

31 October 2017

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

Saffron 41% gas production increase in September quarter

Saffron Energy (LON:SRON), the AIM-listed European natural gas company, is pleased to announce its quarterly production update for the three months ended 30 September 2017.

Q3 Gas Production

Production from the Saffron Energy operated gas fields, Sillaro (100%) and Bezzecca (90%), has increased by 41% from 1,762 million standard cubic metres (62.2 mmcf) in the quarter ended 30 June 2017 to 2,481 million standard cubic metres (87.6 mmscf) in the quarter ended 30 September. This increase was driven primarily by the ramp-up of production from Bezzecca in mid-July due to the introduction of production from the S levels (on top of the production from the A levels).

Revenue from gas sales to Shell Energy Italia has also increased by 37%; in line with the increase in production. Saffron attained a gas price of €0.208 per cubic metre in Q3 compared to €0.213 in the previous months' quarter.

Gas Production and Sales

	Q2 17	Q3 17	Change (%)	YTD 17
Total production ('000 cubic metres)	1,762	2,481	41%	5,105
Total production ('000 cubic feet)	62,224	87,602	41%	180,267
Daily production (cubic metres per day)	19,368	26,963	39%	
Daily production ('000 cubic feet per day)	684	952	39%	
Daily production (boepd)	118	164	39%	
Revenue (€)	376,000	515,740	37%	1,086,740

Average gas price (€ per cubic metre) 0.213 0.208 -2%

Current activity

Saffron is continuing to produce from Sillaro at a steady-state of circa. 10,000 scm / day. In early September, the company managed to reduce production variability by implementing a more frequent manual well clean-up. This initiative did not require any additional cost.

In July, production at Bezzecca increased from approximately 10,000 scm / day to approximately 22,000 scm / day by opening the S-levels and commingling with production from level A.

The Company plans to conduct well operations in level R and plant maintenance in the December quarter. The planned well operation in level R is targeted to close off the bottom 2 perforations in level R, then move to commingled production in levels A,S and R. The well operations and associated maintenance downtime will reduce December quarter production.

The Company has also been awarded a Production Concession for its Sant' Alberto gas field, where first production is expected during the first half of 2018.

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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Company Announcement - General

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