

Drilling/Production Report  
RNS Number : 3356J  
Saffron Energy PLC  
29 March 2018

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**Saffron Energy Plc (to be renamed Coro Energy Plc)**

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

**Production Update**

Saffron Energy, the AIM quoted explorer with a Pan Euro Asian expansion strategy is pleased to provide a quarterly production update covering its existing Italian operations for the three months ended 31 December 2017 and anticipated production for the three months ending 31 March 2018 including actual production to 23 March 2018.

Total Production for the financial year amounted to 7 million standard cubic metres of gas (circa 247 million standard cubic feet), a daily rate of 20,000 standard cubic metres (circa 706 thousand standard cubic feet). Production in 2016 for the same period was 4.4 million standard cubic metres (circa 156 million standard cubic feet), a daily rate of 12,400 standard cubic metres (circa 438 thousand standard cubic feet). The increase in combined production for the Company is attributable to the Bezzecca gas field which started commercial production mid-year in summer 2017.

**The Bezzecca gas field**

During the second half of 2017, early water arrival in the major R completion on Bezzecca-1 led to a significant reduction in production and in the estimate of remaining reserves as compared to the estimates originally published in the IPO Admission document dated 24 February 2017. Following the preparation of the Competent Person's Report for the Re-Admission Document published on 15 February 2018, the Company announced that the 1P and 2P reserve estimates for Bezzecca will be reduced compared to the original volumes and were specifically 33.9 and 65.7 MMscm, net to Saffron, respectively.

Importantly, a rig-less intervention to seal off water production from the bottom-most perforations of level R was carried out at approximately the

same time that the revised Competent Person's Report was being prepared. The outcome of that rigless operation was positive and, since January 2018, the Bezzecca field has been producing at an average of 15,000 standard cubic metres/day (circa 424,500 cubic feet per day) with limited associated water production. This production, both in terms of daily rates and quantum, is above the estimations indicated in the revised Competent Person's Report. On the basis that these rates continue for a reasonable period, the Board will consider commissioning a new Competent Person's Report for the Bezzecca field. In accordance with IAS 36, the Board has impaired the carrying value of the Bezzecca field at 31 December 2017 to reflect the fair value at that date.

### **The Sillaro gas field**

In early January, production at Sillaro achieved a significant increase in daily rates up to 726,000 scf/day (20,000 scm/day) following a zero cost production restart initiative. As expected, the daily rate has and will continue to decrease gradually and is currently with constant WHP (approximately 500,000 scf/day as of the date of this announcement). Production from this field has clearly surpassed 3P reserves - therefore it is expected that this field, under its current completion scheme, is close to depletion and will require a workover (sidetrack) to unlock further production potential as described in the Supplementary Admission Document released on 7 March 2018.

The table below summarizes the historical production and forecast sales results for 1Q18 compared to the previous quarter. The table below includes actual data up to 23 March and an estimate for the remaining 8 days to quarter close.

	<b>Q4 17</b>	<b>Q1 18</b>	<b>Change (%)</b>	<b>YTD 18</b>
Total production ('000 cubic metres)	1,890	2,622	+39%	2,622
Total production ('000 cubic feet)	66,760	92,603	+39%	92,603
Daily production (cubic metres per day)	20,548	29,136	+41%	
Daily production ('000 cubic feet per day)	726	1,029	+41%	
Daily production (boepd)	125	176	+41%	
Revenue (€)	380,847	545,376	+43%	545,4
Average gas price (€ per cubic metre)	0.201	0.208	+3%	
Average gas price (€ per Mcf)	5.69	5.89	+3%	

### **The Rapagnano and Casa Tiberi gas fields**

Following shareholder approval, the Company will add two production concessions to its portfolio with one gas field each, Rapagnano and Casa Tiberi (results of which are not represented in the table above). The current daily production from the two fields is 441,000 scf/day (12,500 scm/day). Reservoir studies are undergoing for both fields with the objective to optimize the current production and possibly identify new areas for additional production.

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.

**Release of year end accounts**

The Company is today separately announcing its results for the year ended 31 December 2017 which reflect these production figures.

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