purchase agreement ("SPA") with Dubai Energy Partners, Inc ("DEPI") for the sale of the Italian Portfolio. Again, the necessary Italian regulatory approvals for the disposal were not obtained prior to a long stop date of 26 February 2022 and, as such, the disposal was terminated by the parties after the year end.

While the Italian portfolio is no longer for sale at 31 December 2021, the Board of Directors remained committed to the sale and were working in good faith towards the completion of the sale in accordance with the conditional SPA signed in May 2021.

Note 19: Discontinued operations continued

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

	31 December 2021 US$'000	31 December 2020 US$'000
Revenue	**1,202**	803
Operating costs	**(971)**	(1,010)
Depreciation and amortisation expense	**–**	–
Gross profit/(loss)	**231**	(207)
Other income	**1,214**	41
General and administrative expenses	**(469)**	(661)
Change in rehabilitation provisions	**(25)**	523
Impairment losses	**(2,382)**	(910)
Loss from operating activities	**(1,431)**	(1,214)
Finance income	**–**	21
Finance expense	**(79)**	(82)
Loss before tax	**(1,510)**	(1,275)
Income tax benefit/(expense)	**–**	(923)
Loss for the period after tax	**(1,510)**	(2,198)

The major classes of assets and liabilities of the Italian operations classified as held for sale as at 31 December 2021 are as follows:

	31 December 2021 US$'000	31 December 2020 US$'000
Assets		
Property, plant and equipment	**3,499**	4,622
Exploration and evaluation assets	**1,574**	1,992
Right-of-use assets	**–**	108
Land	**396**	1,927
Deferred tax assets	**1,342**	1,455
Inventories	**163**	300
Trade and other receivables	**1,033**	958
Other financial assets		–
Cash	**217**	55
Total assets	**8.224**	11,417
Liabilities		
Trade and other payables	**1,298**	1,702
Lease liabilities	**–**	62
Provisions	**7,591**	9,157
Total liabilities	**8,889**	10,921
Net assets	**(665)**	496

Notes to the Financial Statements

For the year ended 31 December 2021

Note 19: Discontinued operations continued

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

	31 December 2021 US$'000	31 December 2020 US$'000
Net cash flow from operating activities	**(953)**	(533)
Net cash flow from investing activities	**1,195**	(58)
Net cash flow from financing activities	**(80)**	480
Net cash inflow/(outflow)	**162**	(111)

As explained in note 2e, there were no specific impairments recorded in 2021 to oil and gas assets (producing assets within PPE and development assets within intangible assets). An impairment of US$137k was recorded on other PPE (office furniture and equipment) and right-of-use 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 by IFRS 5. This resulted in an 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	
	2021 US$'000	2020 US$'000
Cost		
At 1 January	**51,255**	51,812
Additions	**1,119**	–
Other adjustments	**–**	(557)
At 31 December	**52,374**	51,255
Accumulated impairment		
At 1 January	**(33,298)**	(32,222)
Impairment	**–**	(1,076)
At 31 December	**(33,298)**	(33,298)
Impact of foreign exchange	**160**	730
Net book value		
At 31 December	**19,236**	18,687

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.

In December 2020, an impairment of $1.1m was recorded on the value of the Company's investment in Apennine Energy SpA, which is held indirectly through intermediate holding companies.

In October 2021, the Company made a legally binding commitment to invest US$500k into Coro Renewables VN1 Joint Stock Company ("CRV1"); however, as at 31 December 2021, the investment had not been made and the carrying value of CRV1 in these consolidated financial statements is therefore recorded as $nil.

Note 20: Investment in, and loans to, subsidiaries continued

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	100%	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.

Notes to the Financial Statements

For the year ended 31 December 2021

Note 20: Investment in, and loans to, subsidiaries continued

The following subsidiaries are exempt from audit for the 2021 financial year under s479A of the Companies Act 2006: 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	
	2021 US$'000	2020 US$'000
Current		
Loans to subsidiaries	**666**	341
At 31 December	**666**	341

Loans to subsidiaries are unsecured, interest free and are repayable on demand. Loans are stated after an impairment of US$403k at the year-end exchange rate recorded in 2020 on loans to Apennine.

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 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**

Note 21: Financial instruments continued

31 December 2020

	Group	
	Carrying amount US$'000	Fair value US$'000
Financial assets		
Trade receivables (current and non-current)	43	43
Derivative financial instruments	10	10
Cash and cash equivalents	1,706	1,706
Financial liabilities		
Trade and other payables	209	209
Borrowings (current and non-current)	25,049	25,049

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**

31 December 2020

	Company	
	Carrying amount US$'000	Fair value US$'000
Financial assets		
Trade and intercompany receivables (current and non-current)	402	402
Loans to subsidiaries	341	341
Derivative financial instruments	10	10
Cash and cash equivalents	1,480	1,480
Financial liabilities		
Trade and other payables	861	861
Borrowings (current and non-current)	25,049	25,049

Notes to the Financial Statements

For the year ended 31 December 2021

Note 21: Financial instruments continued

Determination of fair values

All the Group's financial instruments are carried at amortised cost with the exception of derivative financial instruments, which are recorded at fair value through profit and loss. 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. To date, no bonds have been traded so carrying value is deemed to approximate fair value at the balance sheet date.

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, trade and other receivables and derivative financial instruments. 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 policy is to hedge up to 40% of Sterling exposure through simple forward contracts, which are recorded as derivative financial instruments in the balance sheet.

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			
	2021 $'000 USD	**2021 $'000 EUR**	2020 $'000 USD	2020 $'000 EUR
Cash and cash equivalents	**2,649**	**113**	1,299	172
Trade and other payables	**(87)**	**(124)**	(4)	(4)
Borrowings (current and non-current)	**–**	**(26,637)**	–	(25,049)
Net exposure	**2,562**	**(26,648)**	1,295	(24,881)

Note 21: Financial instruments continued

	Company			
	2021 $'000 USD	**2021 $'000 EUR**	2020 $'000 USD	2020 $'000 EUR
Trade and other receivables (current and non-current)		**–**	204	–
Cash and cash equivalents	**2,649**	**86**	1,299	159
Loans to subsidiaries	**1,008**	**27**	–	341
Trade and other payables	**(87)**	**(1,694)**	(4)	(742)
Borrowings (current and non-current)	**–**	**(26,637)**	–	(25,049)
Net exposure	**3,570**	**(28,218)**	1,499	(25,291)

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 2021		
USD:GBP exchange rate increases 10%	**256**	**357**
USD:GBP exchange rate decreases 10%	**(233)**	**(325)**
EUR:GBP exchange rate increases 10%	**(2,665)**	**(2,822)**
EUR:GBP exchange rate decreases 10%	**2,423**	**2,565**
31 December 2020		
USD:GBP exchange rate increases 10%	122	141
USD:GBP exchange rate decreases 10%	(111)	(128)
EUR:GBP exchange rate increases 10%	(2,340)	(2,267)
EUR:GBP exchange rate decreases 10%	2,127	2,061

(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.

Notes to the Financial Statements
For the year ended 31 December 2021

Note 21: Financial instruments continued

	Group				
31 December 2021	**Less than 6 months US$'000**	**6 to 12 months US$'000**	**Between 1 and 2 years US$'000**	**Between 2 and 5 years US$'000**	**Total contractual cash flows US$'000**
Trade and other payables	**383**	**–**	**–**	**–**	**383**
Borrowings	**26,637**	**–**	**–**	**–**	**26,637**
Total	**27,020**	**–**	**–**	**–**	**27,020**

31 December 2020	Less than 6 months US$'000	6 to 12 months US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Total contractual cash flows US$'000
Trade and other payables	209	–	–	–	209
Borrowings	689	–	24,360	–	25,049
Total	898	–	24,360	–	25,258

	Company				
31 December 2021	**Less than 6 months US$'000**	**6 to 12 months US$'000**	**Between 1 and 2 years US$'000**	**Between 2 and 5 years US$'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**

31 December 2020	Less than 6 months US$'000	6 to 12 months US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Total contractual cash flows US$'000
Trade and other payables	123	738	–	–	861
Borrowings	689	–	24,360	–	25,049
Total	812	738	24,360	–	25,910

Note 22: Share-based payments

Ordinary Shares
During 2021, the Company issued 12,413,794 (2020: 13,584,906) new Ordinary Shares to Align Research Services 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. These include 37,500,000 issued to Mark Hood when he was appointed to the Board in March 2021, as described in the Directors Remuneration Report on page 34.

	31 December 2021		31 December 2020	
	Average exercise price per option (pence)	**Number of options**	Average exercise price per option (pence)	Number of options
As at 1 January	**4.38**	**58,000,000**	4.38	83,000,000
Granted during the year	**0.10**	**79,687,500**	4.38	10,000,000
Exercised during the year	**–**	**–**	–	–
Forfeited during the year	**–**	**–**	4.38	(35,000,000)
As at 31 December	**1.90**	**137,687,500**	4.38	58,000,000
Vested and exercisable at 31 December	**4.38**	**48,000,000**	–	–

Note 22: Share-based payments continued

All options vest after three years of continuous service with the Company and 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, being 15% above the placing price. Once vested, the Options may be exercised at any time until the sixth anniversary of grant.

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 exerciseable at a price of 0.1p per new ordinary share.

The fair value of services rendered in return for share options is based on the fair value of share options granted and was measured using a Monte Carlo 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 50% based on the Company's historical volatility:

	February 2021 options	March 2021 options
Fair value at grant date (p)	0.44	0.26
Share price at grant date (p)	0.53	0.37
Exercise price	0.10	0.10
Expected volatility	90%	90%
Option life	3 years	2 years 11 months
Risk-free interest rate (based on yield on five-year gilts)	0.08%	0.17%
Expiry date	22 February 2027	22 February 2027

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 2021 was US$248k (2020: US$698k).

This 2020 charge included the accelerated vesting of options issued to two former Directors who left the Company during the period. According to their respective option deeds, the options became immediately exercisable at their original exercise price of 4.38p per share for a period of three months following resignation. The options were not exercised and have lapsed.

The cumulative expense recognised for lapsed options of US$nil has been recycled to accumulated losses (2020: US$593k).

Notes to the Financial Statements

For the year ended 31 December 2021

Note 23: Interests in other entities

ion Ventures

In 2020, the Company acquired 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 2021 US$'000	31 December 2020 US$'000
Current assets	522	642
Non-current assets	2,907	2,869
Current liabilities	(833)	(118)
Non-current liabilities	(621)	(112)
Net assets	1,975	3,281
Group's share in %	20.3%	20.3%
Group's share in US$	401	666

Summarised statement of comprehensive income	31 December 2021 US$'000	Two months ended 31 December 2020 US$'000
Revenue	1,564	2
Loss from continuing operations	(1,227)	(81)
Other comprehensive income	–	–
Total comprehensive income	(1,227)	(81)

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.

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 July 2021, the Group announced its intention to form a joint venture with Vinh Phuc Electrical Mechanical Installation Co Ltd, trading as Vinh Phuc Energy JSC ("VPE"), the joint venture ("CRV1") with the Company contributing US$500k in cash for an 85% share of the joint venture and VPE contributing its existing 150 MW project portfolio for a non-controlling 15% share of the joint venture. 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.

Note 23: Interests in other entities continued

Background to the acquisition

VPE is a highly regarded local EPC contractor with a 150 MW project portfolio of rooftop solar projects in Vietnam and the investment meets a number of key strategic objectives for the Group, including:

- Acquiring VPE's pipeline of rooftop solar projects in Vietnam;
- Securing an experienced local partner with experience executing energy projects; and
- Building on the Company's investment in ion Ventures in 2020, and GEPL and the focus on South East Asia renewables.

Consideration for the acquisition

The Group has committed to an initial investment of US$500k into CRV1.

Revenue and profit contribution

At 31 December 2021, the three Vietnamese Companies had not commenced trading and the Group's initial US$500k contribution had not been transferred to Vietnam. There are therefore no transactions relating to CRV1, nor its subsidiary undertakings, recorded in these consolidated financial statements.

Note 24: Contingencies and commitments

Commitments

Coro's share of the 2022 Duyung Work Programme and Budget is estimated at US$1m, which will be allocated between items of capital expenditure and joint venture G&A.

Contingencies

The Group has no contingent liabilities.

Note 25: Related party transactions

Key management personnel compensation

	2021 US$'000	2020 US$'000
Short-term benefits	**885**	596
Post-employment benefits	**–**	7
Share-based payments	**221**	597

Included in Short-term benefits above a bonus of US$37.5k payable to Mark Hood which was approved by the Directors but was outstanding at year-end. The bonus was subsequently paid in March 2022.

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

Other related party transactions

Echo Energy plc is considered a related party because two of the Company's Directors, James Parsons and Marco Fumagalli, were also Directors of Echo Energy plc during 2021. All transactions entered into between the companies are made on arm's length terms. There were no transactions with Echo Energy in 2021 or 2020.

CIP Merchant Capital Ltd ("CIP") is considered a related party of the Group under IAS 24 Related Party Transactions by virtue of its 18.7% (reduced in the year by dilution to 7.1%) shareholding and representation on the Board (one Director). There were no transactions with CIP during 2021 or 2020.

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 2021 or 2020 with the exception of Coro's initial £500k investment in ion.

Sound Energy plc is no longer considered a related party, with only Marco Fumagalli as a Director in common between the two companies.

Notes to the Financial Statements

For the year ended 31 December 2021

Note 26: Subsequent events

On 28 February 2022, the Company provided an update on the disposal of the Company's Italian portfolio. As previously announced on 27 May 2021, the Company signed a conditional share purchase agreement ("SPA") with Dubai Energy Partners, Inc ("DEPI"), an international oil and gas company focused on the acquisition of producing assets, in respect of the disposal by the Company of its Italian portfolio to DEPI. This SPA was conditional on, inter alia, the receipt of required regulatory approvals from the Italian authorities being received by 26 February 2022. These regulatory approvals have not been received and as such, the disposal was terminated by the parties, (see note 2e and note 20 for further explanation).

On 3 March 2022, the Company announced its proposals in respect of a restructuring of the Company's Luxembourg listed EUR 22.5m 5.0% secured notes (the "Notes"). The Noteholders approved the extension of the maturity of the Notes by two years to 12 April 2024 with an increase in the coupon to 10% accrued annually and payable 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 (see note 2c and note 16 for further explanation).

Company Information

Directors

- James Parsons (Executive Chairman)
- Mark Hood (Chief Executive Officer)
- Marco Fumagalli (Non-Executive Director)
- Andrew Dennan (Non-Executive Director)
- Stephen Birrell (Non-Executive Director)

Company secretary

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