

17 October 2017

Saffron Energy Plc

("Saffron" or "Saffron Energy" or the "Company")

Saffron Energy Awarded Sant' Alberto Production Concession

Saffron Energy, the AIM quoted European natural gas company, is pleased to announce that it has been awarded a Production Concession for its Sant' Alberto gas field from the Italian Ministry of Economic Development.

The Sant' Alberto licence covers an area of 19.51 km² and is located close to the [Sillaro](#) field. It requires a simple development, involving the installation of a modular gas processing facility and connection of this gas processing facility to the Italian national grid. The processing facility will comprise of a separation and hydration system, nitrogen generation and a tank/vent. Completion of this development and first production is expected during the first half of 2018.

The Sant' Alberto production concession has 2P Reserves of 2.0 billion cubic feet (bcf) (59.5 Million metric standard cubic metres (MMscm)) and production capability is expected to peak at around 29,500 standard cubic metres (scm) / day.

Saffron Energy's portfolio currently comprises of three granted production concessions (link to map <https://saffronenergy.co.uk/operations/strategy/>):

- the Sillaro Gas field near Bologna, which is currently producing from a single level with a daily rate averaging between 5,000 to 10,000 scm /day;
- the Bezzecca Gas field located near Milan, which commenced production in April 2017 from one well; and
- the Sant' Alberto Gas field, which expects first gas in 2018.

Saffron has an offtake agreement with Shell Energy Italia S.r.l, - a subsidiary of Shell, for all gas produced from the Company's fields, which goes directly into the Italian national grid, which is owned and

operated by SNAM Rete Gas S.p.A.

About Saffron Energy

Saffron Energy is a natural gas producer with interests in Northern Italy. Its portfolio includes two gas production fields: Sillaro (100%), Bezzecca (90%) and another gas field Sant' Alberto (100%), which is under development. All of Saffron's assets are located near Milan and Bologna. Saffron Energy commenced trading on the London AIM Market under the ticker of SRON on 24 February 2017.

On 5 October 2017, Saffron entered into a non-binding conditional heads of terms with Sound Energy Plc and Po Valley Energy Limited, to acquire both of their portfolios of Italian interests and permits. The Proposed Transaction, which is subject to shareholder approval, would increase Saffron's current production and revenue stream, adding significantly larger assets to the current portfolio.

These would include two additional producing gas fields from Sound Energy's Italian portfolio (the Rapagnano Gas Field and Casa Tiberi Gas field), as well as the large near-term gas development fields from Po Valley: Selva (2C 17bcf) located onshore in the Emilia Romagna Region and Teodorico which is located in the northern Adriatic sea (2C 47.3 bcf). The proposed transaction would ultimately strengthen Saffron's position as a mid-cap regional gas producer and explorer in Southern Europe.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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Sant' Alberto Production Concession Award

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Company Announcement - General

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