

31 January 2018

Saffron Energy Plc

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

Coro Energy Launch Event and Fourth Quarter Italian Production Update

Saffron Energy (LON:SRON), the AIM quoted explorer with a Pan Euro Asian expansion strategy, is pleased to confirm the Coro Energy Strategy launch event to be held on the evening of February 15th and to provide a quarterly production update for its existing Italian operations for the three months ended 31 December 2017.

An Admission Document with further details will be published by the Company in the coming weeks.

Launch Event

The Company is pleased to invite all investors to the Coro Energy launch event which will be held on February 15th at which the Company will present its new Pan Euro Asia strategy. Further details will be released shortly.

Italian Q4 Gas Production and Sales

Production from the Saffron Energy operated gas fields, Sillaro (100%) and Bezzecca (90%), was 66.8 MMcf for the quarter ending 31 December 2017, bringing total production for 2017 to 247.0 MMcf.

Revenue from gas sales to Shell Energy Italia was €380,847, bringing total revenue for the year to €1,467,587. Saffron Energy attained a gas price of €5.69 Mcf (€20.1 cents per cubic metre) in Q4 compared to €5.89 per Mcf (€20.8 cents per cubic metre) in the previous quarter.

As previously announced, quarter-on-quarter production was down due primarily to planned ordinary and extraordinary maintenance. Production at Sillaro has achieved 726,000 scf/day (20,000 scm/day) following a zero cost production restart initiative. Production from this field has clearly surpassed 3P reserves therefore it is expected that this field, under its current completion scheme, is close to depletion and will require a workover (sidetrack) to unlock further production potential.

A rig-less intervention has been successfully completed at Bezzecca to seal water production from the lower perforations on layer R. Production at this field continues to remain temporarily suspended whilst plant modifications are being carried out to accommodate an increase in condensate production. Production is anticipated to recommence on February 9th 2018. During the preparation of the Competent Persons Report for the Admission Document which is expected to be released next month, it has become evident that the 1P and 2P reserve estimates for Bezzecca will be reduced compared to the volumes released to the market in February 2017 and are likely to be in the order of 37.6 and 65.7 MMscm respectively.

The table below summarises the historical production and sales results for Q417 compared to the previous quarter.

	Q3 17	Q4 17	Change (%)	YTD 17
Total production ('000 cubic metres)	2,481	1,890	-24%	6,995
Total production ('000 cubic feet)	87,602	66,760	-24%	247,039
Daily production (cubic metres per day)	26,963	20,548	-24%	
Daily production ('000 cubic feet per day)	952	726	-24%	
Daily production (boepd)	164	125	-24%	
Revenue (€)	515,740	380,847	-26%	1,467,587
Average gas price (€ per cubic metre)	0.208	0.201	-3%	
Average gas price (€ per Mcf)	5.89	5.69	-3%	

Development Activity

The development of Sant'Alberto is ongoing and first gas is expected during the first half of 2018. During the Quarter the Company progressed discussions with the national grid operator SNAM Rete Gas to finalise the tie in plans. As previously announced the Company intends to install a small modular plant next to the existing well head. As part of the many synergies from the Proposed Transaction, the Company has explored the option to use a gas treatment plant already owned by Apennine SpA. A feasibility study has confirmed that this option is viable and only requires the transportation and installation of the plant on site.

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.

For more information, please visit www.saffronenergy.co.uk / www.coroenergyplc.com or contact the following:

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Anonymous (not verified)

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Results and Trading Reports

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