

# Coro Energy

Positive Mako appraisal, Tambak non-commercial

Drilling results

Oil & gas

22 November 2019

**Price** **2.08p**

**Market cap** **£16m**

US\$1.23/£

Net debt (\$m) at 30 June 2019 7.4

Shares in issue 789.6m

Free float 61%

Code CORO

Primary exchange AIM

Secondary exchange N/A

## Share price performance



## Business description

Coro Energy is an upstream oil and gas company with a focus on South-East Asia. It targets discoveries that require commercialisation and have exploration upside, with a particular focus on gas assets.

## Analysts

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Subsequent to our initiation on Coro Energy yesterday, the company has announced the results of its Tambak-1 well. The well was designed to appraise the Mako gas field and test the underlying Tambak exploration prospect. Coro has confirmed the deliverability of the Mako reservoir with a maximum flow rate of 11.4mmscfd achieved on test. Meanwhile, the Lower Gabus reservoirs in the underlying Tambak prospect were found to have low gas saturations and poor reservoir characteristics and the well is now being plugged and abandoned. Our RENAV of 3.79p/share included 0.41p/share for the Tambak prospect; the updated RENAV is 3.37p/share.

| Year-end | Revenue (\$m) | EBITDA* (\$m) | PBT* (\$m) | Cash from operations (\$m) | Net (debt)/cash (\$m) | Capex (\$m) |
|----------|---------------|---------------|------------|----------------------------|-----------------------|-------------|
| 12/18**  | 0.0           | (3.5)         | (3.5)      | (12.7)                     | 9.4                   | (1.0)       |
| 12/19e   | 0.0           | (5.5)         | (8.1)      | (8.2)                      | (12.6)                | (12.7)      |
| 12/20e   | 0.0           | (4.6)         | (4.6)      | (4.6)                      | (69.1)                | (51.9)      |

Note: \*PBT normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. \*\*FY18 actuals reported in euros; FY18 not yet restated in US\$ and consequently FY18/19 estimated figures include some Edison assumptions.

This morning Coro announced an update on operations at the Tambak-1 well in the Duyung PSC, offshore Indonesia, in which it holds a 15% interest. The drill stem test at Tambak-1 resulted in the successful appraisal of the Mako gas field. The well encountered 24m of intra-Muda reservoir sandstones and confirmed a common gas-water contact across the field.

The well was deepened beneath the Mako field to test the Tambak prospect. The well encountered multiple sandstone intervals in the Lower Gabus section with hydrocarbon shows seen while drilling; however, these sandstones have low gas saturations. The well is being plugged and abandoned. We valued the Tambak prospect at 0.41p/share in our recently published [initiation note](#), but as the prospect proved to be non-commercial the updated RENAV is 3.37p/share. The well result has no impact on our financial estimates.

Coro will now collect the information from the drilling campaign to revisit the resource estimates for Mako, with an independent assessment expected to be completed in Q120, and will continue working on Mako gas marketing.

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