

Institutional Cornerstone Investment and Placing
RNS Number : 5806C
Saffron Energy PLC
22 January 2018

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

22 January 2018

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

**Institutional Cornerstone Investment
& Oversubscribed Placing**

Saffron Energy Plc (LON:SRON), the AIM quoted European gas company, which is transforming into a Pan Euro-Asian Gas Explorer and, subject to shareholder approval, being renamed Coro Energy Plc, is pleased to confirm the results of its book build following, and in support of, the proposed transaction and new international growth strategy as announced earlier today (the "Previous Announcement").

The Company is delighted to confirm it has received signed binding conditional commitments applying for in excess of the maximum £14,000,000 gross proceeds it is raising. It is anticipated that the funds, which will amount to approximately £13.7 million net of cash commissions, will be deployed in the Company's new strategy, primarily to evaluate, drill and develop any acquired assets.

The Company has placed 319,634,703 new Saffron Energy ordinary shares of 0.1p per share ("Ordinary Shares") to new institutional and other investors at a price of 4.38 pence per new Ordinary Share; the issue of 306,823,339 such Ordinary Shares is conditional on shareholder approval. Under the proposed equity fundraising, and subject to shareholder approval, investors will be granted warrants ("Warrants") to subscribe for additional Ordinary Shares at a price of 6.57 pence, being 150 per cent. of the placing price on the basis of one Warrant for every two Ordinary Shares subscribed. The Warrants vest, subject to shareholder approval, upon issue of the Ordinary Shares and are exercisable for one year from the date of issue.

The fundraising will include a £6 million subscription by the Company's new cornerstone investor, CIP Merchant Capital Ltd, via a subsidiary ("CIP"). CIP will subscribe immediately for 12,811,364 Ordinary Shares ("Firm Subscription Shares") to raise gross proceeds of £561,137.74 under the Company's existing authorities, and will subscribe for a

further 124,174,937 Ordinary Shares (the "Conditional Subscription Shares"), alongside other investors, subject to approval by shareholders.

CIP will also receive 1,281,136 Ordinary Shares ("Initial Commission Shares") upon issue of the Firm Subscription Shares and 12,417,493 Ordinary Shares ("Conditional Commission Shares") upon shareholder approval and issue of the Conditional Subscription Shares, in settlement of a 10% cash commission payable to it in respect of the Firm Subscription Shares and the Conditional Subscription Shares respectively. In common with other investors, conditional on shareholder approval, CIP will receive Warrants, of which 6,405,682 Warrants ("Initial Conditional Warrants") relate to the Firm Subscription Shares and 62,087,468 Warrants ("Conditional Warrants") relate to the Conditional Subscription Shares

The issue of the Firm Subscription Shares is conditional on, inter alia, fulfilment of the following conditions:

- the Company having complied with all of its obligations under the subscription letter with CIP ("CIP Subscription Letter") which fall to be performed or satisfied on or prior to the issue of the Firm Subscription Shares and the Initial Commission Shares;
- the warranties and undertakings on the part of the Company contained in the CIP Subscription Letter being true, accurate and not misleading in any material respect on the date of that letter and at all times up to and including the date of issue of the Firm Subscription Shares and Initial Commission Shares by reference to the facts and circumstances subsisting at each such time;
- each of: (i) the SEHIL Agreement ; and (ii) the PVO Agreement (each as defined in the Previous Announcement) (together "Acquisition Agreements") continuing to be enforceable in all material respects against all of the parties to them and having, and continuing to have, full force and effect and not, in the opinion of the Company's nominated adviser (acting reasonably and in good faith), being materially varied, modified or supplemented to the detriment of the Company;
- the allotment and issue of the Firm Subscription Shares and the Initial Commission Shares by no later than 26 January 2018 (or such later date as agreed between the parties).

The issue of the Conditional Subscription Shares is conditional on, inter alia, fulfilment of the following conditions:

- the third and fourth conditions noted above;
- restoration to trading on AIM of the Ordinary Shares in

accordance with Rule 40 of the AIM Rules ("Restoration to Trading") occurring by no later than 30 April 2018 (or such later date as agreed between the parties);

- the Company having complied with all of its obligations under the CIP Subscription Letter which fall to be performed or satisfied on or prior to the issue of the Conditional Subscription Shares, the Initial Conditional Warrants, the Conditional Warrants and the Conditional Commission Shares;

- the warranties and undertakings on the part of the Company contained in the CIP Subscription Letter being true, accurate and not misleading in any material respect on the date of that letter and at all times up to and including the date of the relevant admission to trading on AIM ("Admission") by reference to the facts and circumstances subsisting at each such time;

- publication of the re-admission document required to be published by the Company in connection with the acquisitions under the Acquisition Agreements (the "Readmission Document") in accordance with the AIM Rules for Companies being published and sent to the shareholders of the Company by no later than 31 March 2018 (or such later date as agreed between the parties);

- the approval from shareholders of the Company of the necessary resolutions to approve: (i) the acquisitions under the Acquisition Agreements; and (ii) the issue of the Conditional Shares, the Conditional Commission Shares and the Warrants (the "Resolutions") by no later than 30 April 2018 (or such later date as agreed between the parties);

- allotment and issue of the Conditional Subscription Shares, the Conditional Commission Shares and the Warrants to be issued to CIP by no later than 30 April 2018 (or such later date as agreed between the parties); and

- admission to trading on AIM of the Firm Subscription Shares, the Initial Commission Shares, the Conditional Subscription Shares and the Conditional Commission Shares by no later than 30 April 2018 (or such later date as agreed between the parties).

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 Previous Announcement, subject to certain time and monetary limitations.

It is noted that Marco Fumagalli, a director of Saffron, is also a director of CIP.

It is intended that up to £520,000 of the total £14 million placing will be taken up by clients of the Company's broker, Turner Pope Investments (TPI) Ltd ("TPI") (and it is anticipated that, for this purpose, TPI and the Company will enter into a placing agreement supplementing the terms of TPI's existing engagement by the Company). In the event that the Company and TPI do not enter into a placing agreement, commitments already received by the Company from other placees (other than CIP) and which were scaled back will be considered for further allocation of this amount up to their original order request such that the total placing proceeds do not exceed £14 million.

The Company is paying commission of 10 per cent. of funds raised in aggregate to certain placees, placing agents and introducers, a portion of which is being settled by the issue of up to 24,589,040 new Ordinary Shares (including the Initial Commission Shares and Conditional Commission Shares to be issued to CIP) subject to shareholder approval (except for the Initial Commission Shares).

Following the issue of the Firm Subscription Shares and Initial Commission Shares, the Company's enlarged issued share capital will comprise 200,000,000 Ordinary Shares with voting rights. The Company has no shares held in Treasury. This figure of 200,000,000 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

Application will be made for the Firm Subscription Shares and Initial Commission Shares to be admitted to trading on AIM as soon as is practicable, and this is expected to coincide with Restoration to Trading. The Company will update with further guidance as to when dealings in the new Ordinary Shares are expected in due course. The new Ordinary Shares will rank *pari passu* with the Company's existing Ordinary Shares.

Other than where defined, capitalised terms used in this announcement have the meanings given to them in the Previous Announcement.

Sara Edmonson, Chief Executive Officer, commented:

"We are delighted to have secured the funding to develop our exciting Pan Euro Asian gas strategy and it is with great pleasure that I welcome our first cornerstone investor, CIP Merchant Capital."

The information communicated 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.

About Saffron Energy PLC

Saffron Energy is a natural gas producer with interests in Northern Italy. Its portfolio includes two producing gas fields: Sillaro (100% owned) and Bezzecca (90% owned) and a field currently under development called Sant'Alberto. All of Saffron Energy's assets are held through its wholly owned subsidiary, Northsun Italia S.p.A and are located between Milan and Bologna. Saffron Energy commenced trading on AIM under the ticker of SRON on 24 February 2017.

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

Saffron Energy plc / Coro Energy plc

Sara Edmonson, CEO

James Parsons, Non Executive Chairman

+39 06 4201 4968

s.edmonson@coroenergyplc.com

j.parsons@coroenergyplc.com

Grant Thornton UK LLP (Financial & Nominated Adviser)

Colin Aaronson

Jen Clarke

Harrison J Clarke

+44 (0) 207 383 5100

Turner Pope Investments (TPI) Ltd (Broker)

Ben Turner

James Pope

+44 (0)2036214120

info@turnerpope.com

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

END

IOEBLGDBCXDBGID