

**February 24, 2017**

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**Saffron Energy plc  
("Saffron Energy", the "Company" or, together with its subsidiaries, the "Group")**

### **Admission to AIM and First Day Of Dealings**

Saffron Energy plc (AIM: SRON), the onshore natural gas producer with interest in northern Italy, is pleased to announce today's admission of its ordinary shares of 0,1 pence each ("Ordinary Shares") to trading on the AIM Market of the London Stock

Exchange ("AIM"). Dealings in the Ordinary Shares will commence at 8.00am (GMT) under the ticker SRON ("Admission").

As part of the AIM listing, the Company has raised £2.5 million before expenses by a placing and subscription of 50,000,000 new Ordinary Shares (the "Placing and Subscription") with investors at a price of 5 pence per Ordinary Share ("Placing and Subscription Price"), giving the Company an estimated market capitalisation of approximately £7.69 million on Admission, based on the Placing and Subscription Price. On Admission, the Company has 153,720,000 Ordinary Shares in issue (and no shares held in treasury). The Placing was led by the Company's corporate broker Turner Pope Investments (TPI) Ltd, with Grant Thornton UK LLP acting as financial and nominated adviser to the Company in relation to the AIM listing (collectively, the "UK Advisors").

The Placing and Subscription will primarily enable Saffron Energy to fund the accelerated development of all three of its gas fields. Specifically, the Company will utilise the funds to complete the Bezzacca gas field development, bringing the new Sant'Alberto gas field into production and refinance the Bezzacca development bridging finance.

Further information provided under AIM Rule 26 and the Company's AIM Admission Document can be found at:  
[www.saffronenergy.co.uk/investors/aim-rule-26/](http://www.saffronenergy.co.uk/investors/aim-rule-26/)

**Michael Masterman, Chief Executive Officer of Saffron Energy, commented:**

*"I am proud and delighted that Saffron Energy is joining AIM today. This is an important and transformational step for the Company. We believe our AIM listing will establish a more representative fair value for our high-margin gas fields while unlocking the upside that each asset possesses."*

*"Italy is a very good market to produce and commercialise gas. The gas from our fields is very pure. It is 99% methane, so the processing plant can be very small. The gas basically goes straight into the Italian national grid from the well."*

*"We have a well-defined development strategy and work programme to increase production, based on proven and low-risk operations and a strong technical senior manager who has significant experience from the major Italian oil company ENI."*

*"The proceeds from the Placing and Subscription, together with the*

*increased cash flow derived from the start-up of production from the Bezzecca field next month will put the Company in an ideal position to advance and fund our capital expenditure development plans at all 3 of our gas fields, increasing production from current modest levels to over 4,000 mcfpd by 2019. That's a very good base to build a strong business on."*

*"We have been very pleased to work with Turner Pope Investments who have introduced a number of their private clients as well as institutional investors to this oversubscribed fundraise"*

*"We look forward to communicating on our progress as we begin our life as an AIM quoted company."*

### **Company overview:**

Saffron Energy is a natural gas producer with interests in Northern Italy. Its portfolio includes one gas production (Sillaro), one near-term gas production field (Bezzecca (90%) and an application for a near field (Sant'Alberto), all near Milan and Bologna. These assets are being spun out from Po Valley Energy Ltd ("PVE") (ASX: PVE), an Australian company, and will be now held through Saffron's wholly owned Italian subsidiary, Northsun Italia S.p.A ("NSI").

### **Sillaro:**

- 100% ownership via Saffron's wholly owned Italian subsidiary, NSI.
- Production licence located in the Emilia Romagna region, 30 km east of Bologna, in northern Italy.
- Production began in May 2010 from 2 wells. Total production of approximately 11,500 standard cubic metres per day ("scmpd") (c. 300 - 400 million cubic feet of gas per day ("mmcfpd")) in Q4 2016.

### **Bezzecca:**

- 90% ownership via Saffron's wholly owned Italian subsidiary, NSI.
- Production licence located 35 km east of Milan, in northern Italy, within the Cascino Castello Production Licence.
- Final preparations to bring the Bezzecca-1 well into production are on schedule for March completion and first gas sales.

- Gas from the Bezzacca field will be processed at the Vitalba processing plant located only 7 km away and will be ready to be connected through the newly constructed tie-in pipeline.
- The development plan includes a second production well which will be drilled in due course. Gas from Bezzacca 2 will also be processed through the Vitalba processing plant.
- Current plans in place are to drill 2 development wells, one in late 2018 and the second in late 2020 in order to fully exploit the proven and probable reserves on the field at a cost of approximately €4.0m per well.

### **San' Alberto:**

- 100% ownership via Saffron's wholly owned Italian subsidiary, NSI.
- Located in the Emilia Romagna region of northern Italy.
- Application for a full production concession for Sant'Alberto is expected to be fully granted during the first half of 2017.
- Production well is in place and gas processing facilities and a tie into the Italian National Grid is scheduled for the second half of 2017. Expected cost of €1.3m to complete a modular plant to treat gas production from the existing production well.

The Company anticipates that combined production from the three fields could reach 4,000 mcfpd by 2019, equivalent to almost 700 barrels of oil equivalent per day ("boepd").

### **Reserves and resources**

The Company engaged CGG Services (UK) Limited to produce a competent person's report ("CPR") which is contained in the Admission Document. As set out in the CPR, the reserves and resources of the Company are:

Field	Reserves Gross (bscf)			Net attributable to the Company (bscf)		
	Proved	Proved & Probable	Proved, Probable & Possible	Proved	Proved & Probable	Proved, Probable & Possible

Sillaro	0.04	2.2	2.7	0.04	2.2	2.7
Bezzecca	2.8	4.4	6.1	2.5	4.0	5.5
Sant'Alberto	1.7	2.0	2.8	1.7	2.0	2.8

<b>Contingent Resources Field</b>	<b>Gross (bscf)</b>			<b>Net attributable to the Company (bscf)</b>		
	<b>1C</b>	<b>2C</b>	<b>3C</b>	<b>1C</b>	<b>2C</b>	<b>3C</b>
Sillaro	0.6	1.1	1.5	0.6	1.1	1.5
Bezzecca	1.0	1.6	2.1	0.9	1.4	1.9
Sant'Alberto	-	-	-	-	-	-

Note: bscf: billion standard cubic feet measured at 14.7 pounds per square inch and 60 degrees Fahrenheit

Bcsf figures for Sillaro, Bezzecca and Sant'Alberto have been rounded down

All figures are from an effective date of 1st August 2016

## **Board and Senior Manager**

The Board comprises one executive director and four non-executive directors.

### **David Robertson Garland, *Independent Non-Executive Chairman***

David is the former General Counsel, Secretary and Chief Compliance Officer of Dominion Petroleum Limited (an AIM quoted oil and gas exploration company). Before joining Dominion, he had practised as a barrister for 18 years at Brick Court Chambers, a leading commercial barristers' chambers in London. He is a nonexecutive director of W Resources Plc, an AIM quoted company with tungsten and gold assets in Spain and Portugal and was a founder and is currently a director of Atacama Metals Holdings Limited, a private Hong Kong registered copper exploration company, with mining interests in the Atacama Desert in Chile. He is also the Legal Advisor to Hague and London Oil plc (an AIM quoted oil and gas exploration company).

### **Michael George Masterman, *Chief Executive***

Michael is a co-founder of NSI. Michael took up the position of Executive Chairman and CEO of Northsun Italia S.p.A. in 2002 and resigned in October 2010 to take on an executive role with Fortescue Metals Group Limited. Michael is currently Chairman and a substantial shareholder of Po Valley Energy holding approximately 26.82 per cent. Prior to joining NSI he was CFO and Executive Director of Anaconda Nickel (now Minara Resources).

Michael oversaw the financing of the US\$1 billion Murrin Murrin Nickel and Cobalt project in Western Australia, involving the negotiation of a US\$220 million joint venture agreement with Glencore International and the raising of US\$420 million in project finance from a US capital markets issue - the first of its kind for a greenfield mining project. Prior to joining Anaconda Nickel, he spent 8 years at McKinsey & Company serving major international resources companies principally in the area of strategy and development. He is also Chairman of W Resources Plc, an AIM quoted company with tungsten and gold assets in Spain and Portugal.

**Kevin Christopher Bailey, *Non-Executive Director***

Kevin has over 28 years' experience in the Financial Services industry and currently holds various directorship and leadership positions in both commercial and non-for-profit organisations. He is currently a Non-Executive Director and a substantial shareholder of Po Valley Energy holding approximately 21.30 per cent. He is a Member of the Australian Prime Minister's Community Business Partnership, Chairman of Parousia Media, as well as a Director of the Investment Advisory Board (IAB), Timor Leste Sovereign Wealth Fund, Outward Looking International, and Halftime Australia. He also holds a number of directorships in various charitable organisations and NGOs. On the 26 January 2017 Kevin was awarded the Order of Australia for significant service to Australia-Timor Leste relations, to philanthropic organisations, to the financial planning sector, and to the community.

**Sara Melinda Edmonson, *Non-Executive Director***

Since August 2013 Sara has been Chief Executive Officer of Po Valley Energy having joined the company in July 2010 as Chief Financial Officer. Sara is also CEO of NSI and is currently on maternity leave, and until further notice her role in the Group will be serving on the Board as a Non-Executive Director. She is fluent in Italian, having previously worked both in Italy and internationally for EY Transaction Advisory Services. During her tenure at EY, Sara advised numerous blue chip corporate clients on transactions in Russia, Romania, Turkey and the US including the US\$ 5 billion acquisition of DRS Technologies by Finmeccanica in 2008. She holds an MBA from St John's University in New York City.

**Christopher Alan Johannsen, *Independent Non-Executive Director***

Chris has over 27 years' experience in investment banking and the resources industry, including the last 13 years in the UK and Australia with Standard Chartered Bank and Gryphon Partners Advisory, a boutique resources specialist corporate advisory firm

based in Australia which, prior to its acquisition by Standard Chartered Bank in September 2011, had established a preeminent advisory position in the Australian mining and metals sector, completing over US\$23 billion of M&A and capital markets transactions and strategic advisory mandates. At Standard Chartered Bank, Chris was a Managing Director in its global Mining & Metals team and Head of Mining & Metals Advisory for the EMEA region. Prior to that, Chris spent 14 years in various senior management corporate and finance roles within Normandy Mining Limited, then Australia's largest gold mining group.

The senior manager of the Company and a summary of his experience is set out below:

**Enzo Vegliante, *Production & Development Manager***

Enzo is a petroleum engineer with 18 years' experience covering different roles (in both the field and office) in different countries for ENI's strategic production assets. His background is mainly in reservoir management and his last experience was as a reservoir manager for a giant gas condensate field in Kazakhstan.

**Po Valley Energy**

On Admission, PVE holds 100 million Ordinary Shares representing approximately 65.05% of the issued share capital of Saffron Energy. PVE has entered into a relationship and lock-in deed with the Company and UK Advisors includes *inter alia* that PVE will not sell or dispose of any of its interests in Ordinary Shares except in certain limited circumstances (as permitted by the AIM Rules) at any time before the first anniversary of Admission and, for 12 months immediately following such lock-in period, will effect a sale only through the Company's broker for the time being with a view to maintaining an orderly market in the Ordinary Shares.. After this period, PVE may consider distributing its shares in the Company to PVE's shareholders.

**Placing, Subscription and Admission Statistics**

Placing Price and Subscription Price	5 pence
Estimated gross proceeds of the Placing and Subscription	£2.50 million
Estimated net proceeds of the Placing and Subscription receivable by the Company	£1.93 million
Number of Existing Ordinary Shares	103,720,000
Number of Placing Shares	45,750,000
Number of Subscription Shares	4,250,000
Number of Ordinary Shares in issue immediately following Admission	153,720,000
Market capitalisation of the Company at Admission at the Placing Price and Subscription Price immediately following Admission	£7.69 million

Number of Placing Shares and Subscription Shares as a percentage of the Enlarged Share Capital

32.53 per cent.

**For more information, please visit [www.saffronenergy.co.uk](http://www.saffronenergy.co.uk) or contact the following:**

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**Forward-looking statements**

*This announcement includes forward-looking statements relating to the Group's future prospects, developments and strategies and are based on the Directors' current expectations projections, and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward-looking statements are sometimes identified by the use of terms and phrases such as "believe", "expects", "envisage", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned", "targets" or "anticipates" or the negative thereof, variations or comparable expressions, including reference to assumptions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group relating to the Group's future prospects, developments and strategies and are based on assumptions and estimates and involve risks, uncertainties and other factors that may cause the actual results, financial condition, performance or achievements of the Group or industry results to be materially different from any future results, performance or achievement expressed or implied by such forward looking statements. No*



*assurance can be given that such future results will be achieved. New factors may emerge from time to time that could cause the Group's business not to develop as it expects and it is not possible for the Group to predict all such factors. Each forward-looking statement contained in this announcement speaks only as of the date of the particular statement. The Company, the Directors, the Nominated Adviser and the Brokers each expressly disclaim any obligation to update these forward-looking statements contained in this announcement to reflect any change in their expectations or any change in future events or developments on which such statements are based unless required to do so by applicable law or regulation, the AIM Rules for Companies or the AIM Rules for Nominated Advisers.*

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