

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 Bezzecca 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 Bezzecca 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 Bezzecca 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 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.

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

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

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

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)
Operating loss		(6,401,170)	(3,794,142)
Finance income		469	121
Finance expense		(71,308)	(80,924)
Net finance expense		(70,839)	(80,803)
			(3,874,945)
Loss before income tax expense		(6,472,009)	
Income tax benefit / (expense)	7	506,060	(153,420)
Loss for the year		(5,965,949)	(4,028,365)
Other comprehensive income		-	-
Total comprehensive loss for the year		(5,965,949)	(4,028,365)

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

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

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

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

	31 December 2016	31 December 2015
	€	€
Cash flows from operating activities		
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)	-
Net (cash used in) / generated from operating activities	(1,508,671)	125,769
Cash flows from investing activities		
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)
Net cash generated from / (used in) investing activities	(242,980)	815,439
Cash flows from financing activities		
Proceeds from borrowings	1,745,820	674,549
Repayment of borrowings	(2,296,763)	(633,499)
Net cash (used in) / generated from financing activities	(550,943)	41,050
Net (decrease) / increase in cash and cash equivalents	(2,302,594)	982,258
Cash and cash equivalents at 1 January	2,409,801	1,427,543
Cash and cash equivalents at 31 December	107,207	2,409,801

This information is provided by RNS
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