Supporting the regional transition to a low-carbon economy

Annual Report and Financial Statements
for the year ended 31 December 2022

Stock code: CORO
Company Number: 10472005

Contents

Coro is a South East Asian energy company supporting the regional transition to a low-carbon economy.

Investment Case

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

Electricity demand forecast to increase 152% by 2050 with post-Covid recovery strong in both the Philippines and Vietnam, and the accelerating need to replace coal as a primary energy source.

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

Sale of Italian gas portfolio to accelerate development projects in South East Asia

The Company signed the Sale and Purchase Agreement ("SPA") for the disposal of its Italian natural gas assets to Zodiac Energy plc by way of the sale of the entire issued share capital of Coro Europe Limited in March 2023. The disposal is fully in line with the Company's strategic objectives, enabling Coro to focus exclusively on South East Asia where demand for energy and the opportunity for material expansion remain very strong.

Significant potential of Duyung asset

Plan of Development for the Mako Gas Project within the Duyung PSC, approved by the Indonesian Ministry of Energy and Mineral Resources, with Coro holding a 15% interest in the Duyung PSC – the potential exists to provide Singapore with reliable, less carbon intensive energy and generate significant revenue for Coro from 2025 onward. The Operator is expecting a signed GSA shortly and has initiated a farm out process which is expected to provide an opportunity for Coro to monetise some or all of its position.

Read more in the Operational Review on pages 10 to 12.

Building the clean energy portfolio

Investment made in clean energy developer, ion Ventures in November 2020 – Coro estimates implied valuation has now increased over 300%.

Coro's renewables portfolio in the Philippines continues to evolve with existing projects across solar and onshore wind progressing well, including the recent Wind Energy Service Contract ("WESC") re-submission, and a pipeline of future projects in place. The Philippines has an abundance of solar and wind potential, which combined with accelerating energy demand, makes it an ideal region for renewable energy supply growth.

Coro has achieved revenue generation from its pilot solar project in Vietnam. Additional build and buy projects in country are currently being matured which will accelerate the growth of the solar portfolio in the country during 2023.

- **Read more in Building and Developing our Clean Energy Portfolio on pages 8 to 9.**

Unique offering in the London marketplace

1. Significant position in high potential Indonesian gas project approaching monetisation
2. Revenue generating renewables portfolio
3. Low-carbon investment strategy
4. Significant upside – early-stage development entry point.

Statement from the Chairperson

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

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

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

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

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

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

It is in this context that we are delighted to present our annual report and accounts to shareholders.

JAMES PARSONS
Executive Chair

Market Review

Why renewable energy?

The global transition to lower carbon energy continued to be a geopolitical priority in 2022, as the war in Ukraine underlined the importance of energy security and social pressures to divest from higher carbon energy sources, particularly oil and coal, intensified throughout the year.

Electrification of transport, residential homes, and industry will require new investment in electricity generation and battery storage, the urgency of which has been highlighted by energy price spikes throughout the year.

Renewables will look to take a share in the replacement of coal produced power, as older coal generation facilities come to end of life.

Energy generation from renewables is highly cost competitive, when compared with fossil fuels.

Growing global interest and investment in renewables provides a strong narrative for investor comfort in long-term commitment to renewable projects.

Why South East Asia?

Energy demand is forecast to rise significantly in the region following strong recovery post-Covid, a rapidly increasing population, and growing wealth.

South East Asia has significant capacity for the development of renewable projects, with supportive governments and abundant wind, solar and tidal potential. Ultimately, overseas investment and expertise can help countries in the region to reduce their dependence on energy imports and decrease reliance on fossil fuels, particularly coal.

Coal remains a dominant energy source in the region with renewables penetration low for an area with such considerable potential. International cooperation and initiatives such as those proposed at COP 26 have clearly influenced policy as the Vietnamese and Indonesian governments seek to direct investment away from legacy coal projects in favour of clean energy developments.

Uncertainties regarding fossil fuel access and continuation of supply, coupled with volatile pricing have increased the attractiveness of stable resourced power sources that are better insulated from global events. Furthermore, government policies on grid infrastructures are assisting the transition to renewable projects as major energy sources – improved infrastructure invariably accelerates potential for mass adoption.

The impact of climate change directly impacts South East Asia more than almost any region in the world. An island nation, heavily dependent on the sea and agriculture, the Philippines is vulnerable to extreme weather events and is one of the top three countries most affected by climate change according to the Global Climate Risk Index.

In the medium term, renewables alone do not yet have the capacity to meet South East Asia's accelerating energy demands. Coro continues to evaluate medium risk/high reward hydrocarbon prospects in the region to provide an economical and secure energy mix to complement its renewable activity in the region.

The proceeds of Coro's shorter-term investments in oil and gas projects would then be re-invested in longer-term renewable projects with Coro maintaining its position as a catalyst for the sustainable energy transition in the region.

Any oil and gas activity in the region would mainly focus on high-impact, low-medium risk gas development, preferably onshore. The primary focus for Coro would be on the redevelopment of brown field sites, development of existing discoveries, and near-field exploration.

Our Markets

South East Asia

Growth remains high in the region

ASEAN economies are predicted to grow 4.3% on average this year according to Goldman Sachs, with the Philippines and Vietnam experiencing the most rapid expansion, with both predicted to grow by 5.8%. By comparison, GS predicts Singapore to grow by 1.5% and Malaysia by 4%.

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

As South East Asia continues its post-Covid recovery, the demand for electricity continues to accelerate. Electricity consumption grew by 3.8% in 2021 YoY and will grow by 5% per annum in 2022–2024, (source: IEA).

Demand for electricity in the Philippines is set to increase from 15,282MW in 2020 to 54,655 MW in 2040 (source: Climate scope 2022).

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. 50 GW to 130 GW.

Renewables and Energy Storage

Cost of deploying renewables in country is attractive

The levelised cost of energy considers 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

A 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."

(source: McKinsey)

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.

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, 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 inflated 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).

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. This trend shows no sign of abating with sustained international pressure to establish and achieve emission reduction targets.

At the end of 2022, spot prices for LNG Reached over US$42 per MMBTU.

Italy

In Italy, the consumption of natural gas peaked in 2021 at 72.5 billion cubic meters (source: Statista), the highest since 2011.

Going forward, consumption is set to remain the same or gradually decline to around 68.2 billion cubic meters by 2030 (source: Statista). With the forecasted supply of natural gas in Italy to go up from 3.3 billion cubic meters in 2021 to around 6 billion cubic meters in 2025 (Source: Statista).

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

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

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

- **Status of being an Independent Power Producer now secured in Vietnam**

  3MW commercial & industrial rooftop under operation

- **Access to capital:**

  Supported by key cornerstone institutional investors, lenders and a Board with a track record of technical, commercial and financing energy investments

  Renewables and Oil & Gas blend holding significant interest to investors

- **Creating shareholder value:**

  Board who are experienced in 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")

- **Ability to identify, screen and capture energy opportunities in the region:**

  Experienced Board, including in M&A activity

Our Markets – South East Asia & Europe

Develop existing assets:

- Duyung
- Vietnam
- Philippines
- ion Ventures

Grow asset portfolio:

- Expand existing renewables portfolio in Vietnam through operational asset acquisitions and new build project
- Increase size of Philippines' portfolio through rigorous assessment of new opportunities and securing the WESC
- Dispose non-core Italian portfolio and maximize revenues until the asset is sold
- Identify new oil and gas opportunities in the region to keep a good balance with the renewable activity
- Participate in the development of Mako field and look for monetisation opportunities on the back of the recently initiated farm out process

Operate Sustainably:

- Bring benefit to the countries we operate in
- Limit impact on the environment
- Development of local community projects
- Engagement with local providers to keep investment benefits in country to develop our presence and importance to local economies.

Our Strategy

Coro's vision is to build a South East Asian energy business with a blend of Oil and Gas and renewables exposure. To facilitate this, its near term focus in on commercially de-risking and then monetising its position in the Duyung PSC so that it can repay or restructure its corporate debt, which it is hoped will result in a well funded and debt free vehicle for shareholders. In the meantime the Company will continue to grow its renewables businesses to provide sustainable cash flow generation.

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. Monetise the Duyung PSC and address the Company's capital structure

Coro has a 15% interest in the non-operated Duyung PSC, which contains the Mako gas field, an independently certified 2C gas resource of 384 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. The Operator expects to deliver a signed GSA shortly and has initiated a farm out process which is expected to provide an opportunity for Coro to monetise and/or fund its working interest. Proceeds from any monetisation of Duyung are expected to provide the Company with the opportunity to repay or restructure its corporate debt.

3. Secure new Oil and Gas regional opportunities

The Company is actively screening and working up new regional oil and gas assets to provide long term balance of its renewables portfolio, with a view to ensuring any monetisation of Duyung does not leave the Company with a renewables only portfolio.

Building and Developing our Clean Energy Portfolio

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

Our presence in the Philippines has exposed to us numerous potential projects in which we could invest. Not all projects presented to us are attractive investment propositions, however, several projects have met our preliminary criteria and may provide expansion potential to our project pipeline. Several such projects are now under assessment so their true value can be determined, and action plans formulated.

Our first projects, namely our 100 MW onshore Wind, and 100 MW Solar in the Philippines continue to provide ample comfort that our renewable projects are significantly attractive, to the management, debt funders and investors. Wind data collection from our on-site Lidar equipment has begun to define the wind resource, giving comfort in further investment of a Met Mast tower, that collects bankable data, a necessary requirement for debt providers.

As we continue to develop the projects further, tangible value is attributed to each, as we secure access to land, local approvals, and permits.

Our strategy in Vietnam, while still renewables-led, is slightly different as we focus upon the commercial and industrial rooftop solar space, which is the only de-regulated section of the market and allows the flexibility to originate deals in a controlled de-risked manner. Our pilot project has secured our position as an Independent Power Producer, giving us the kudos of being a known entity in the Vietnamese power generation market.

Vietnam Timeline

- Joint development of rooftop solar through SPV (Coro 85%; Vinh Phuc Energy ("VPE") 15% carried)
- 150 MW project portfolio due diligence under way as part of the de-risking process
- Debt providers are being engaged to develop construction capital for renewables rollout
- VPE are one of the leading Vietnamese solar asset developers, with an experienced team and extensive experience deploying solar PV systems
- Due diligence and signature of 3.25 MW Acquisition
- Other potential acquisitions under consideration following initial investigation into production, technical and financial performance

Strategic Rationale

- Develop, build, own, operate now underway
- Access to Vietnam rooftop Photovoltaic (PV) market
- Leverage local expertise of established industry player
- Low-risk entry, quick revenue generation

Drivers of Rooftop Solar Growth

- Large electricity demand from manufacturing
- Attractive IRRs
- De-regulated market sector
- Energy security and continuity

Tax Incentives

- Preferential rates and tax holidays
- Import duty and VAT relief

Attractive Power Purchase Arrangements (PPAs)

- 100% "Take or pay" arrangements
- 20–25 years expected duration
- Market price tracking, normally with guaranteed floor pricing

Acquisition Opportunities

The Vietnamese C&I rooftop solar market is starting to consolidate, as local developers start to exit, typically influenced by recent increases in local interest rates and the resulting increase in the cost of debt. This trend provides an opportunity to acquire assets at discounted pricing, in comparison to new build, along with operational histrionics and known payment schedules, all go to provide a de-risked, profitable and attractive acquisition case.

Philippines

Our Philippines portfolio pipeline has grown during 2022, our immediate focus remains our 100 MW solar project and the 100 MW onshore wind project. Both projects are strategically important to one another, as they are co-located geographically and share a common grid connection, which dilutes pre-build cost and delivers maximum value. To deliver on such a strategy requires a sensitive eye on mitigating risk, which can cause progress delay, but ensures investment is wisely spent and with lower risk.

Major elements of the project's evolution are being progressed with key stakeholders in country and internationally. High level discussions with potential power off-takers have commenced in a positive manner and the Team looks to advance these negotiations over the coming months, whilst key permitting milestones are achieved.

Additionally, engineers, procurement and contractors have been contacted, interviewed and assessed and a core of suitably resourced and skilled construction partners have been defined, this will be critical in ensuring maximum value add to the projects from a technical perspective, securing production performance, build timeline, quality and engineering as well as best value for money.

The Company has been balancing its deployment of capital in the Philippines with the fluctuating Italian revenue receipts which have caused some delays to progress in capitalising the local Philippine subsidiary. However, as recently announced, these issues are now resolved and the WESC application has been re-submitted.

Italy

Our Italian portfolio consists of six production concessions and one exploration licence comprising 204.1 MMscm in 2P reserves and 141 MMscm in 2C resource. The exploration licence has been relinquished in Q1 2023 after completion of the remediation work on the land.

The 2022 production of 5.1 MMscm gas, in conjunction with a high gas price, generated a positive cash flow that has been reinvested in renewable projects.

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 deprived of 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 that up to 10 GW of additional energy storage will be required by 2030, compared to 1.3 GW of capacity currently installed. 130 MW was 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 a 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
- Coro holds a 15% interest in the Duyung PSC in which the Mako Gas Project is located.
- POD approved by the Indonesian Government
- The Updated Mako PoD is based on field Contingent Resources of 297 billion cubic feet (net attributable to 100% of the Duyung PSC Joint Venture) and a daily production of 120 MMscf/d, consistent with the Gaffney Cline Associates competent persons report dated 26 August 2022, details of which were also announced by the Company on 9 September 2022.
- Mako contains dry gas, no H2S, minimal CO2, over 97% methane
- Importation of pipeline gas would provide secure and reliable energy to Singapore that is less carbon intensive than LNG.
- Operator expecting a signed GSA shortly.
- Operator has initiated a farm out process which is expected to provide an opportunity for Coro to monetise is position.

South East Asia by GCA (26 August 2022) results:

- 51% IRR
- NPV10 net to Coro of US$87M (US$577M gross) in the Best Case (2C) scenario
- 42 Bcf net entitlement 2C resources to Coro during the PSC life
- Plateau production of 120 MMscf/d for six years in the Best Case (2C) scenario
- CPR capital expenditure requirement to first gas estimated at US$251M gross (US$38M net to Coro). Coro expects to secure a Reserve Based Lending facility for a large portion of the capital.
- Operator has indicated that termed Gas Sales Agreements ("GSA"), for gas sold into Singapore, are under discussion with SKK Migas with a view to finalising sales arrangements in the near future.

Duyung PSC – Contingent Resources, GCA Operator CPR

Mako Gas Field (Bcf gas)	Contingent Resources Gross (100%)			Contingent Resources Within PSC Gross (100%) *			Contingent Resources Net Attributable to Coro (15%) **		
Reservoir: Upper sand, intermediate zone and Lower sand	Low	Best	High	Low	Best	High	Low	Best	High
During Duyung PSC life	249	413	442	219	363	389	25	42	45
Requires Duyung PSC extension		24	336		21	296		2	34
Total	249	437	779	219	384	685	25	44	79

* The CPR estimates that 88% of the Mako field is within the PSC boundary

** After deduction of the 23% contractor take

The Operator CPR, and the updated PoD, assumes first gas in 2025 and calculates the last economic production years prior to the current Duyung PSC expiry date for Low, Best and High cases of 2033, 2036 and 2036 respectively, which extend to 2039 and 2054 for the Best and High respectively if the Duyung PSC is extended.

Italy

In August 2022, we announced that we had entered into an agreement with Zodiac Energy plc for an option to purchase the Italian portfolio for up to €7.5 million (having received a non-refundable €0.3 million upon award of the option which is offsetable against the purchase price) and therefore presented in these accounts as a discontinued operation. On the 26 March 2023 a further announcement was made that this option had been exercised and a Sale and Purchase Agreement concluded between the parties and subject to the conditions for completion.

Production from the Italian portfolio continued to increase during the year in line with the expectations following the production resumption of Sillaro (in March) and Bezzecca (in November). The total production for 2022 was 5.2 million scm gas with a record of 1.37 million scm during Q4 2022. This exceptional combination of high production and high gas prices led to a company record of €5.9M total revenues.

Gas prices in Italy continued their upward trajectory from 2021 to Q3 2022, when an average sale price of 1.91 €/scm was reached. In Q4 the average sale price stabilized at 1.21 €/scm.

Going forward, gas prices are expected to remain higher than 2020-21 prices, meaning continued high revenue from our production assets until disposal.

Concerning the licensing activity, the extension of the EIA study for the S. Alberto concession was granted up to April 2025 and the site restoration of Moirago-1dir well (Badile Licence) was completed and formally accepted by the Mining Authority, last fundamental step for the area relinquishment that was granted by the Government in 1Q 2023.

Asset	2P Reserves 31 December 2021 (MMscm)	Production 2022 (MMscm)	2P Reserves 31 December 2022 (MMscm)
Sillaro	61.9	(2.2)	59.7
Bezzecca	64.7	(0.8)	63.9
S. Alberto	58.9	–	58.9
Rapagnano	21.0	(1.9)	19.0
Casa Tiberi	2.5	(0.3)	2.5*
TOTAL	209.0	(5.2)	204.1

* In consideration of the additional potential from a deeper producing level that will be opened in 2023.

Operational Review
continued

Vietnam

A 3 MW rooftop solar pilot project was completed in 2022 and is currently revenue producing. The next projects are currently being finalised with PPA's under discussion and near ready for signing. The ambition is to deliver a 150 MW portfolio of commercial and industrial rooftop solar PV within a relatively short time frame, generating revenue streams and sustainable business that contributes value to the Group and shareholders.

As Vietnam's energy strategy evolves with new Government initiatives that address generation capacity and climate change goals, our in-country position with boots on the ground allow us to monitor, assess, prepare and react to potential upcoming opportunities within the renewables sector.

There is also an acquisition of a further 3.25 MW rooftop solar project and more projects under consideration for a close date in 2023. Acquisitions will assist in creating critical mass which is attractive for debt providers, also our exposure to Vietnamese lenders is significantly increased, offering further insight into our funding solutions for 2023 and beyond.

Philippines

During 2022, the Marcos administration was entrusted with the presidency of the Philippines for a six-year term, with new ministerial appointments in key departments, such as that of Energy, the administration has strengthened the need for greater renewables generation in country, reducing dependency on fuel imports and addressing climate change matters that the country is vulnerable to. The Government of the Philippines continues to champion renewable energy and looks to enact legislation changes to make investment easier than ever before.

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 three, fulfilling a range of roles across technical, financial and administration. The 88% share subsidiary of Coro Energy Plc is called Coro Clean Energy Philippines Inc. and was established in August 2021.

With the 100 MW wind project desktop studies completed, during 2021, it was planned during 2022 to deploy a Lidar wind data collector to gain real evidence of the wind resource in our chosen location and prior to deploying a 130-metre Met Mast for bankable wind data collection. With global steel prices in turmoil during 2021 and 2022, costs for this key item had spiralled way beyond pre-planned budgets, but with a widened search and careful negotiation during late 2022, a supplier has been found who is able to deliver to initial budgetary demands, within the planned timeline and to the demanding specific set under domestic and international standards for such a piece of equipment. The contracting of the met mast had been paused due to the balancing of capital deployment in renewables against the fluctuating cash flow generation of the Italian portfolio, however is expected to be finalised shortly and be erected during the summer.

The Met Mast and Lidar working harmoniously will deliver robust data, needed for debt providers and provide risk mitigation for wind turbine design and performance.

Next steps for our projects include:

100 MW utility scale solar:

- Pre-development project approximately 6 months from RTB status
- Currently prioritising land access, PPA, energy service contracts, construction permits
- Management is targeting IRR between mid-teen to mid-twenties
- Potential to sell projects at RTB (current market is c. US$200k per MW)
- Pre-development cost of the wind and solar projects of US$1.2m has been negotiated down to US$0.95m to secure RTB then US$80m of capital required to fund construction (targeting 75% debt)

100 MW utility scale onshore wind:

- Pre-development project approximately 15 months from RTB status
- 12-month wind data collection process initiated (Lidar measurement campaign and 130m met mast currently under contract review)
- 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 is targeting IRR between mid-teen to mid-twenties.
- Pre-development cost of approx. US$2m negotiated down to US$1.5m to secure RTB then US$162M of capital required (targeting 75% debt)

Financial Review

During 2022 the upward trajectory in energy prices, which began in 2021, was maintained at least until the middle of the year and in some instances into Q3. Energy prices subsequently, and in 2023, have pulled back from the highs of 2022 but prices, albeit with differences between oil and gas, have broadly settled in recent months around the highs seen in the few years prior to 2021. We have maintained a focus on keeping general and administrative costs under control whilst in Italy costs increased due to the higher activity levels to benefit from the increased energy prices experienced in 2022. It is against this backdrop that Coro decided to capture the value inherent in the Italian natural gas portfolio and recently concluded a Sale and Purchase Agreement with Zodiac Energy plc ('Zodiac') to acquire these assets, with the consideration then being available to deploy in line with the Company's strategy as detailed in the Chair's statement.

2022 Results

Revenue of $51,000 during 2022 reflects the commencement in October of Coro's first solar project in Vietnam which after depreciation and amortisation contributed a gross profit of $30,000.

The overhead cost base increased during 2022 to $3.6m (2021: $3.3m) primarily driven by an increase in employee related costs following a number of years of cost reduction. This was offset by the receipt of other income, being the fee for the option granted to Zodiac for the right to acquire the shares in Coro Europe Limited which in turn holds the interest in the 100% Italian subsidiary Apennine SpA and the various natural gas fields, and a reduced share of loss in ion Ventures Holdings Limited, which combined with the gross profit from Vietnam resulted in a reduced loss from operating activities of $3.3m (2021: $3.5m).

The interest charge on the Eurobond loan declined in 2022 to $3.6m (2021: $4.5m) reflecting a lower effective interest rate following the restructuring of the Eurobond and the overall strengthening of the US dollar versus the Euro during 2022. The net foreign exchange loss for the year is $1.3m (2021: $1.6m gain) mainly due to the revaluation of the Eurobond loan balance.

The net effect of the above is that the 2022 loss before tax from continuing operations was $8.2m (2021: $6.4m) with the increase being driven by a change in exchange rates and a revaluation of balance sheet items denominated in various currencies giving rise to foreign exchange gains and losses in 2022 and 2021.

As announced on the 24 August 2022 Coro entered into an Option Agreement with Zodiac to acquire the Company's Italian natural gas asset portfolio for up to Euro 7.5m. On the 26 March 2023 a further announcement was made that this option had been exercised and a Sale and Purchase Agreement concluded between the parties and subject to the conditions for completion. 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 2022. 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.

The discontinued operations (the Italian natural gas fields) made a gross profit of $4.2m in 2022 (2021: $0.2m) reflecting higher gas prices and rates of production.

The focus during 2022 was to maximise cash flow from the Italian operations and consequently costs increased in comparison to 2021 reflecting the higher level of activity.

The accounting profit from discontinued operations was impacted by the reversal of an IFRS 5 impairment charge recorded against non-current assets totalling $1.3m (2021: loss $2.4m). A tax charge of $1.9m arose in the year (2021: $nil).

Overall the 2022 profit after tax from discontinued operations was $2.6m (2021: loss $1.5m).

The total loss for the period was $5.5m (2021: $7.9m) with the reduced loss benefiting from the Italian natural gas fields contribution.

2022 Financial Position

The Group's has a 20.3% interest in ion Ventures and concluded that significant influence over ion exists, and accordingly our investment is classified as an investment in associates on the Group balance sheet. Our share of ion losses for 2022 was $0.1m (2021: $0.2m) with the resulting carrying value in the balance sheet declining to $0.3m (2021:$0.4m) .

Intangible exploration and evaluation assets relating to our 15% interest in the Duyung PSC increased to $18.9m (2021: $18.3) reflecting the venture's capital expenditure for 2022.

Property, plant and equipment of $1.9m reflects the investment in the Company's first solar project in Vietnam.

Financial Review
continued

Net debt increased by $4.7m from $23.3m to $28m (note 16 of the financial statements). Borrowings increased by $1.6m, comprising of amortised Eurobond interest expense of $3.5m less non-cash interest payments of $0.6m and an unrealised foreign exchange gain of $1.3m. Cash, including cash held in the discontinued Italian operations, decreased by $2.8m. This decrease reflects the net effect of receipts from customers offset by payments to suppliers and employees and investment in Vietnam, Philippines and the Duyung PSC.

Net assets of the Italian business, treated as a disposal group held for sale, totalled $267k at year-end (2021: liability $665k).

The Group ended the year with net liabilities of $7.3m (2021: $5.5m).

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.

Management have prepared a consolidated cash flow forecast to the end of June 2024 inclusive of the sale proceeds of the Italian business 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 2c of the financial statements.

The Group ended 2022 with a cash balance of $0.2m (2021: $3.4m) which excludes cash held in the disposal group.

The Group's €22.5m Eurobond was restructured in 2022 and now matures in April 2024.

The net cash proceeds due to Coro following completion of the Italian business is Euro 2.2m which is expected to occur in 2023 with further payments following completion.

The auditors make reference to a material uncertainty in relation to going concern within their audit report.

EWEN AINSWORTH
Chief Financial Officer

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 interest 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.	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.	▼

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 keep up production in our Italian portfolio, this risk remains high. In 2022 our first renewables operational asset started to produce power and revenue, with a good understanding of HSE learnt from our Italian operations, the same practices and ethics have been transferred across to our Vietnam business. A small knowledge gap has been bridged and key leading and lagging indicators are now monitored and recorded for monthly reporting by the local team.	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. In 2022 the HSE committee has increased the site inspections and significantly improved the HSE action planning & monitoring, the emergency response planning and emergency drills. 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.	▲

Managing Risk
continued

Risk	Description and Impact	Mitigation	Status
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.	▲

Risk	Description and Impact	Mitigation	Status
Alignment with joint venture partners	Development of energy assets is commonly undertaken with partners 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.	▲

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 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.

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 and working on minimising our environmental impact until disposal.
- 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.
- 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. 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 our Company Secretary records all meetings and (together with our Nominated Adviser) assists with guiding us and advising us on all governance related matters.

HSE/Technical Committee

The HSE/Technical Committee comprises Stephen Birrell (Chair) and Leonardo Salvadori. Supported by a local technical team with consolidated HSE/Operational skillset. 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 2022, Coro maintained its outstanding occupational health, safety and environmental track record and only one near miss to report. During 2022, the total man-hours amounted to 31,672 (2021: 19,327) with zero Lost Time Injury ("LTIs") recorded (2021: nil).

The 2022 HSE Report is provided on page 30.

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. The Board and Executive team continued to work together to progress the growth of the business as best as possible post pandemic.

Some of the key decisions taken by the Board in 2022, which we believe served to promote the success of the Company for the benefit of all stakeholders, included:

- Development of renewable projects within South East Asia including 100 MW solar and 100 MW wind projects in the Philippines. In Vietnam, negotiations continue for a second new build rooftop solar project and due diligence continues for the acquisition of an energised 3.25MW rooftop solar portfolio close to Saigon.
- Following structural increases in global gas prices, the Company relaunched its Italian portfolio, with production resumed at Sillaro, Casa Tiberi, Rapagnano and Bezzecca, resulting in significant free cash flow for the Group.
- Entering an Option Agreement with Zodiac Energy plc to purchase the Company's Italian gas asset portfolio for a remaining EUR 7.5M, (having received a non-refundable €0.3 million upon award of the option). The Company retains full ownership and cash flows from the Italian portfolio prior to completion of the disposal.
- The partners in the Duyung PSC approved an updated Plan of Development, which has been submitted to the Ministry of Energy and Mineral Resources for approval.
- 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.

Our operations in Vietnam are primarily within industrial zones and are always on rooftops, due to the current opportunities within the local legislation, which means our impact upon local communities is minimal and unobtrusive. In relation to the environment we are servicing electricity demand using clean technology that has zero carbon emissions, replacing grid supplied power that is typically generated from fossil fuels.

The Philippines is ground mounted utility scale projects that require significant land banks for hosting our facilities, at every stage we consult locally with communities and report to local and national Government departments, to inform and also to be aware of all environmental factors, if land areas are of particular sensitivity, alternative locations are sought, the areas that have been chosen, will be subject to Environmental Impact Assessments that are independently conducted and provide recommendations for minimising impact through construction and lifetime. All sites are treated sympathetically and in harmony with government guidance, which usually involves habitat regeneration post construction through the planting of trees and vegetation.

Through our activities and increasing profiles, suppliers and potential customers have engaged with Coro and formed relationships. This has allowed Coro to access manufacturers expertise in engineering and the advances made through their research and development programmes. Key partnerships are being formed that will value engineer projects and provide best value for money solutions enhancing project IRR's, delivering maximum shareholder value.

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 means through our website for investors to communicate any questions or concerns to the Company. Throughout 2022, we held Q&A sessions for investors, with presentations and detailed updates given on Coro's strategy 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 2022. 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 20 May 2023 and signed on its behalf by:

JAMES PARSONS
Executive Chair

Corporate Governance Statement

As Chair 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.

In early 2022 Fiona MacAulay stepped down from the Board and Stephen Birrell joined as an Independent Non-Executive Director. At the same time I transitioned to Executive Chair in order to reinforce the Company's Executive capabilities in anticipation for the next phase of the Company's development.

The Company is developing its growth strategy of developing low carbon energy investments in South East Asia, together with looking to monetise and/or fund 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 focusing on South East Asian developments and growth, during 2022 the Company updated its operational management structure. Leonardo Salvadori, previously Coro's Managing Director – Italy, was appointed Managing Director – Oil & Gas, with overall and extended operational responsibility for the Company's hydrocarbon assets across both Asia and Italy, and Michael Carrington, previously Coro's Chief Operating Officer, was appointed as Managing Director – Renewables. Michael Carrington, with overall operational responsibility for the Company's renewable energy interests.

Following the Company's announcement on 6 March 2023, Naheed Memon was appointed as an Independent Non-Executive Director on 14 April 2023. Naheed is a dual UK and Pakistani national and she has worked extensively across the private and public sector in both Pakistan and internationally. Mark Hood agreed to step down as a Non-Executive Director in March 2023 to ensure the Company maintains a balanced and cost effective Board.

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 Chair

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 6 to 7.
Seek to understand and meet shareholder needs and expectations	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 at in person General Meetings.
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 15 to 19.
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 pages 27 to 29.
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 page 26.
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	Refer to a discussion of Board evaluation on page 28.
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 27.
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 Chair

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 Chair at Ascent Resources plc, Corcel plc and Echo Energy 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.

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 Ascent Resources plc.

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

Stephen is a Spanish speaking, geoscientist who has worked in the upstream oil and gas industry for over 37 years with a deep focus on Central Eastern Europe. He has operated across multiple jurisdictions including the Caribbean and Central and Eastern Europe with Britoil, BP, Elf and Sterling Resources Ltd. He is currently a Director of Ossian Energy Ltd and holds a Non-Executive Board role with Live Company Group plc and Ascent Resources plc. Stephen has a BSc Honours in Applied Geology where he majored in Mining, and Petroleum Geology and Reservoir Engineering. He is a long standing member of both the Society of Petroleum engineers (SPE) and the Association of International energy Negotiators (AIEN).

NAHEED MEMON
Non-Executive Director
(appointed on 14 April 2023)

Naheed has worked extensively across the private and public sector in UK and Pakistan, in banking, energy, manufacturing, and education. She routinely rotates between Karachi, Dubai and London and is Chief Executive of AIM quoted Oracle Power plc.

FIONA MACAULAY
Independent Non-Executive Director

Appointed to the Board on 12 December 2017 and resigned on 25 March 2022

ANDREW DENNAN
Non-Executive Director

Appointed to the Board on 22 March 2019 and resigned on 14 June 2022

MARK HOOD
Non-Executive Director

Appointed to the Board on 17 March 2021 until 24 March 2023

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
Managing Director Renewables

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 2022 and develop the business in South East Asia. 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 2022, there were changes to the Board. The Chair transitioned to Executive Chair and the Chief Executive Officer transitioned to Non-Executive Director of the Company and Country Chair – Philippines. An Independent Non-Executive Director was appointed and two Non-Executive Directors resigned. There were further changes in the first half of 2023 with Mark Hood stepping down as Non-Executive Director and Naheed Memon joining as an Independent Non-Executive Director.

Currently, the Board comprises of James Parsons, Executive Chair; Marco Fumagalli, Non-Executive Director; Stephen Birrell, and Naheed Memon as Independent Non-Executive Directors.

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. Ewen Ainsworth joined the Company as CFO, appointed on 28 February 2022, Ewen has responsibility for the commercial and financial management of the Group. Leonardo Salvadori, Managing Director of Italy, remains responsible for Italian operations and assists with the Group's wider South East Asian activities as required.

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.

Corporate Governance Framework
continued

Board Meeting Attendance

Year ended 31 December 2022	Board (scheduled)	Board (ad hoc[1])	Audit Committee	Remuneration Committee	HSE Committee	Nominations Committee
Number of meetings held	5	6	3	3	6	0
James Parsons	5	6	–	–	–	–
Mark Hood	5	6	–	–	–	–
Andrew Dennan[2]	2	3	–	–	–	–
Marco Fumagalli	5	6	3	3	–	–
Fiona MacAulay[3]	2	2	1	1	2	–
Stephen Birrell[4]	3	4	2	2	4	–

1. Ad hoc meetings are called for specific matters, generally of a more administrative nature not requiring full Board attendance.
2. Resigned on 14 June 2022.
3. Resigned on 25 March 2022.
4. Appointed on 25 March 2022.

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 Chair, 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 Chair 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 be arranged as and when considered appropriate. 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 sixth year as the Company's auditors. The audit of the 2021 financial statements was the final year for the audit partner, Joseph Archer, who has been replaced with Daniel Hutson, 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.

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.

2022 activities:

- Reviewed the 2021 audit plan and approved auditor's remuneration.
- Reviewed and approved the Group's 2021 Annual Report and 2022 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. Fiona MacAulay stepped down from the Board and as Committee Chair 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.

2022 activities:

- Reviewed and approved the 2021 bonus awards to Executives and management and the 2021 scorecard.
- Discussed and debated the changes to the Executive management team.
- Reviewed the Group's long-term incentive structures.
- Approved options made under the Company's Long-Term Incentive Plan ("LTIP") scheme.
- Reviewed and approved the 2022 scorecard.
- Considered the remuneration package for the Executive Chair, CEO and members of the Executive Management team.

Nominations Committee

The Nominations Committee comprises of Stephen Birrell (Chair) and Marco Fumagalli. Fiona MacAulay served as Chair until her resignation in March 2022, when James Parsons assumed the position as Chair until Stephen Birrell's appointment.

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.

2022 activities:

- Considered the near term composition of the Board.

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 2022, Coro maintained its outstanding occupational health, safety and environmental track record and only one near miss to report. During 2022, the total man-hours amounted to 33,144 (2021: 16,268) with zero Lost Time Injury ("LTIs") recorded (2021: nil).

The 2022 HSE Report is provided on page 30.

HSE Report

In the first 2 months of 2022, the Group only operated the Rapagnano and Casa Tiberi gas fields. Starting from March and November respectively also Sillaro and Bezzecca fields were put into production. Plant and well site maintenance activities were carried out on all sites in compliance with the national HSE regulations.

Key activities undertaken in 2022 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.
- Continuous update of all Company safety and environmental documentation required by the Italian regulations.
- Completion of the ten-year maintenance activity at Sillaro and Bezzecca.
- Renewal of the fire prevention and protection certificates on all sites.
- Monthly HSE visits on all sites, including those where production is suspended, continued as required.

The total man-hours worked in 2022 were 31,672 with key HSE statistics recorded in the following four main categories:

1) Man-hours Worked

	2022	2021
Company	**7,794**	7,794
Contractors	**23,878**	8,474
Total man-hours	**31,672**	16,268

2) Lagging Indicators

	2022	2021
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**	0
Environmental incident	**0**	0
Road Traffic Accident (RTA)	**0**	0
Near miss	**1**	0
HiPo (high potential incidents)	**0**	0
Lost workdays	**0**	0

3) Leading Indicators

	2022	2021
HSE inspections	**329**	337
HSE audits	**11**	6
HSE meetings	**18**	6
HSE inductions	**453**	342
Emergency drills	**0**	3
TBTs	**0**	3
Training hours	**14**	173
SHOC cards	**0**	2
JSAs	**11**	10
Management visits	**6**	5

4) Environmental Data

	2022	2021
Diesel consumed (mc)	**25**	13
Water consumed (mc)	**36**	48
Mud cuttings (mc)	**0**	0
Non-hazardous waste (tonne)	**1949**	419
Hazardous waste (tonne)	**2**	0
Instrumentation gas (mc)	**4680**	4,200
Electrical energy (MWh)	**98**	47

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 2022. The Chair transitioned to an Executive Chair position at the request of the Remuneration Committee alongside Mark Hood stepping down as Chief Executive but remaining as a Non Executive Director and Country Chair – Philippines for a period of time, following which (in 2023) he stepped down from the Board. To facilitate this transition of leadership, Leonardo Salvadori, previously Coro's Managing Director – Italy, was appointed Managing Director – Oil & Gas, with overall and extended operational responsibility for the Company's hydrocarbon assets across both Asia and Italy, and Michael Carrington, previously Coro's Chief Operating Officer, was appointed as Managing Director – Renewables. Michael Carrington, with overall operational responsibility for the Company's renewable energy interests. Naheed Memon joined the Board as an Independent Non Executive Director in April 2023.

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. In 2022 the Committee awarded options under the LTIP scheme in which 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 Board. 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 2022:

	Salary and cash benefits US$'000	Transitional support	Bonus US$'000	Benefits in kind US$'000	Pensions US$'000	Total 2022 US$'000	Total 2021 US$'000
Executive Director							
James Parsons	224[1]	26[2]	152[3]	1		**403**	202
Non-Executive Director							
Mark Hood	228		18	2	5	**253**	204.6
Andrew Dennan	22		-	-		**22**	55
Fiona MacAulay	16		-	-		**16**	55
Marco Fumagalli	49		-	-		**49**	55
Stephen Birrell	38		-	-		**38**	-

1. Represents both the Non-Executive Chair fee up to 25 March 2023 and thereafter (upon the exit of the CEO who was not replaced) the salary for Executive Chair.
2. Represents the agreed temporary uplift to Non-Executive Chair fee to provide additional support to executives.
3. Bonus awarded by Rem Com based on pre agreed scorecard including delivering debt restructuring, delivering revenue from Vietnam pilot and maintaining strong Italian production levels through period of high gas prices.

Share-Based Payments

In 2022, James Parsons was granted 47,080,979 new share options and Mark Hood was granted 21,522,733 new share options in the Company. 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 Directors will vest after three years subject to fulfilling the set performance conditions. The total share-based payments expense recognised in respect of Directors in 2022 was US$45k (2021: US$160k). 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 2022	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Options held at 31 December 2022
Mark Hood	37,500,000	21,522,733	–	–	**59,022,733**
James Parsons	10,000,000	47,080,979	–	–	**57,080,979**
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' Remuneration Report
continued

Directors' Interest in Shares

Directors and their connected persons had the following interests in shares of the Company at 31 December 2022:

Name of Director	No. of shares at 31 December 2022	No. of shares at 31 December 2021
Andrew Dennan	**7,280,194**	7,280,194
Mark Hood	**76,415,477**	72,720,558
James Parsons	**4,695,414**	4,695,414
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.

This Remuneration Report was approved by the Board of Directors on 20 May 2023 and signed on its behalf by:

JAMES PARSONS
Executive Chair

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 2022.

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 2022 were classified as a disposal group and held for sale and therefore presented in these accounts as a discontinued operation.

As announced on the 24 August 2022 Coro entered into an Option Agreement with Zodiac Energy plc to acquire the Company's Italian natural gas asset portfolio for up to Euro 7.5m. On the 26 March 2023 a further announcement was made that this option had been exercised and a Sale and Purchase Agreement concluded between the parties and subject to the conditions for completion.

Results and Dividends

The Group made a net loss after tax of US$5.5m (2021: US$8.0m), which comprised a loss after tax from continuing operations of US$8.2m (2021: $6.5m).

The Directors have not recommended payment of a dividend (2021: nil).

Directors

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

- James Parsons
- Andrew Dennan (resigned on 16 June 2022)
- Marco Fumagalli
- Fiona MacAulay (resigned on 25 March 2022)
- Mark Hood (until 24 March 2023)
- Stephen Birrell (appointed 25 March 2022)
- Naheed Memon (appointed 14 April 2023)

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 Chair.

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%. The information is as at register analysis cut-off date of 30 December 2022, except where TR-1 notifications are made subsequent to that date.

Name of shareholder	Interest
CIP Merchant Capital Ltd	8.03%
Novum Securities*	5.42%
Spreadex Ltd**	4.49%
Hargreaves Lansdown Asset Mgt*	3.35%

* Private Investor Holdings
** 67,396,000 votes (2.62%) – CFD/Spread bet financial instruments – 62,153,318 ordinary shares (2.42%) 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. The auditors make reference to a material uncertainty in relation to going concern within their audit report.

This Directors' Report was approved by the Board on 20 May 2023 and signed on its behalf by:

JAMES PARSONS
Executive Chair

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 UK adopted international accounting standards 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 20 May 2023 and signed on its behalf by:

JAMES PARSONS
Executive Chair

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 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, 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 2022 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.

Material uncertainty related to going concern

We draw attention to note 2c of the financial statements which notes that whilst the Group has increased its cash since the year end due to an advance on the consideration for the sale of the Italian gas portfolio of $1.6m, its Eurobonds are due for repayment within 12 months of signing the Group financial statements. The Group is therefore reliant upon restructuring the repayment of the Eurobonds or raising sufficient funds in order to repay them. The Group remain reliant upon the completion of the disposal of the Italian gas portfolio and the success of future solar and wind projects to generate sufficient revenue to continue to fund the groups cash requirements. Should downside scenarios occur, including failure to restructure the Eurobond repayment dates, the group and parent company would be required to secure further funding. As stated in note 2c, these conditions are necessarily considered to represent a material uncertainty that may cast significant doubt over the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter. 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 and the parent company's ability to continue to adopt the going concern basis of accounting included evaluating the following:

- We critically assessed the Directors' financial forecasts through comparing actual outcomes in the current year results against forecasts. Underlying key assumptions, including revenue, operating and capital expenditure were assessed by considering factors such as historical revenue profiles, and operating expenditure historic actuals in order to assess the reasonableness of the forecasts.
- We assessed the reasonableness of key assumptions underpinning the forecasts by reference to publicly available information and underlying source documentation.
- We performed sensitivity analysis on the cash flow forecast to consider the available headroom under different reasonably possible scenarios, an increase in expenses, and additional capex.
- We made enquiries of Management and Directors and reviewed Board minutes and key operational contracts to assess the completeness of commitments considered in the cash flow forecasts.

Independent Auditors' Report

To the Members of Coro Energy Plc continued

- We evaluated the adequacy of disclosures made in the financial statements in respect of going concern.

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

Entity	Basis for materiality	Materiality
Coro Energy Plc – Group	5% of net assets	$293k (2021: $216k)
Parent company	5% of net assets	$180k (2021: $99k)

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we consider net assets to be the most significant determinant of the group's and parent company's financial performance used by shareholders as the group continues to progress its assets and the parent company continues to support the groups development activities.

Whilst materiality for the financial statements as a whole was set at $293k (2021:$216k), significant components of the group were audited to a level of materiality ranging between $91k - $205k (2021: $99k-$208k). Performance materiality for the group and components was set at 70% (2021:70%) to ensure sufficient coverage of key balances. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We agreed with management that we would report to the audit committee all individual audit differences identified during the course of our audit in excess of $14.7k (2021:$10.8k)for the financial statements as a whole and $9k (2021: $4.9k) for the parent company. We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

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 2022 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 2022, 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 profit 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 and evaluation assets and rehabilitation provisions. The work on this component 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.

All audit work on other components was conducted by the group audit team.

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 capitalised exploration costs (Note 13)	
Capitalised exploration costs totalling $18.9m represent the most material balance within the group's financial statements in respect of its continuing operations and it is from said assets that group hopes to deliver future value to its shareholders. **There is the risk that these amounts are impaired, and that the capitalised amounts do not meet the recognition criteria of IFRS 6. Given the significance of the assets to the group's consolidated statement of financial position and the significant management judgements and estimates involved in this area, we considered this a key audit matter.**	Our work in this area included: · Reviewing management's assessment for indicators of impairment under IFRS 6 and performing our own review of underlying information including: obtaining and reviewing any third party reports regarding the resource estimate, as well as management's forecasts/ budgets, and relevant correspondence with parties to the agreement and forming our own view. · Confirmation that the Group has good title to the applicable licences held. · Review of component work on Apennine Energy S.p.A in respect of capitalised costs including the considerations made in respect of IFRS 6's recognition and impairment indicators. · Considering the appropriateness of disclosure included in the financial statements.
Carrying value of investments in subsidiaries (Company only) (Note 20)	
Investments in subsidiary undertakings totalling $17.5m represents the largest asset on the 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 held by its investments. **We have therefore identified the risk over the impairment of investments in the Parent company financial statement. Given the significance of the assets to the parent company's statement of financial position and the significant management judgements and estimates involved in this area, we considered this a key audit matter.**	Our work in this area included: · Confirmation of ownership; · Review of management's impairment assessment for the subsidiaries, and specifically challenging the data, assumptions and methodologies applied within internal valuation modelling in respect of the Duyung project and the Italian portfolio; and · Considering the appropriateness of disclosure included in the financial statements.

Independent Auditors' 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 directors' responsibilities statement, 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 about the potential instances of non-compliance with laws and regulations both in the UK and in overseas subsidiaries. We also selected a specific audit team based on experience with auditing entities within this industry of a similar size.

- 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
  - Local industry regulations Italy, Indonesia, and Vietnam
  - Local tax and employment law
- 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:
  - Making enquiries of management
  - A review of Board minutes
  - A review of legal ledger accounts
  - A review of 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, there were no other 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 reviewing transactions through the bank statements to identify potentially large or unusual transactions that do not appear to be in line with our understanding of business operations.

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.

DANIEL HUTSON (SENIOR STATUTORY AUDITOR)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London E14 4HD

20 May 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	31 December 2022 US$'000	31 December 2021 US$'000
Continuing operations			
Revenue		**51**	–
Depreciation and amortisation expense		**(21)**	–
Gross profit		**30**	–
Other income	19	**309**	–
General and administrative expenses	5	**(3,574)**	(3,276)
Depreciation expense		**(15)**	(18)
Share of loss of associates		**(82)**	(249)
Loss from operating activities		**(3,332)**	(3,543)
Finance income	7	**636**	2,239
Finance expense	7	**(5,491)**	(5,171)
Net finance expense		**(4,855)**	(2,932)
Loss before income tax		**(8,187)**	(6,475)
Income tax benefit/(expense)	8	**–**	–
Loss for the period from continuing operations		**(8,187)**	(6,475)
Discontinued operations			
Gain/(loss) for the period from discontinued operations	19	**2,642**	(1,510)
Total loss for the period		**(5,545)**	(7,985)
Other comprehensive income/loss			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		**2,925**	485
Total comprehensive loss for the period		**(2,620)**	(7,500)
Loss attributable to:			
Owners of the Company		**(5,479)**	(7,985)
Non-controlling interests		**(66)**	–
Total comprehensive loss attributable to:			
Owners of the Company		**(2,554)**	(7,500)
Non-controlling interests		**(66)**	–
Basic loss per share from continuing operations ($)	9	**(0.004)**	(0.003)
Diluted loss per share from continuing operations ($)	9	**(0.004)**	(0.003)
Basic profit/(loss) per share from discontinued operations (US$)		**0.001**	(0.001)
Diluted profit/(loss) per share from discontinued operations (US$)		**0.001**	(0.001)

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

Consolidated Balance Sheet

As at 31 December 2022

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

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

The financial statements on pages 42 to 84 were authorised for issue by the Board of Directors on 20 May 2023 and were signed on its behalf by:

JAMES PARSONS
Executive Chair

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

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

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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	31 December 2022 US$'000	31 December 2021 US$'000
Cash flows from operating activities			
Receipts from customers		**6,270**	1,019
Payments to suppliers and employees		**(6,599)**	(3,873)
Interest paid	7	**–**	(649)
Interest received	7	**–**	1
Net cash used in operating activities		**(329)**	(3,502)
Cash flow from investing activities			
Payments for property, plant and equipment		**(1,868)**	–
Payments for exploration and evaluation assets	13	**(338)**	(289)
Payments for intangible development assets	13	**(257)**	–
Net cash used in investing activities		**(2,463)**	(289)
Cash flows from financing activities			
Proceeds from issuance of shares	17	**–**	5,669
Net cash provided by or generated from/(used in) financing activities		**–**	5,669
Net (decrease)/increase in cash and cash equivalents		**(2,792)**	1,878
Cash and cash equivalents brought forward		**3,551**	1,761
Effects of exchange rate changes on cash and cash equivalents		**25**	(88)
Cash and cash equivalents carried forward		**784**	3,551

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

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

Company Balance Sheet
As at 31 December 2022

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

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

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

The financial statements on pages 42 to 84 were authorised for issue by the Board of Directors on 19 May 2023 and were signed on its behalf by:

JAMES PARSONS
Executive Chair

Company Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital US$'000	Share premium US$'000	Other reserves US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2021	1,103	45,786	1,733	(52,830)	(4,208)
Total comprehensive loss for the period:					
Loss for the period	–	–	–	(5,575)	(5,575)
Other comprehensive income	–	–	(28)	–	(28)
Total comprehensive loss for the period	–	–	(28)	(5,575)	(5,603)
Transactions with owners recorded directly in equity:					
Issue of share capital	1,840	4,675	–	–	6,515
Share-based payments for services rendered	–	–	390	–	390
Total transactions with owners recorded directly in equity	1,840	4,675	390	–	6,905
Balance at 31 December 2021	2,943	50,461	2,095	(58,405)	(2,906)

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

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

Company Statement of Cash Flows

For the year ended 31 December 2022

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

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

Notes to the Financial Statements

For the year ended 31 December 2022

Note 1: Corporate Information

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

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

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

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

(d) Foreign currency transactions

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

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

Notes to the Financial Statements
For the year ended 31 December 2022 continued

Note 2: Basis of Preparation continued

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

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

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

(e) Use of estimates and judgements

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

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

(i) Key accounting judgements

Accounting for investment in Coro Europe Limited and related balances

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

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

Accounting for investment in ion Ventures Holdings Limited

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

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

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

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

Note 2: Basis of Preparation continued

Accounting for investment in Coro Renewables VN1 Joint Stock Company

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

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

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

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

Share option and warrants

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

(ii) Key accounting estimates

Estimate of gas reserves and resources

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

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

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

Gas reserves and resources are disclosed in the Operational Report on page 10.

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 2: Basis of Preparation continued

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

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

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

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

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

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

Rehabilitation provisions (note 19)

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

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

Recoverability of deferred tax assets (note 8)

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

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

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

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

Note 2: Basis of Preparation continued

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

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

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

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

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

Note 3: Significant Accounting Policies

(a) Principles of consolidation

(i) Subsidiaries

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

(ii) Interests in other entities

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

Associates

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 2: Basis of Preparation continued

Other investments

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

(b) Taxation

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

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

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

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

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

(c) Property, plant and equipment

(i) Recognition and measurement

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

Oil and gas assets

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

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

Note 2: Basis of Preparation continued

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

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

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

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

Other property, plant and equipment

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

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

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

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

(iv) Impairment

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

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

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

(d) Intangible assets

(i) Exploration and evaluation assets

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 2: Basis of Preparation continued

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

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

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

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

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

(ii) Software

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

(iii) Goodwill

Goodwill arising from business combinations is included in intangible assets.

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

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

(iv) Research and Development

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

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

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

Note 2: Basis of Preparation continued

(e) Inventory

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

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

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

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

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

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

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

(g) Investments and financial assets

(i) Classification

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

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

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

(ii) Recognition and measurement

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 2: Basis of Preparation continued

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

(iii) Impairment

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

(iv) Investment in subsidiaries

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

(h) Derivatives

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

(i) Provisions

(i) Rehabilitation provision

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

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

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

(ii) Other provisions

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

(j) Borrowings

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

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

(k) Trade and other payables

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

(l) Share capital

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

Note 2: Basis of Preparation continued

(m) Share-based payments

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

(n) Revenue

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

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

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

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

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

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

(o) Leases

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 2: Basis of Preparation continued

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

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

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

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

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

(i) New and amended standards adopted by the Group

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

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

(ii) New standards not yet adopted

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

Note 4: Segment Information

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

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

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

Note 5: General and Administrative Expenses

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

Auditor's remuneration

Services provided by the Group's auditor and its associates

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

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

Note 6: Staff Costs and Directors' Emoluments

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 6: Staff Costs and Directors' Emoluments continued

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

The highest paid Director received aggregate emoluments of US$403k (2021: US$205k) as disclosed in the Directors' Remuneration Report on page 32.

Note 7: Finance Income/Expense

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

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

Note 8: Income Tax

Income tax

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

Note 8: Income Tax continued

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

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

Deferred tax

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

Note 9: Earnings per Share

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

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

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

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

Notes to the Financial Statements
For the year ended 31 December 2022 continued

Note 10: Inventory

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

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

Note 11: Trade and Other Receivables

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

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

Note 12: Property, Plant and Equipment

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

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

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

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

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

Notes to the Financial Statements
For the year ended 31 December 2022 continued

Note 12: Property, Plant and Equipment continued

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

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

Note 13: Intangible Assets

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

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

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

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

Note 13: Intangible Assets continued

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

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

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

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

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

Note 14: Business Combination

Global Energy Partnership Limited

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

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

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

Revenue and profit contribution

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 15: Trade and Other Payables

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

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

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

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

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

Note 16: Borrowings

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

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

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

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

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

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

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

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

Net debt reconciliation

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

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

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 2021	1,706	(25,049)	–	(23,343)
Cashflows	1,715	649	–	2,364
Eurobond amortisation	–	(4,512)	–	(4,512)
Effects of foreign exchange	(87)	2,275	–	2,188
Net debt as at 31 December 2021	3,334	(26,637)	–	(23,303)
Cashflows	(3,193)	–	–	(3,193)
Eurobond amortisation	–	(2,832)	–	(2,832)
Effects of foreign exchange	25	1,286	–	1,311
Net debt as at 31 December 2022	**166**	**(28,183)**	**–**	**(28,017)**

Note 17: Share Capital and Share Premium

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

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

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

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

Note 18: Reserves

Merger reserve

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

Other reserves

Share-based payments reserve

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

Functional currency translation reserve

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

Note 19: Discontinued Operations

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 19: Discontinued Operations continued

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

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

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

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

Note 19: Discontinued Operations continued

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

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

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

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

Note 20: Investment in, and Loans to, Subsidiaries

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

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 20: Investment in, and Loans to, Subsidiaries continued

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

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

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

* Indirectly held.

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

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

Note 20: Investment in, and Loans to, Subsidiaries continued

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

Loans to subsidiaries

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

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

Note 21: Financial Instruments

Carrying amount versus fair value

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

31 December 2022

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

31 December 2021

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 21: Financial Instruments continued

31 December 2022

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

31 December 2021

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

Determination of fair values

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

Financial risk management

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

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

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

Note 21: Financial Instruments continued

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

(i) Credit risk

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

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

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

(ii) Market risk

Interest rate risk

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

Currency risk

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 21: Financial Instruments continued

Sensitivity analysis

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

	Group US$'000	Company US$'000
31 December 2022		
USD:GBP exchange rate increases 10%	**(34)**	**1**
USD:GBP exchange rate decreases 10%	**34**	**(1)**
EUR:GBP exchange rate increases 10%	**(2,820)**	**(3,026)**
EUR:GBP exchange rate decreases 10%	**2,820**	**3,026**
31 December 2021		
USD:GBP exchange rate increases 10%	256	256
USD:GBP exchange rate decreases 10%	(233)	(233)
EUR:GBP exchange rate increases 10%	(2,665)	(2,665)
EUR:GBP exchange rate decreases 10%	2,423	2,565

(iii) Capital management

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

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

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

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

(iv) Liquidity risk

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

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

Note 21: Financial Instruments continued

Group

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

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

Company

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

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 22: Share-Based Payments

Ordinary Shares

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

Share options and warrants

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

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

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

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

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

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

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

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

Note 22: Share-Based Payments continued

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

p – British pence.

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

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

Note 23: Interests in Other Entities

ion Ventures

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

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

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

Summarised balance sheet	31 December 2022 US$'000	31 December 2021 US$'000
Current assets	**463**	522
Non-current assets	**2,507**	2,907
Current liabilities	**(1,062)**	(833)
Non-current liabilities	**(630)**	(621)
Net assets	**1,278**	1,975
Group's share in %	**20.3%**	20.3%
Group's share in US$	**259**	401

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

Notes to the Financial Statements

For the year ended 31 December 2022 continued

Note 23: Interests in Other Entities continued

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

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

Duyung PSC

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

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

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

Coro Renewables VN1 Joint Stock Company

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

Note 24: Contingencies and Commitments

Commitments

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

Contingencies

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

Note 25: Related Party Transactions

Key management personnel compensation

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

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

Other related party transactions

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

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

Note 26: Subsequent Events

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

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

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

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

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

Notes to the Financial Statements
For the year ended 31 December 2022 continued

Note 26: Subsequent Events

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

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

On 2 May 2023 the Company announced that Conrad Asia Energy Ltd, the operator of the Mako gas field within the Duyung PSC ("Mako"), has engaged an investment bank to farm-down its interest in Mako. The Group may participate pro rata in the farm-down process as various drag and tag along clauses exist in the Joint Operating Agreement. Coro may also entertain a full exit, depending on the terms offered.

Company Information

Directors
James Parsons (Executive Chair)

Marco Fumagalli (Non-Executive Director)

Stephen Birrell (Non-Executive Director)

Naheed Memon Non-Executive Director)

Company secretary
AMBA Secretaries Limited

Registered office
c/o Pinsent Masons LLP
1 Park Row
Leeds
LS1 5AB
England

Registered number
10472005 (England and Wales)

Nominated adviser
Cenkos Securities plc
6–8 Tokenhouse Yard
London
EC2R 7AS

Broker
W H Ireland
24 Martin Lane
London
EC4R 0DR

Legal advisers
Pinsent Masons LLP
1 Park Row
Leeds
LS1 5AB

Auditor
PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London
E14 4HD

Share registrars
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

c/o Pinsent Masons LLP
1 Park Row
Leeds LS1 5AB