

Zenith Energy Ltd

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Zenith Energy strikes deal to buy Coro Energy's Italian assets

Zenith Energy Ltd (LON:ZEN, CVE:ZEE) has agreed to acquire all of the Italian assets of Coro Energy PLC (LON:CORO) in a deal starting at £402,000.

The initial deal consideration will be paid on completion, in Zenith shares, priced at 6p each, with a further contingent of up £3.5mln payable dependent upon the performance of the acquired assets.

To trigger the extra payment the acquired assets need to yield production of 100,000 cubic feet per day or 590 barrels oil equivalent per day over four successive months.

Zenith anticipates that it can achieve 113,000 cubic feet per day from the assets once it completes a series of well interventions planned for the first six to nine months of ownership. It noted that regulatory approvals are already in place for such work.

The company told investors that the acquired assets generated €1.53mln of revenue in the first six months of 2019, with an average production rate of 40,000 cubic feet per day (which is around 234 boepd).

Some 7.5bn cubic feet of gas reserves are attributed to the acquired assets.

Zenith highlighted that it will become one of the largest natural gas production operators in Italy as a result of the deal, with production expected to average around 55,000 cubic immediately after closing.

It lifts Zenith's existing production by some 410% and post-acquisition the company expects to generate around €3.6mln of gross yearly revenue.

Andrea Cattaneo, Zenith chief executive, described himself as "delighted" with the deal.

"Upon completion of the acquisition, Zenith will have significantly enhanced its Italian operations with a material increase in revenue generation and natural gas production making it one of the leading natural gas producers in Italy," Cattaneo said in a statement.

"There are a number of opportunities to increase production from current levels in the acquired assets through targeted relatively low-risk well interventions, also present in our existing Italian portfolio.

"Our newly enhanced technical team and financial resources will enable Zenith to apply renewed focus on its Italian portfolio."

In a separate statement, explained Coro Energy that it is focusing on its assets in south-east Asia, where it previously acquired a 15% stake in the Mako field, via the Duyung Production Sharing contract in Indonesia's West Natuna basin,

Price: 0.9

Market Cap: £5.06 m

1 Year Share Price Graph



February 2019 August 2019 February 2020

Share Information

Code: ZEN

Listing: LSE

52 week High Low
4.25 0.8

Sector: Oil & Gas

Website: www.zenithenergy.ca

Company Synopsis:

Zenith Energy Ltd. is a Canadian oil & gas production company, listed on the London Stock Exchange (ZEN) and the TSX Venture Exchange (ZEE). The main focus of the Company is the acquisition of large onshore oil & gas fields in countries that offer strong asset protection and a business atmosphere conducive to stable and profitable production activities.

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along with a 42.5% stake in the Bulu PSC which hosts the Lengo gas field.

It noted that the Italian assets would require capital investment, and the company believes its Asian business offers a more value accretive use of funds.

"As the company continues to focus on the investment opportunities in South East Asia, the disposal of our Italian portfolio removes non-core assets and streamlines our geographic focus," Coro chief executive James Menzies said in the statement.

"The Italian portfolio requires significant management time and capital expenditure to sustain its production and in-line with our stated strategy, we believe that focusing our resources on the rapidly growing South-East Asian market will provide greater opportunity to maximise shareholder value," he added.

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