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Saffron Energy PLC
16 February 2018

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Saffron Energy plc

("Saffron Energy" or the "Company")

Posting of AIM Admission Document

Appointment of Director

Restoration of trading on AIM

On 5 October 2017, the Company announced that it had entered into non-binding heads of terms with each of Sound Energy plc ("Sound Energy") and ASX listed Po Valley Energy Limited ("PO Valley Energy" or "PVE") under which it was proposed that Saffron would acquire both Sound Energy's and Po Valley Energy's portfolio of Italian interests and permits through the acquisition respectively of Sound Energy Holdings Italy Limited ("SEHIL") of Po Valley Operations Pty Limited ("PVO") (he "Acquisitions") and to seek readmission to AIM under its proposed new name of Coro Energy plc. Pursuant to Rule 14 of the AIM Rules for Companies, the Company's shares were suspended from trading pending publication of an AIM admission document.

Subsequent to the suspension of trading in the Company's shares, the Company announced on 22 January 2018 that it had entered into binding acquisition agreements with Sound and Po Valley and outlined the Group's new pan Euro-Asian gas strategy. On the same day, the Company also announced that it had raised £561,138 before expenses and, subject, *inter alia,* to Shareholder consent, a further £13,438,862 in each case through the issue or ordinary shares in the Company at a price of 4.38 pence per share.

The Company is delighted to announce that it has today published a circular to Shareholders comprising an AIM admission document, that is today being posted to Shareholders and is available on the Company's website, www.saffronenergy.co.uk.

As a result of the publication of the AIM admission document, trading in the Company's shares will be restored to trading with effect from today, 16 February 2018 at 7:30 am.

Shareholders are being invited to attend a general meeting on 29 March 2018 at the offices of Grant Thornton, 30 Finsbury Square, London EC2P 2YU at which they will be asked to consider and, if thought appropriate, vote in favour of resolutions necessary for the Saffron Energy board to implement the acquisitions and fundraising, and to approve a change of name to Coro Energy plc. The Company has received an irrevocable undertaking from Po Valley Energy, which holds 50 per cent. of the Company's Ordinary Shares, to vote in favour of the resolutions. Should Shareholders pass the requisite resolutions and, subject to the satisfaction of certain other conditions, admission of the enlarged Group is expected to take place on or around 9 April 2018.

In order to pursue the Po Valley Energy Capital Reduction, PVE's directors must be able to recommend that it is fair and reasonable to PVE shareholders as a whole, supported by an independent expert report. The Directors understand that such report is still awaited and there can be no guarantee that the report will ultimately be produced in a form suitable to support the transaction, or at all. If such report is not sufficiently favourable, PVE's directors may feel unable to make the required recommendation and/or PVE's shareholders may not approve the Po Valley Energy Capital Reduction. Accordingly, and notwithstanding that PVE is obliged under the terms of the PVO Acquisition Agreement to convene the shareholder meeting, there can be no assurance that the report will be in a suitable form or that the Po Valley Energy Capital Reduction and the sale of PVO will go ahead as envisaged in the PVO Acquisition Agreement. This document has nonetheless, been prepared on the basis that the PVO Acquisition will progress as specified in the PVO Acquisition Agreement. The Company will make a further announcement when the report is published or if it receives confirmation that no suitable report will be forthcoming. In any event, the Company will update Shareholders before the General Meeting. In the event that the report is not issued and/or the PVO Acquisition does not otherwise go ahead, the Company will publish a supplementary admission document in accordance with the AIM Rules as soon as possible.

In the event that the SEHIL Acquisition and/or the PVO Acquisition does not proceed as envisaged (such as in the event required approvals therefor or other conditions thereof are not satisfied), the Company would expect or be required to seek confirmation from Subscribers (and Turner Pope would be required to seek confirmation from Placees) that they wish to maintain their respective commitments as regards the Subscription and the Placing (as relevant). There can be no assurance that such confirmation would be given by Placees and Subscribers in any such circumstance.

Proposed Open Offer

The Company intends also to offer Shareholders who hold shares on the record date the opportunity to subscribe for shares to the value of £2 million under an open offer, at the same price as investors have subscribed for shares under the placing and subscription announced on 22 January 2018. The record date will be announced to the market in due course.

Related Party Transaction

By virtue of its size and because Po Valley Energy is currently a substantial shareholder in the Company, the acquisition of Po Valley Energy's wholly owned subsidiary PVO constitutes a related party transaction under the AIM Rules for Companies.

The Directors, who are independent at the time of the PVO Acquisition, being Fiona MacAulay, James Parsons, Marco Fumagalli and David Garland consider, having consulted the Company's nominated adviser, Grant Thornton, that the terms of the PVO Acquisition are fair and reasonable insofar as the Company's Shareholders are concerned.

Appointment of Director

The Company is delighted to announce the appointment of Ilham Habibie as a director with immediate effect.

Ilham Habibie is a qualified engineer and holds a PhD in aeronautical engineering from the Technical University of Munich and an MBA from the University of Chicago. Ilham has been the Chief Executive Officer and President of a number of aerospace and other companies which he founded and has held senior positions at a number of Indonesian companies in the private sector. The Company sees Ilham's appointment as an important step in the rolling out of its new South East Asia focussed strategy.

Further information on Mr Habibie is set out below.

Extracts from the AIM admission document are also shown below.

Saffron's Chief Executive Officer, Sara Edmonson, said:

"*I am delighted to announce the publication of our AIM admission document and details of our fundraising which will allow us to immediately begin to execute our Pan Euro Asian expansion strategy. This marks an exciting new era for our business, and trading in the Company's ordinary shares will recommence today, with the Transaction expected to complete, subject to shareholder approval, and the satisfaction of certain other conditions in April. With recent board appointments, we have a senior team with the skills to exploit the very material opportunities in Asian gas that we see currently and look forward to updating shareholders on our progress there in due course.*"

For further information please contact:

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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.

Proposed acquisitions of Sound Energy Holdings Italy Limited and Po Valley Operations Pty Ltd

Placing of 11,872,146 Ordinary Shares of 0.1 pence each at 4.38 pence per Ordinary Share

Subscription of 294,951,183 Ordinary Shares of 0.1 pence each at 4.38 pence per Ordinary Share

Issue of 23,307,902 Commission Shares at 4.38 pence per Ordinary Share

Issue of 684,931 TPI Fee Shares at 4.38 pence per Ordinary Share

Issue of 86,073 Director Fee Shares at 4.38 pence per Ordinary Share

Admission of the Enlarged Ordinary Share Capital to trading on AIM

Proposed change of the Company's name to Coro Energy plc

Appointment of Director

Issue of Director Options

and

Notice of General Meeting

Highlights:

- The Company announced on 22 January 2018 that it had entered into binding agreement with Sound Energy Plc ("SOU") for the acquisition by the Company of 100 per cent. of the outstanding share capital of Sound Energy Holdings Italy Limited ("SEHIL").
- The Company announced on 22 January 2018 that it had entered into binding agreement with Po Valley Energy Limited ("PVE") for the acquisition by the Company of 100 per cent. of the outstanding share capital of Po Valley Operations Pty Ltd ("PVO").
- The Acquisitions are expected to provide the Company with a compelling blend of substantially onshore exploration potential, appraisal and production assets.
- The Acquisition will provide the Company with a material position in Italy with strong local gas prices.
- Completion of the Acquisition is conditional, *inter alia*, on the passing of Resolutions 1 and 2 at the General Meeting.
- The Company has conditionally raised £13.4 million, before expenses (£12.3 million net of total estimated costs and expenses relating to the Placing, Subscription, Acquisitions and Admission) through the Subscription and Placing of a total of 306,823,329 new Ordinary Shares at 4.38 pence per New Ordinary Share, being equal to the closing mid-market price per Ordinary Share on 5 October 2017, being the last date prior to the Ordinary Shares being suspended from trading on AIM pending publication of the admission document. Subscribers and Placees will receive one warrant for every two Ordinary Shares subscribed, exercisable at any time over the next 12 months by paying an exercise price of 6.57 pence per new Warrant Share, being a fifty per cent. premium to the Placing and Subscription Price.
- The Company will issue 23,702,902 new Ordinary Shares at 4.38 pence per new Ordinary Share in lieu of certain cash commissions payable to Subscribers and the Broker in relation to the Subscription and Placing.
- The Company has conditionally agreed to issue 684,931 new Ordinary Shares to Turner Pope Investments Limited in settlement of their annual retainer.
- The Company has conditionally agreed to issue 86,073 new Ordinary Shares to David Garland in connection with services performed.
- The Placing, Subscription, Commission and Broker Shares will represent approximately 36.1 per cent. of the Enlarged Share Capital on Admission.
- The Company is seeking to change its name to Coro Energy Plc.
- Following shareholder approval and Admission, Coro intends to deploy the Company's existing cash balances and net proceeds of the Subscription and Placing towards the acquisition of South East Asian assets, development of the Italian Licences, and towards the Company's working capital requirements.

- The Company is grateful for the support of all its Shareholders and therefore intends to undertake an Open Offer of up to 45,662,100 Ordinary Shares at 4.38 pence per Ordinary Share to raise up to £2.0 million, before expenses. This is intended to provide qualifying shareholders with the opportunity to subscribe for additional Ordinary Shares at the same price as was available under the Subscription and Placing.
- The Company today announces the appointment of Mr Ilham Habibie to the Board with immediate effect. Pursuant to this appointment, and the Company's announcement of 13 February 2018, subject to Shareholder approval Ilham will be granted 10 million options which will be issued on the same terms as those proposed to be issued to the current Saffron Energy directors at an exercise price of 4.38 pence per new Ordinary Share and will vest after 3 years and expire after 5 years.

1. INTRODUCTION

On 5 October 2017, the Company announced that it had entered into non-binding heads of terms with each of Sound Energy and Po Valley Energy under which it was proposed that Saffron would acquire both Sound Energy's and Po Valley Energy's portfolio of Italian interests and permits and to seek readmission to AIM under its proposed new name of Coro Energy plc. These acquisitions were intended to be structured by way of an acquisition of the entire issued share capital of each of SEHIL, a company incorporated in England and Wales, and PVO, a company incorporated in Western Australia, for both of which the principal business is the exploration for and production of liquid and gaseous hydrocarbons across Italy. As the proposed set of transactions represented a reverse takeover in contemplation, as required by the AIM Rules for Companies, trading in the Company's Ordinary Shares on AIM was suspended pending publication of this AIM admission document.

Subsequent to the suspension of trading in the Ordinary Shares, the Company announced on 22 January 2018 that it had entered into the SEHIL Acquisition Agreement with Sound Energy and the PVO Acquisition Agreement with Po Valley Energy, each of which gives effect to the proposals envisaged by the heads of terms. On 22 January 2018, the Company also announced that it had raised £561,138 before expenses and, subject to Shareholder approval of the Resolutions, an additional £13,438,862 through the proposed issue of Ordinary Shares to CIP and other investors. CIP is an AIM quoted closed-ended investment company, incorporated as a vehicle to exploit the expertise of Merchant Capital Manager Limited, an affiliate of Continental Investment Partners SA, to generate returns for its shareholders through investment in listed equity, other financial products and instruments using a private equity approach. The Company also outlined its proposed new strategy for the Group following completion of the Acquisitions and Admission, which is to develop the Group as a significant upstream operator in the oil and gas sector with a geographic focus on Europe and South East Asia.

Following the issue of 14,092,500 Ordinary Shares announced on 22 January 2018 and effected on 26 January 2018, application has been made for these Ordinary Shares to be admitted to trading on AIM. It is expected that Admission of these Ordinary Shares to trading on AIM will occur on 19 February 2018.

HISTORY OF THE GROUP AND BACKGROUND TO THE TRANSACTION

Historically, the current assets of the Company were owned and operated by Po Valley Energy, which was incorporated in Australia in 1999, and has been listed on the Australian Stock Exchange since 2004. Po Valley Energy's principal business was the exploration for, and production of, liquid and gaseous hydrocarbons in Italy and specifically in the Lombardy and Emilia Romagna regions of the broader Po-Veneto plain within the territory of the Italian Republic. This onshore region, together with the offshore region of the Northern Adriatic, is Italy's most important gas province. Po Valley Energy completed its first successful drilling and testing of the Sillaro Field in 2005, secured its first production concession in 2008 and achieved its first gas production in 2010. Until 24 February 2017, Po Valley Energy conducted its operations through its two principal subsidiaries, NSI, a company incorporated in Italy, and PVO.

In 2016, Po Valley Energy took the decision to separate its existing production and near-term production assets from its longer-term development assets, with the existing production and near-term production assets being transferred to the Group. In order to achieve this, in 2016, Po Valley Energy initiated a capital re-structuring that involved:

- transferring the total interest of PVO in the Sillaro Licence and the Sant' Alberto Licence into NSI which would become the operator of production and near-term production assets;
- retaining PVO as the vehicle through which it would operate its longer term development assets;
- incorporating the Company as Saffron Energy plc, with Po Valley Energy as its sole shareholder, to act as an intermediate holding company of NSI.

The Company was incorporated on 10 November 2016 to acquire NSI from Po Valley Energy.

On 24 February 2017, Saffron was admitted to trading on AIM having completed the acquisition of NSI and the raising of £2,500,000 through a placing and subscription. Po Valley Energy remains the Company's largest shareholder, holding 50.00 per cent. of the Existing Ordinary Shares.

During 2017, the Saffron board had been in discussions with Sound Energy and Po Valley Energy to combine their interests in Italy as a way to develop a materially larger and well-funded natural gas and oil company with critical mass through a balanced portfolio of high quality assets which are described below:

NSI

NSI, since 24 February 2017 the Company's wholly owned subsidiary, has a 100 per cent. interest in, and is the operator of, the Sillaro Licence and the Sant' Alberto Licence. It also has a 90 per cent. interest in and is the operator of the Cascina Castello Production Licence, where the Bezzecca Field is currently being operated. Sillaro, Bezzecca and Sant'Alberto are all located in the Po Valley region of Northern Italy. Sillaro, Bezzecca and Sant'Alberto cover a combined area of approximately 65.5km2 and together provide 2P (Proved and Probable) reserves attributable to the Group of 186.1 MMscm and 2C (contingent) resources of 102.4 MMscm. The Sillaro Field has been producing gas since 2010 and has further development potential, the Bezzecca Field has been producing since April 2017 and the Sant'Alberto Field is expected to commence production in the first half of 2019.

PVO

PVO has a 100 per cent. interest in the AR94PY Licence, located offshore in Northern Italy, which contains the D40ACPY Teodorico production concession and the PL3-C gas prospect, and a 63 per cent. working interest in the Podere Gallina Licence, which contains the Selva stratigraphic gas trap and the Cembalina, Fondo Perino, and East Selva Prospects. It also has a 100 per cent. interest in the Torre del Moro Licence (which contains a single and significant oil prospect) and Casa Tonetto. All of these assets are located in the Po Valley region of Northern Italy. Teodorico provides 2P (proved and probable) reserves of 1,033.6 MMscm of gas and, together with PVO's other assets, provides 2C (contingent) resources of 603.8 MMscm.

In addition, PVO owns interests in the Cadelbosco Di Sopra (85 per cent.) and Grattasasso (100 per cent.) licences which it has agreed to sell pursuant to the agreement described in paragraph 15.14 of Part 6 of the Admission document. The proceeds of such licence sales are to be applied to settle an outstanding loan made by PVE to PVO pursuant to the PVO Acquisition Agreement and an amended and restated loan agreement to be agreed between PVE and PVO an entered into prior to completion of the PVO acquisition Agreement (in a form acceptable to the Company).

SEHIL

SEHIL owns 100 per cent. of APN, through which it holds its Italian assets. APN has a 100 per cent. interest in, and is the operator of, the Rapagnano gas field. This field was first discovered in 1952 and had a cumulative historical production of 124.2 MMscm (as at 31 October 2017). APN also has a 100 per cent. working interest and, subject to registration of a transfer to it of the remaining 25 per cent., a 100 per cent. legal interest in and is the operator of San Lorenzo. APN also has a 100 per cent. interest in Carità, D.R74.AP, Fonte San Damiano, Santa Maria Goretti, and Badile (which was considered to be non-commercial and is to be restored at Sound Energy's cost as further described in paragraph 15.17 of Part 6 of the Admission Document). SEHIL has also submitted applications in respect of D503-BR-CS (Dalla) and Costa Del Sole. All of APN's assets are situated along the east coast of Italy, other than Costa Del Sole, which is located on the South West coast of Sicily and Badile, which is located in North West Italy. Together, they provide 2P (proved and probable) reserves of 19.0 MMscm and 2C (contingent) gas resources attributable to SEHIL of 557.8 MMscm of gas and 2.4 MMbbls of oil. Following the Acquisitions, in aggregate, the Company will own 2P (proved and probable) gas reserves of 1,238.7. MMscm, 2C (contingent) gas resources of 1,264.0 MMscm, and 2C oil resources of 2.4 MMbbls.

The proposed acquisitions of SEHIL and PVO will result in the Company becoming the owner and operator of a significant portfolio of production and development assets in Italy with a strong board with substantial experience and expertise in the sector, coupled with a demonstrable track record of delivering value for shareholders.

The SEHIL Acquisition Agreement

The SEHIL Acquisition Agreement is conditional on (amongst other things): (i) completion of the Placing and Subscription; (ii) Shareholder approval of the Resolutions; (iii) approval by the shareholders of Sound Energy of the Sound Capital Reduction (which was obtained subject to court approval on 8 February 2018; and (iii) Admission. The SEHIL Acquisition has been structured as a purchase of the entire issued share capital of SEHIL, free of any encumbrances.

Under the SEHIL Acquisition Agreement and subject to Shareholder approval of the Resolutions, the consideration for the acquisition of SEHIL will be fully satisfied through the issue of 185,907,500 new Ordinary Shares, being the SEHIL Consideration Shares. The SEHIL Consideration Shares are intended to be issued by the Company directly to Sound Energy's shareholders pursuant to the terms of a deed poll (the "**Deed Poll**"). To enable a direct distribution of the SEHIL

Consideration Shares to its shareholders, Sound Energy has proposed the Sound Capital Reduction to its shareholders for approval. Subject to Shareholder approval of the Resolutions and court approval of the Sound Capital Reduction, the issuance of the SEHIL Consideration Shares to Sound Energy shareholders in consideration for the transfer by Sound Energy to the Company of the shares in SEHIL will constitute an indirect capital repayment by Sound Energy to its shareholders (which would not be possible without the Sound Capital Reduction having taken place).

Under the terms of the SEHIL Acquisition Agreement, Sound Energy will retain: (i) its economic rights to receive the proceeds of any future sale of the land comprising Badile (the "**Badile Land**"), which had an unaudited carrying value of £1.6 million as at 30 June 2017; and (ii) the benefit of expected SEHIL Italian VAT receivables totalling €4.0 million linked to Badile drilling costs. Under the Proposed SEHIL Transaction, the Company has undertaken to remit the net proceeds of the Badile Land sale and the VAT rebate to Sound Energy on receipt by SEHIL. Furthermore the Company has agreed to grant Sound an overriding royalty of 5 per cent. on all revenue that may be derived from any wells drilled in D.R74.AP.

Also under the terms of the SEHIL Acquisition Agreement, Sound Energy is required to deliver to the Company, on completion of the SEHIL Acquisition Agreement, evidence in form and substance satisfactory to the Company that the indebtedness of SEHIL and Apennine as at the completion date is zero, or such other amount as may be agreed prior to the completion between the Company and Sound Energy. In addition, Sound Energy has agreed procure that all indebtedness between (i) SEHIL and APN; and (ii) the Sound Energy group or third parties is repaid and/or released (in a manner which ensures that no tax arises or becomes payable as a result of any such repayment or release by SEHIL or APN) such that, on completion of the SEHIL Acquisition Agreement, SEHIL and APN has no indebtedness (unless otherwise agreed in writing between Sound Energy and the Company). The SEHIL Acquisition Agreement includes a completion accounts mechanism to reconcile outstanding indebtedness and/or cash within SEHIL and/or APN identified following completion of the SEHIL Acquisition Agreement.

The PVO Acquisition Agreement

Pursuant to the terms of the PVO Acquisition Agreement, the Company will acquire the entire issued share capital of PVO in consideration for the issue to Po Valley Energy of 200,000,000 Ordinary Shares, (being the PVO Consideration Shares), subject to Shareholder approval of the Resolutions. This reflects the consideration for PVO of 185,907,500 Ordinary Shares envisaged in the heads of terms announced on 5 October 2017, along with the issue of additional Ordinary Shares to reflect a working capital adjustment.

The PVO Acquisition Agreement is conditional on (amongst other things): (i) completion of a firm and conditional placing; (ii) Shareholder approval of the Resolutions; (iii) the shareholders of Po Valley Energy approving the Po Valley Energy Capital Reduction; (iv) Admission; (v) Po Valley Energy providing evidence satisfactory to the Company that, on completion of the PVO Acquisition, the indebtedness of PVO shall be limited to certain permitted indebtedness (the "Permitted PVO Indebtedness"); and (vi) delivery by Po Valley Energy to the Company of an amended and restated loan agreement between Po Valley Energy and PVO dealing with (inter alia) the treatment of the Permitted PVO Indebtedness following completion of the PVO Acquisition. The Permitted PVO Indebtedness comprises (i) certain agreed interim debt (the "PVO Interim Debt"); (ii) an amount equal to the expected sale proceeds of each of Cadelbosco di Sopra and/or

Grattasasso; (iii) an amount equal to an agreed VAT rebate to be paid by PVO to Po Valley Energy on completion of the PVO Acquisition); and (iv) amounts advanced by the Company to PVO.

Whilst the heads of terms dated 5 October 2017 anticipated that the acquisition of PVO would be structured as an option agreement, the PVO Acquisition has been structured as a conditional sale and purchase of the entire issued share capital of PVO free of any encumbrances. Pursuant to the terms of the PVO Acquisition Agreement, the PVO Consideration Shares are (subject to Shareholder approval of the Resolutions) to be issued by the Company to Po Valley Energy, which shall immediately distribute the PVO Consideration Shares to its shareholders. To enable a distribution of the PVO Consideration Shares to its shareholders, Po Valley Energy will propose the Po Valley Energy Capital Reduction to its shareholders.

In order to pursue the Po Valley Energy Capital Reduction, PVE's directors must be able to recommend that it is fair and reasonable to PVE shareholders as a whole, supported by an independent expert report. The Directors understand that such report is still awaited and there can be no guarantee that the report will ultimately be produced in a form suitable to support the transaction, or at all. If such report is not sufficiently favourable, PVE's directors may feel unable to make the required recommendation and/or PVE's shareholders may not approve the Po Valley Energy Capital Reduction. Accordingly, and notwithstanding that PVE is obliged under the terms of the PVO Acquisition Agreement to convene the shareholder meeting, there can be no assurance that the report will be in a suitable form or that the Po Valley Energy Capital Reduction and the sale of PVO will go ahead as envisaged in the PVO Acquisition Agreement. The AUIM admission document has, nonetheless, been prepared on the basis that the transaction will progress as specified in the PVO Acquisition Agreement. The Company will make a further announcement when the report is published or if it receives confirmation that no suitable report will be forthcoming. In any event, the Company will update Shareholders before the General Meeting. In the event that the report is not issued and/or the PVO Acquisition does not otherwise go ahead, the Company will publish a supplementary admission document in accordance with the AIM Rules as soon as possible.

As announced by Po Valley Energy on 25 September 2017, Po Valley Energy has entered into a conditional sale agreement with a private oil and gas company, backed by a private equity fund based in London, for the sale of each of Cadelbosco di Sopra (an 85 per cent. interest) and Grattasasso (held 100 per cent.) (the "Licence Sales" and each a "Licence Sale"). The Licence Sales remain subject to Ministry approval of the legal transfer of interest, and so Po Valley Energy and the Company have agreed a number of matters in the PVO Acquisition Agreement as regards the Licence Sales (as summarised in paragraph 15.18 of Part 6 of the Admission Document).

Pursuant to the terms of the PVO Acquisition Agreement, PVO and Po Valley Energy will enter into the Royalty Deed pursuant to which PVO will be required to procure that 5 per cent. of the total proceeds of natural gas sales relating to Podere Maiar-1 or any other well drilled on the Podere Gallina Licence shall be paid in arrears to Po Valley Energy. In addition, pursuant to the terms of the PVO Acquisition Agreement, Po Valley Energy undertakes and agrees that the Company shall be permitted to deduct, from any and all payments made under the Royalty Deed, an amount equal to any agreed claim brought by the Company against Po Valley Energy which may be outstanding at the date any such royalty payment is due for payment, in accordance with the terms of the Royalty Deed, up to a maximum total amount of £750,000.

Following completion of the PVO Acquisition, it is expected that Po Valley Energy will have effectively
disposed of all of its non-cash assets. Po Valley Energy undertakes pursuant to the terms of the PVO
Acquisition Agreement not to take any steps to initiate any insolvency proceedings in respect of itself
for a period of two years following completion of the PVO Acquisition.

In the event that the SEHIL Acquisition and/or the PVO Acquisition does not proceed as envisaged (such as in the event required approvals therefor or other conditions thereof are not satisfied), the Company would expect or be required to seek confirmation from Subscribers (and Turner Pope would be required to seek confirmation from Placees) that they wish to maintain their respective commitments as regards the Subscription and the Placing (as relevant). There can be no assurance that such confirmation would be given by Placees and Subscribers in any such circumstance.

The group's assets

After Admission, and through its three subsidiaries, the Company will altogether own 2P (proved and probable) gas reserves of 1,238.7 MMscm, 2C (contingent) gas resources of 1,264.0 MMscm, and 2C oil resources of 2.4 MMbbls.

For NSI and PVO, the Licences, Permits, Concessions and Applications are all situated within the Po Valley region. The Po Valley runs south east from Milan to the Adriatic coast at Venice. Oil and gas has been produced in the area for over 60 years. The region was under exclusive concession to ENI, the Italian state-owned petroleum authority, until 1998 when the area was opened up to free enterprise and competition. The basin opens into the Adriatic Sea to the East.

For APN, the Licences, Permits, Concessions and Applications are situated along the East coast of Italy, other than the Costa Del Sole oil discovery which is situated in Sicily and Badile, which is situated in North West Italy.

Strategy of the Group and its competitive advantages

On 22 January 2018, the Company announced its intention to follow a combined European and South East Asian regional exploration strategy focused on multi trillion cubic feet, low cost, onshore gas piped to high value, growing markets with a view to building a full-cycle exploration and production gas company. The Company believes that South East Asia possesses some of the world's fastest developing economies where demand for gas currently significantly outstrips supply. This, combined with increasing growth across the region and the increasing shortage of gas in the major markets, provides a compelling investment proposition for investors.

In order to implement its strategy, the Company will continue to develop its Italian assets after Admission and to acquire additional assets in Europe and South East Asia that enhance its portfolio and where there are operating and other synergies.

This strategy has two parts:

a. Italian consolidation and expansion

Through the Transaction, the Company is seeking to build and consolidate a portfolio of oil and gas assets located predominantly in the Po Valley region of Northern Italy, but also located along the east coast of Italy. The Acquisitions will substantially increase the Company's hydrocarbon asset base and will create a balanced portfolio of production, development and exploration stage assets, along with the associated fixed plant infrastructure. On completion of the Transaction, the Company will become the owner and operator of a significant portfolio of production and development assets in Italy. The combined Italian portfolio will contain total 2P (Proved and Probable) gas reserves of approximately 1,554.3 MMscm and 2C (Contingent) gas resources of approximately 1,149.6 MMscm and total 2C oil resources of 2.8 MMbbls. The Company will operate its Italian assets as a full cycle exploration and production company. Saffron intends to develop its portfolio with a work programme focused initially on expanding daily production volumes in order to increase the Company's earnings potential. Additionally Saffron plans to leverage the expertise and local knowledge of its management team to acquire and develop further potential exploration Licences, Permits, Concessions and Applications and new production concessions in the region to underpin long term and sustainable growth.

The Directors believe that Italy remains an attractive market with gas and oil of high quality, an accessible and low-cost transportation network and a pricing environment that has been stable and higher than other comparable European countries.

b. International expansion

Building upon the foundation of the Group's Italian assets as well as the skills and expertise of its Board and management team, Saffron intends to initiate an international growth strategy based on carefully targeted exploration in South East Asia.

The Directors believe that within South East Asia there are a number of highly favourable jurisdictions, within which they believe the Group will be able to acquire a number of multi trillion cubic feet onshore gas targets that can be piped to high value, growing markets.

South East Asia has some of the fastest developing economies in the world combined with increasing shortages of gas in the region exacerbated by underinvestment in exploration in recent years and an increasing trend toward stricter emission standards (in regard to which natural gas offers the cleanest viable source of large-scale baseload and peaking power). Following Admission, the Company plans to implement this part of its growth strategy by seeking to acquire a range of assets across South East Asia, leveraging its management team's expertise and contacts and existing infrastructure and processing capability, to enable new discoveries that can be brought to market quickly.

Competitive advantages

The Directors believe that the Group has a number of competitive advantages including:

- a board with substantial experience and expertise in the sector and with a proven track record for delivering exceptional shareholder value;
- access to capital, arising from the Board's network of relationships;
- a technical team with decades of experience not only in the Italian region, but also in sourcing and developing international acquisitions in upstream gas;
- base business operations in Italy, a stable jurisdiction with a significant demand for gas that it is presently only able to meet through imports;
- significant existing gas reserves that underpin current and future production targets, thereby mitigating any exploration risk in future returns; and
- five production licences, secured in a challenging regulatory environment, within which the Board believes there is upside potential

Details of the Placing and Subscription

On 22 January 2018, the Company announced that it had agreed to issue, conditional on Shareholder approval of the Resolutions, 319,634,703 Ordinary Shares to new institutional and other investors at the Placing and Subscription Price, which is equal to the closing mid-market price per Existing Ordinary Share on 4 October 2017, being the date prior to when the Existing Ordinary Shares were suspended from trading on AIM pending publication of an AIM admission document.

Under the Placing and Subscription, and subject to Shareholder approval of the Resolutions, the Placees and Subscribers will be granted Warrants on the basis of one Warrant for every two Ordinary Shares placed and/or subscribed. The Warrants will be issued, subject to Shareholder approval of the Resolutions, upon issue of the Ordinary Shares and are exercisable for one year from the date of issue at the Warrant Exercise Price, which is 150 per cent. of the Placing and Subscription Price. No application will be made for the Warrants to be admitted to trading on AIM or any other stock exchange.

The total fundraising includes a £6 million subscription by CIP. On 22 January 2018, CIP subscribed for 12,811,364 Ordinary Shares to raise gross proceeds of £561,138 under the Company's existing authorities, and also received 1,281,136 Ordinary Shares in settlement, at the Placing and Subscription Price, of a 10 per cent. cash commission payable to CIP in respect of that subscription. These Ordinary Shares were issued on 26 January 2018. CIP will subscribe for a further 124,174,936 Ordinary Shares, alongside other investors, pursuant to the Subscription, subject to approval by Shareholders and effective on Admission. CIP will also receive 12,417,493 Ordinary Shares upon Shareholder approval, in settlement, at the Placing and Subscription Price, of a 10 per cent. cash commission payable to CIP in respect of such further subscription. In common with other investors, conditional on Shareholder approval, CIP will receive 68,493,150 Warrants in respect of its subscriptions for Ordinary Shares. The issue of the Ordinary Shares to CIP is conditional on various conditions as set out in paragraph 15.21 of Part 6 of the Admission document.

The CIP Subscription Letter contains certain warranties given by the Company in favour of CIP, including as regards the Company's existence and capacity, the valid issue of the Ordinary Shares and Warrants to be issued to CIP (subject to approval of the Resolutions where relevant) free of encumbrances, and the accuracy of the announcement made by the Company on 22 January 2018 regarding the Acquisitions, subject to certain time and monetary limitations.

Further details of the Subscription Agreements and the CIP Subscription Letter are set out in paragraphs 15.20 and 15.21 respectively of the Admission Document. Turner Pope has agreed, pursuant to the Placing Agreement, to place the Placing Shares on a reasonable endeavours basis.

The Company believes that Admission to AIM will enable it to, inter alia:

- access investors and raise funds for the development of the Group, both at the time of Admission and thereafter;
- provide the flexibility to raise capital for future corporate acquisitions and to use its quoted securities as consideration for such acquisitions; and
- raise the profile of the Group among investors and give confidence to customers, suppliers and regulatory authorities.

No Warrants will be issued in respect of the Commission Shares.

Use of proceeds

While a proportion of the funds raised through the Placing and Subscription will be used to fund the cost of the Transaction and to develop the Group's portfolio of Italian assets, the Company intends that the majority of the proceeds will principally be utilised to fund due diligence and acquisition costs associated with international expansion. The table below sets out the expected excess cash after proposed expenditure for the further development of the Italian assets. This excess cash is intended to be used to fund the international expansion strategy.

Source and Uses	**€'000**	**£'000**
Gross Proceeds	15,400	14,000
Capital exploration costs	(4,515)	(4,105)
Transaction costs	(962)	(875)
Repayment of loan	(2,013)	(1,830)
Employee costs	(4,036)	(3,669)
Professional fees	(479)	(435)
Total uses	**(12,005)**	**(10,914)**

Directors, Senior Management and Employees

The Board of the Company will be led by James Parsons as Non-executive Chairman and the Company's executive team will comprise Sara Edmonson as Chief Executive Officer, Andrew Dennan as Chief Financial Officer and Leonardo Salvadori as Managing Director, Italy.

The Board of Directors and a summary of their experience is set out below:

James Parsons, Non-executive Chairman, aged 45

James has over 20 years' experience in the fields of strategy, management, finance and corporate development in the energy industry. James has been the Chief Executive Officer of Sound Energy plc since October 2012, having joined as Chief Financial Officer in 2011. James started his career with the Royal Dutch Shell group in 1994 and spent 12 years with Shell working in Brazil, the Dominican Republic, Scandinavia, the Netherlands and London. Following his time at Shell, James worked in the European division of Inter Pipeline Fund, a Toronto-Listed resources business, where he held the position of Finance and Corporate Development Director of Inter Pipeline Europe. James is a qualified accountant and has a BA (Hons) in Business Economics.

Sara Melinda Edmonson, CEO, aged 37

Sara has been the Chief Executive Officer of Saffron since 31 October 2017 and prior to that was a Non-executive Director of Saffron following its IPO Admission in February 2017. Sara was previously Chief Executive Officer of Po Valley Energy having joined the company in July 2010 as Chief Financial Officer. 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.

Marco Fumagalli, Non-executive Director, aged 47

Marco is a director and shareholder of CIP and is a founding partner at Continental Investment Partners SA, a cornerstone investor in AIM quoted Sound Energy plc where he also sits on the board as a Non-executive director. He is also a leading shareholder in Greenberry plc, which is a cornerstone shareholder in Echo Energy, for which he also acts as a Non-executive director. A chartered accountant, Marco has spent most of his career in the Private Equity sector, starting at 3i in 1995. He holds a degree in Business Administration from the University "Bocconi" of Milan.

Fiona Margaret Barkham (professional name: MacAulay, former names MacAulay and Oxley),
Independent Non-executive Director, aged 54
Fiona has over 30 years' experience in the oil and gas industry, most recently as Chief Executive Officer of Echo Energy plc and prior to that as Chief Operating Officer and Technical Director of Rockhopper Exploration plc. Fiona, a Chartered Geologist, started her career with Mobil North Sea Limited in 1985 and has subsequently held senior roles in a number of leading oil and gas firms, including Amerada Hess and BG. She is European President of the American Association of Petroleum Geologists.

Ilham Akbar Habibie, Independent Non-executive Director, aged 54
Ilham is a qualified engineer and holds a PhD in aeronautical engineering from the Technical University of Munich and an MBA from the University of Chicago. Ilham has been the Chief Executive Officer and President of a number of aerospace and other companies which he founded and has served as a scientist and lecturer at the Technical University of Munich. Ilham has held senior positions at a number of Indonesian companies in the private sector, including Chief Executive Officer and President Director of PT. Ilthabi Rekatama and Commissioner of PT Citra Tubindo tbk. Ilham served as a Non-executive Director at Sound Oil Plc (now known as Sound Energy plc) and has been an Independent Commissioner of PT Intermedia Capital Tbk. Ilham has served as a Non-executive Director of Hichens, Harrison (Asia) Ltd and serves as a Member of Board of Commissioners at PT Malacca Trust Wuwungan Insurance and as Director of PT Ilthabi Bara Utama.

Information regarding key members of Senior Management to the Company and a summary of their experience is set out below:

Andrew Dennan, aged 33
Andrew has over 10 years' experience in capital markets including the fields of corporate finance, stock broking and investment management. Throughout his career he has been involved in leading proprietary investment decisions, capital raising, risk oversight and portfolio management. He holds a BSc (Hons) degree in Actuarial Science from City University, London and a CFA Investment Management Certificate.

Leonardo Salvadori, aged 59
Leonardo has over 30 years' oil and gas industry experience managing exploration, new ventures and asset teams in Indonesia, Egypt and Italy. Leonardo joined Sound Energy from Dana Gas Egypt in 2015 where he was Managing Director of its Egyptian operated business. As a geologist and geophysicist Leonardo's first 20 years' experience was with ENI working in several strategic roles across the Middle East, North Africa, Asia and Europe.

Directors' Shareholdings and Other Interests

As at the date of this document and immediately following Admission, the interests of the Directors and their families (within the meaning set out in the AIM Rules) in the issued share capital of the Company, all of which are beneficial, and the existence of which is known or could, with reasonable diligence, be ascertained by that Director, are as follows:

	At the date of this document			On Admission
Directors' interests	*Shares*	*Percentage*	*Shares*	*Percentage*
James Parsons	-	0.00%	584,150	0.06%
Sara Edmonson	1,000,000	0.50%	2,500,053	0.27%
Marco Fumagalli	-	0.00%	0	0.00%
Ilham Habibie	-	0.00%	0	0.00%
Fiona MacAulay	-	0.00%	0	0.00%
David Garland	-	0.00%	0	0.00%

1. James Parsons is interested in 3,192,283 shares in Sound Energy plc, represen ting a 0.31 per cent. interest in that company. On Admission, he will be iss ued 584,150 Consideration Shares pursuant to the SEHIL Acquisition Agree ment.

2. Sara Edmonson is interested in 2,966,406 shares in Po Valley Energy Limited, r epresenting a 0.50% interest in that company. On Admission, she will be iss ued 1,500,053 Consideration Shares pursuant to the PVO Acquisition Agreem ent.

3. Marco Fumagalli holds no Ordinary Shares directly. Mr Fumagalli holds a 25 per cent, interest in Continental Investment Partners S.A, which has a 6.64 per c ent. interest in Sound Energy plc and will hold 12,336,561 Ordinary Shares representing a 1.35 per cent. interest in the Company on Admission. In addition, Mr Fumagalli is a director of and holds a 1.82 per cent interest in CIP Merchant Capital Limited. CIP is interested in 14,092,500 Ordinary Shares r epresenting 7.05 per cent of the Existing Ordinary Shares. Following Adm ission, CIP will be interested in 150,684,929 Ordinary Shares, representing 16.44 per cent. of the Enlarged Share Capital. Information about the inter ests of the Concert Party, of which Mr Fumagalli is deemed a member, is s et out in paragraph 19 of the Admission Document.

Directors' options

Subject to Shareholder consent, the Company intends to aware the following options:

Director	*Number of Options*
Sara Edmonson	10,000,000
David Garland	2,000,000
James Parsons	10,000,000
Fiona MacAulay	10,000,000
Marco Fumagalli	10,000,000
Ilham Habibe	10,000,000

Major Interests in Ordinary Shares

Save as disclosed below the Directors are not aware of any person who, directly or indirectly, jointly or severally at the date of this document and at Admission is or will be interested in 3 per cent. or more of the issued ordinary share capital or the Enlarged Issued Share Capital of the Company:

	As at the date of this document	
Shareholder	*Number of Ordinary Shares*	*Percentage of issued ordinary share capital*
Po Valley Energy Limited	100,000,000	50 %

At Admission

Percentage

Shareholder	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*
CIP Merchant Capital Ltd	150,684,929	16.44 %
Michael Masterman	79,236,570	8.64 %
Kevin Bailey	67,118,029	7.32 %
Lombard Odier Asset Management (USA) - 1798 Volatis Fund Limited	50,110,403	5.47 %
Cazadores Investments Ltd.	34,246,575	3.74 %
Lombard Odier Asset Management (USA) - LMAP EPSILON Limited	31,569,553	3.44 %

Lock-in and Orderly Market Arrangements
The Locked-in Shareholders who at Admission will hold in aggregate 3,084,203 Ordinary Shares (representing approximately 0.34 per cent. of the Enlarged Share Capital), have undertaken, save in limited circumstances, not to dispose of any of their interests in Ordinary Shares (including Ordinary Shares that they may acquire) at any time prior to the first anniversary of Admission.

In addition, in order to ensure an orderly market in the Ordinary Shares, the Locked-In Shareholders have further undertaken, in respect of themselves and each of their connected persons, that for a further period of 12 months thereafter they will not (subject to certain limited exceptions) deal or otherwise dispose of any such interests other than through Turner Pope (or such other broker appointed by the Company from time to time).

In addition, in order to ensure an orderly market in the Ordinary Shares, each of Michael Masterman, Kevin Bailey and Byron Pirola (who are all shareholders of PVE and who will receive Ordinary Shares at Admission following completion of the PVO Acquisition and the Po Valley Energy Capital Reduction) are required, pursuant to the PVO Acquisition Agreement, to agree, for a period of six months following Admission, except in certain limited circumstances, that they will only dispose of their Ordinary Shares through Turner Pope or such other broker appointed by the Company from time to time.

Proposed Open Offer
The Company is grateful for the support of all its Shareholders. The Company therefore intends to launch an open offer of up to 45,662,100 Open Offer Shares at the Placing and Subscription Price of 4.38 pence per Open Offer Share. Should the Offer be fully subscribed, the Offer Shares would amount to 4.98 per cent. of the Enlarged Share Capital. A circular containing full details of the Open Offer is intended to be posted to Shareholders in due course. The Company does not intend to offer Warrants to subscribers for Ordinary Shares under the Open Offer.

Share Option Scheme

On 12 February 2018 the Directors resolved to adopt a new share option scheme ("Share Option Scheme"). Under the terms of the Share Option Scheme, the Directors will have an absolute right to grant an option to acquire Ordinary Shares in the Company to any of the directors and employees of any member of the Group. Pursuant to the Share Option Scheme, the Directors will be entitled to specify such conditions as they see fit (subject to certain limitations) before such directors and employees are eligible to take up any options under the scheme. The Company is seeking (inter alia) authority to issue up to 20,000,000 new Ordinary Shares pursuant to the Resolutions to be proposed at the General Meeting. If approved, such Ordinary Shares will be issued in accordance with the terms of the Share Option Scheme. In addition, on 12 February 2018, the Directors resolved to award up to 5,000,000 Warrants to consultants of the Group.

General Meeting

A notice convening a General Meeting of the Company to be held at 11.00 a.m. (UK time) on 29 March 2018 at the offices of Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU is set out at the end of this document. At that meeting, Resolutions will be proposed in order to seek Shareholder approval for the following matters:

1. the Acquisitions be approved by the Shareholders as required by the AIM Rules;
2. the Directors be generally and unconditionally authorised, for the purposes of Section 551 of the 2006 Act, to exercise all powers of the Company to allot equity securities (within the meaning of section 560 of the 2006 Act) in respect of the Consideration Shares, the Placing Shares, the Subscription Shares, the Commission Shares, the TPI Fee Shares, the Director Fee Shares, the Warrants, the Director Options, the issue of Ordinary Shares pursuant to the Share Option Scheme and Open Offer and, in addition, up to an aggregate nominal amount of £350,000;
3. the Directors be generally and unconditionally empowered, for the purposes of Section 570 of the 2006 Act to exercise all powers of the Company to allot equity securities for cash pursuant to the authorisation conferred by (ii) above as if the statutory pre-emption provisions set out in section 561 of the 2006 Act did not apply to the allotment, provided that this power shall be limited to, the allotment in respect of the Consideration Shares, the Placing Shares, the Subscription Shares, the Commission Shares, the TPI Fee Shares, the Director Fee Shares, the Warrants, the Director Options, the issue of Ordinary Shares pursuant to the Share Option Scheme and Open Offer and the allotment of equity securities (within the meaning of section 560 of the 2006 Act) in connection with an offer by way of a rights issue to Shareholders and holders of other equity securities and, in addition, up to an aggregate nominal amount of £350,000;
4. to approve the change of name of the Company to Coro Energy Plc.

Sound Energy has held and PVE will be holding general meetings to approve (amongst other things) the Sound Capital Reduction (in the case of Sound Energy which was approved, subject to court approval, on 8 February 2018) and the Po Valley Energy Capital Reduction (in the case of PVE). Completion of the Acquisitions is, inter alia, subject to these approvals.

Definitions

Defined terms in this announcement have the same meaning as those terms have in the AIM admission document, a copy of which can be found on the Company's website, www.saffronenergy.co.uk

Information about Ilham Habibie

Aside from a directorship held with the Company, Ilham Akbar Habibie, aged 54 holds the following directorships or been a partner in the following partnerships within the five years prior to the date of this announcement:

Director	*Current Directorship*	*Previous Directorship*
Ilham Habibie	PT. Ilthabi Rekaama PT. Ilthabi Mandiri Tekhnik PT. Ilthabi Aerospace Group PT. Malacca Trust Wuwungan Insurance, Tbk PT. Regio Aviasi Industri PT .Inter Media Capital Tbk Pollux Habibie Internasional PT. Orbit Ventura Indonesia PT. Industri Mineral Indonesia PT. Ilthabi Digital Edukasi PT. Ilthabi Energia PT. Ilthabi Mandiri Technik PT. Ilthabi Sentra Herbal Mitra Eneria Ltd. PT. Metinca Prima Industrial Work The Habibie Foundation, Human Resource Development in Science and Technology Division Indonesian Philharmonic Orchestra Foundation CREATE Foundation, Centre for Research on Education, Arts, Technology & Entrepreneurship Edutech Digital Utama The Habibie Center, Institute for the Democratization of Science and Technology (IDST) International Islamic Education Centre of Indonesia The Islamic Chamber of Commerce and Industry (Ikatan Saudagar Muslim Indonesia - ISMI) Board of Trustees IULI Foundation WanTikNas, The National Information and Communication Technology Council Indonesian Volley Ball Association (PBVSI) Bandung Smart City Council, Working Team The International Islamic Forum for Science, Technology and Human Resources Development (IIFTIHAR) KADIN Telematics, Broadcasting, Research and Technology	Perhimpunan Alumni Jerman (PAJ), Association of German Alumni PT. Citra Tubindo, Tbk PT. DHL Excel Supply Chain Indonesia Indonesian Volley Ball Association (PBVSI) KADIN, Committee for Germany, Austria and Switzerland KADIN, Committee for Research and Technology KADIN, Research and Technology Digital Economy, International Chamber of Commerce (ICC), Jakarta Indonesia Business Action for Support of Information Society (BASIS), ICC, Paris, France Indonesian Technology Innovation Foundation (Yayasan Inovasi Teknologi Indonesia- INOTEK)

Ikatan Cendekiawan Muslim
Indonesia (ICMI)
KADIN, Committee for Germany
ICC Indonesia

There is no further information that is needed to be announced pursuant to paragraph (g) of Schedule Two to the AIM Rules for Companies.

END

AIMUNSARWKAUARR
Anonymous (not verified)
Posting of AIM Admission Document
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Fri, 02/16/2018 - 07:00
LSE RNS
Company Announcement - General
CORO