

4 April 2017

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

**Northsun Italia 2016 Results**

Saffron Energy plc, the AIM listed natural gas producer and explorer with interest in northern Italy (AIM: SRON), announces the financial results for Northsun Italia Spa ("NSI") for the financial year to 31 December 2016. Saffron acquired 100% of NSI in January 2017 and subsequently completed an IPO of Saffron Energy on AIM on 24 February 2017.

Investors should note that a number of restructuring transactions mentioned in the document were completed in the period from December 2016 to February 2017 and these are set out in detail in the Company's AIM Admission Document.

**During the period:**

- In September 2016, NSI entered into a construction contract for the Bezzacca gas field
- Production from the Sillaro gas field for 2016 was 4.4m cubic meters (gross) and, in December 2016, NSI acquired the remaining 35% of the Sillaro gas field it did not already own.

**Subsequent to 31 December 2016, NSI has:**

- Been acquired by Saffron, which then completed a £2.5m capital raising on 24 February 2017
- Completed construction of the Bezzacca gas field
- Extended its offtake agreement with Shell Italia to 1 October 2018
- Repaid approximately €470k of short term shareholders' loans used to advance construction of Bezzacca and Sant'Alberto

**Chief Executive Officer of Saffron Energy, Michael Masterman** commented: "The results for NSI in 2016 reflect the now historic fully completed restructuring and associated asset value alignments that had

to be undertaken in preparation for the successful IPO of Saffron Energy which was completed in February. Revenues and cash flows are expected to increase substantially with Bezzecca commencing production in April 2017 and Sant'Alberto at the end of 2017. Saffron is now in excellent shape going forward."

A full copy of the Northsun Italia Consolidated Financial Statements for the year ended 31 December 2016 is available on the Company's website at [www.saffronenergy.co.uk](http://www.saffronenergy.co.uk) and an extract of the Consolidated Financial Statements for the year ended 31 December 2016 is presented below.

Please click to view the Saffron Energy AIM Admission Document - <https://saffronenergy.co.uk/investors/aim-rule-26/>

### **About Saffron Energy PLC**

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-term gas production field (Sant'Alberto), all near Milan and Bologna. Saffron Energy commenced trading on the London AIM Market under the ticker of SRON on 24 February 2017.

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

**Saffron Energy plc**  
Michael Masterman, CEO

+44 (0) 7791288381  
[info@saffronenergy.co.uk](mailto:info@saffronenergy.co.uk)

**Grant Thornton UK LLP (Financial & Nominated Adviser)**

Colin Aaronson  
Samantha Harrison  
Harrison J Clarke

+44 (0) 207 383 5100

**Turner Pope Investments (TPI) Ltd (Broker)**

Ben Turner  
James Pope

+44 (0)2036214120  
[info@turnerpope.com](mailto:info@turnerpope.com)

**Cassiopeia Services PR/IR**  
Stefania Barbaglio

+44 (0) 7949690338  
[Stefania@cassiopeia-ltd.com](mailto:Stefania@cassiopeia-ltd.com)

**NORTHSUN ITALIA S.P.A**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

		<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>Note:</b>	<b>€</b>	<b>€</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Inventory		732,801	732,801
Other assets		138,378	30,378
Deferred tax assets	7	1,994,913	1,488,853
Property, plant & equipment	10	2,337,111	1,925,314
Resource property costs	11	5,602,367	6,884,618
<b>Total non-current assets</b>		<b>10,805,570</b>	<b>11,061,964</b>
<b>Current Assets</b>			
Cash and cash equivalents	8	107,207	2,409,801
Trade and other receivables	9	240,832	1,198,542
<b>Total current assets</b>		<b>348,039</b>	<b>3,608,343</b>
<b>Total assets</b>		<b>11,153,609</b>	<b>14,670,307</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	15	19,179,160	15,245,323
Reserves	15	11,340,407	386,916
Accumulated losses		(27,798,703)	(21,832,754)
<b>Total shareholders' equity</b>		<b>2,720,864</b>	<b>(6,200,515)</b>
<b>Non-Current Liabilities</b>			
Intercompany loans	14	1,446,072	11,610,863
Provisions	13	4,961,907	3,615,822
<b>Total non-current liabilities</b>		<b>6,407,979</b>	<b>15,226,685</b>
<b>Current Liabilities</b>			
Trade and other payables	12	1,627,272	5,503,253
Short term borrowings	14	345,677	-
Provisions	13	51,817	140,884
<b>Total current liabilities</b>		<b>2,024,766</b>	<b>5,644,137</b>
<b>Total Liabilities</b>		<b>8,432,745</b>	<b>20,870,822</b>
<b>Total shareholders' equity and liabilities</b>		<b>11,153,609</b>	<b>14,670,307</b>

**NORTHSUN ITALIA S.P.A**  
**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE**  
**INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Note:</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
		<b>€</b>	<b>€</b>
<b>Revenue</b>	6	701,339	1,704,083
Operating costs		(439,544)	(762,016)
Depreciation and amortisation expense	11	(591,258)	(1,024,660)
<b>Gross loss</b>		<b>(329,463)</b>	<b>(82,593)</b>

Other income		170,088	164,694
Employee benefits	3	(722,893)	(996,381)
Depreciation expense	4	(10,482)	(13,819)
General and Administrative expenses	5	(605,919)	(669,362)
Impairment	11	(4,615,215)	(1,345,624)
Exploration costs expensed	11	(287,286)	(28,854)
Loss on sale of project		-	(822,203)
<b>Operating loss</b>		<b>(6,401,170)</b>	<b>(3,794,142)</b>
Finance income		469	121
Finance expense		(71,308)	(80,924)
<b>Net finance expense</b>		<b>(70,839)</b>	<b>(80,803)</b>
			<b>(3,874,945)</b>
<b>Loss before income tax expense</b>		<b>(6,472,009)</b>	
Income tax benefit / (expense)	7	506,060	(153,420)
<b>Loss for the year</b>		<b>(5,965,949)</b>	<b>(4,028,365)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(5,965,949)</b>	<b>(4,028,365)</b>

**NORTHSUN ITALIA S.P.A**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Issued capital €</b>	<b>Reserves €</b>	<b>Accumulated Losses €</b>	<b>Total equity €</b>
<b>As at 1 January 2015</b>	<b>15,245,323</b>	<b>386,916</b>	<b>(17,804,389)</b>	<b>(2,712,150)</b>
<b>Total comprehensive loss for the period:</b>				
Loss for the period	-	-	(4,028,365)	(4,028,365)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	<b>(4,028,365)</b>	<b>(4,028,365)</b>
<b>Transactions with owners recorded directly in equity:</b>				
<b>Contributions by owners</b>	-	-	-	-
<b>At as 1 January 2016</b>	<b>15,245,323</b>	<b>386,916</b>	<b>(21,832,754)</b>	<b>(6,200,515)</b>
<b>Total comprehensive loss for the period:</b>				
Loss for the period	-	-	(5,965,949)	(5,965,949)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(5,965,949)	(5,965,949)
<b>Transactions with owners recorded directly in equity:</b>				

Contributions by owners	14,887,328	-	-	14,887,328
Transfer to reserves	(10,953,454)	10,953,454	-	-
<b>As at 31 December 2016</b>	<b>19,179,197</b>	<b>11,340,370</b>	<b>(27,798,703)</b>	<b>2,720,864</b>

**NORTHSUN ITALIA S.P.A**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>31 December 2016 €</b>	<b>31 December 2015 €</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	1,103,291	1,664,214
Payments to suppliers and employees	(2,610,165)	(1,538,566)
Interest received	469	121
Interest paid	(2,266)	-
<b>Net (cash used in) / generated from operating activities</b>	<b>(1,508,671)</b>	<b>125,769</b>
<b>Cash flows from investing activities</b>		
Payments for non-producing property plant and equipment	-	(6,523)
Receipts for resource property costs from joint operations partners	521,741	64,572
Proceeds from sale of resource property project	-	1,850,000
Payments for resource property costs, inventory and production plant and equipment	(764,721)	(1,092,610)
<b>Net cash generated from / (used in) investing activities</b>	<b>(242,980)</b>	<b>815,439</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,745,820	674,549
Repayment of borrowings	(2,296,763)	(633,499)
<b>Net cash (used in) / generated from financing activities</b>	<b>(550,943)</b>	<b>41,050</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,302,594)</b>	<b>982,258</b>
<b>Cash and cash equivalents at 1 January</b>	<b>2,409,801</b>	<b>1,427,543</b>
<b>Cash and cash equivalents at 31 December</b>	<b>107,207</b>	<b>2,409,801</b>

This information is provided by RNS  
The company news service from the London Stock Exchange

END

FR GUGDSLGBGBRS  
Anonymous (not verified)  
Northsun Italia 2016 Results  
25765171  
A  
Tue, 04/04/2017 - 07:00  
LSE RNS  
Results and Trading Reports  
CORO