CROWN ENERGY AB (PUBL)

Admission to trading of shares in Crown Energy AB (publ) on NGM Equity

IMPORTANT INFORMATION

This prospectus (the "**Prospectus**") has been prepared in accordance with the Swedish Financial Instruments Trading Act (1991:980) (the "**Financial Instrument Trading Act**") and the European Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and the Council. On 12 December 2016, an extraordinary general meeting of Crown Energy AB (publ) ("**Crown Energy**" or the "**Company**") adopted the Board's proposal to implement a private placement of 363,401,823 class C shares (the "**Reverse Acquisition**") to YBE Ventures Ltd ("**YBE Ventures**"). The Prospectus has been prepared on the basis that a total of 353,267,971 class C shares have been converted to ordinary shares in the Company in accordance with the Board of Director's decision on 5 October 2017 and will be admitted to trading on the regulated market NGM Equity. The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority, in accordance with Chapter 2, Sections 25 and 26, of the Financial Instruments Trading Act.

The Prospectus has been prepared in a Swedish language and an English language version. In the event of any discrepancy between the versions, the Swedish version shall take precedence. As of the date of the Prospectus, Crown Energy's ordinary shares are admitted to trading on NGM Equity under the ticker CRWN.

All information provided in the Prospectus should be carefully considered, particularly with regard to the specific conditions set out in the "*Risk factors*" section, which describes the risks that an investment in the Company's ordinary shares may involve. Statements about the future and other future conditions in the Prospectus are made by the Board of Crown Energy and are based on current market conditions. These statements have been well prepared, but the reader should be aware that, as with all future assessments, they are associated with uncertainty.

In some cases, the figures reported in the Prospectus have been rounded, which means that the tables contained in the Prospectus do not necessarily sum up. All financial amounts are reported in the Swedish krona ("**SEK**") unless otherwise stated. Unless otherwise expressly stated, no financial information in the Prospectus has been reviewed or audited by the Company's auditor. Financial information in the Prospectus pertaining to the Company, which is not included in the audited information or reviewed by the Company's auditor in accordance with what is stated here, is derived from the Company's internal management accounting and reporting system.

Distribution of the Prospectus does not mean that the information herein is current and updated at any time other than per the date of the Prospectus or that the Company's operations have remained unchanged since that date. The Prospectus is available from Crown Energy's head office and the Company's website (crownenergy.se), the European Securities and Markets Authority's website (esma.europa.eu), and the Swedish Financial Supervisory Authority's website (fi.se).

The Prospectus is governed by Swedish law. Disputes arising out of the content of the Prospectus or related legal matters shall be settled exclusively according to Swedish law and by Swedish courts.

Forward-looking statements

The Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, for example, contain wording such as "according to estimates", "anticipates", "assesses", "assumes", "believes", "considers", "could", "estimates", "expects", "forecasts", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the best of the Company's knowledge", "will", "would", or similar expressions, where the intention is to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning future financial returns, plans and expectations concerning the Company's operations and governance, its future growth and profitability and the general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause the actual results, including the Company's cash flow, financial position, and operating profit, to differ materially from the stated results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to prove less favourable than the results expressly or implicitly assumed or described in those statements.

Accordingly, prospective investors should not place undue reliance on the forward-looking statements herein, and are advised to read the Prospectus as a whole. The Company cannot give any assurance regarding the future accuracy of such statements or opinions or whether predicted developments will actually occur.

In light of the risks, uncertainties, and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus may not occur. The forward-looking estimates and forecasts derived from third-party studies referred to in the Prospectus may prove to be inaccurate. Actual results, performance, or events may differ significantly from those presented in such statements due to, without limitation: changes in general economic conditions, particularly economic conditions in markets where the Company operates, changes in interest rates, changes in exchange rates, changed levels of competition, changes in laws and regulations, and the occurrence of accidents or environmental damage.

After the date of the Prospectus, the Company assumes no obligation, except as required by law or NGM Equity's rules, to update any forward-looking statements or to adapt these forward-looking statements to actual events or developments.

Third-party information

The Prospectus includes industry and market information pertaining to Crown Energy's business and the market in which the Company operates. Unless otherwise stated, such information is based on the Company's analysis of several different sources.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot therefore give any assurances as to the accuracy of industry and market data contained in the Prospectus that has been extracted or derived from such industry publications or reports. Industry and market data is inherently forward-looking and subject to uncertainty and is not necessarily reflective of actual market conditions. Such information is based on market research, which itself is based on sampling and subjective assessments by both the researchers and the respondents, including assessments about what types of products and transactions should be included in the relevant market.

Information from third parties has been accurately reproduced and, as far as the Company is aware and is able to be ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company does not assume responsibility for the correctness of any business or market data included in the Prospectus.

Contents

DEFINITIONS AND FINANCIAL CALENDAR

Crown Energy AB	Crown Energy AB (publ), corp. id. 556804-8598
The Company, Crown Energy or the Group	Crown Energy and all subsidiaries.
The Prospectus	This prospectus.
NGM	Nordic Growth Market NGM AB reg. no. 556556-2138
Euroclear Sweden AB	Euroclear Sweden AB, reg. no. 556112-8074
SEK	Swedish krona. No additional abbreviations are used for thousands and millions.
USD	US dollar. No additional abbreviations are used for thousands and millions.
GBP	British pound. No additional abbreviations are used for thousands and millions.
EUR	Euro. No additional abbreviations are used for thousands and millions.
AOA	Angolan kwanza

INFORMATION ON ORDINARY SHARES AND ADMISSION TO TRADING

Stock exchange	NGM Equity
Ticker	CRWN
ISIN code, ordinary share	SE0004210854

Calendar

Nine-month report, Q3 1 Jan – 30 September 2017	10 November 2017

Summary

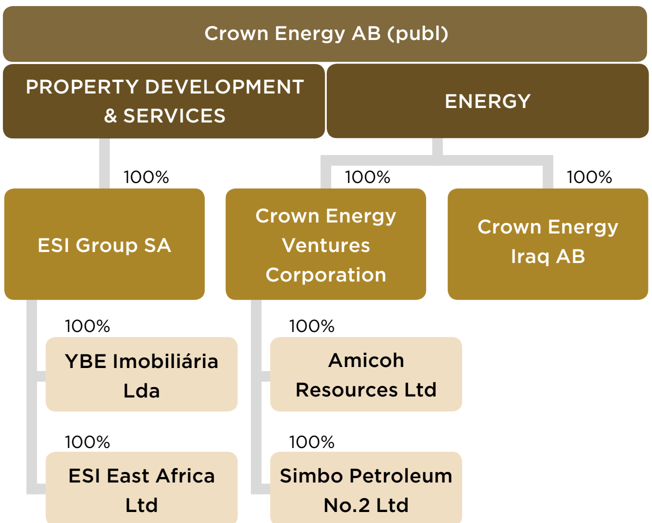
Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7).

The summary in the Prospectus contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not applicable".

SECTION A – INTRODUCTION AND WARNINGS		
A.1	**Introduction and warnings**	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor could, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities
A.2	**Subsequent resale or final placement of securities by financial intermediaries**	*Not applicable;* The Prospectus does not constitute an offer and has been prepared solely in connection with admission of the ordinary shares to trading on NGM Equity due to the fact that the Company's class C shares have been converted to ordinary shares.

SECTION B – ISSUER AND ANY GUARANTOR		
B.1	**The legal and commercial name of the issuer**	The Company's legal (and commercial) name is Crown Energy AB (publ).
B.2	**The domicile and legal form of the issuer, the legislation under which it operates, and its country of incorporation**	Crown Energy is a Swedish public company incorporated in Sweden and registered with the Swedish Companies Registration Office on 14 April 2010. The Company's corporate reg.no. is 556804-8598 and its domicile is in Stockholm, Sweden. The Company conducts its operations in accordance with the Swedish Companies Act (2005:551).
B.3	**Current operations**	Crown Energy is an international oil, gas, and property group with operations in Africa and the Middle East. The Company generates value via two business areas – *Energy* and *Property Development and Services*. The *Energy* business area develops and explores oil assets in early phases with high potential with regard to recoverable reserves. In the longer term, the assets are introduced to suitable parties in the oil sector for further development and production. The *Property Development and Services* business area offers customised solutions for accommodation, offices, and support services to international companies in the oil and gas industry. Comprehensive solutions allow customers to focus on their core operations.

B.3	*(contd.)*	The combination of the two business areas creates several advantages. Together they make operations more diversified and reduces the risks in the operations. Furthermore, the cash flow generated within Property Development and Services can be used to further develop exploration assets. Establishing customer relationships with some of the world's leading oil and gas companies in Property Development and Services also increases opportunities for Crown Energy to capitalise on existing assets. Lastly, Crown Energy can also offer business related services in the form of tailored accommodation and offices to exploration and production partners associated with the assets. Crown Energy has offices in Stockholm, London and Luanda and its organisation consists of individuals with long-standing experience and a high level of expertise in the oil and gas industry. The Company also possesses extensive experience in offering customised property and associated services to international companies and organisations within the industry. As of the date of the Prospectus, the Company has operations in Angola (Property Development and Services), Equatorial Guinea (Energy), Iraq (Energy), Madagascar (Energy) and South Africa (Energy).
B.4a	Significant trends	*Set out below is key information about the latest and most significant trends that the Company, directly and indirectly, considers may affect the market in which Crown Energy operates.* **Oil price development** Sales and profitability in connection with Crown Energy's oil and gas operations are, and will continue to be, highly dependent on oil price development, which is affected by a number of external factors beyond the Company's control. The oil price trend is among others affected by market fluctuations, state regulations, proximity to and capacity in oil pipelines, equipment, the characteristics of the oil reserves and economic and political developments. The oil market and oil prices over the last decade have been highly volatile. OPEC's influence on oil markets and the policies practised by OPEC's member countries increase difficulties in forecasting the future price of oil. Any reduction in the rate of production due to lower demand also means that the value of the estimated oil reserves Crown Energy holds will decrease. This can also lead to a reduction in the Company's exploration and development activities. A significant and prolonged decline in prices relative to average historical oil price levels may also lead to difficulties in arranging financing for the Company. **Alternative fuels** For several years, debates have been ongoing and investments made to identify alternative sources of energy to the traditional sources. Non-fossil energy sources such as wind and solar power are increasing strongly, but according to forecasts from OPEC, for example, their share of total energy sources will remain low. Efforts to find and improve use of alternative energy sources will continue in the foreseeable future, but most external analysts believe that the world will be oil and gas dependent for a long time to come.
B.5	Description of the Group	Crown Energy AB (publ) is the parent company of the Group, which consists of a total of eight companies, three of which are directly wholly-owned subsidiaries and four of which are indirectly wholly-owned subsidiaries. The figure below shows the Company's legal corporate structure. 

B.6 | **Major shareholders**

In Sweden, the minimum threshold for notifiable of changes in major shareholdings (*Sw. Flaggningsskyldighet*)) is five percent of all shares or of the voting rights for all shares in a company. The following is a list of all shareholders with holdings exceeding five percent of the shares or five percent of the votes for all shares in the Company as of 30 September 2017 and any known subsequent changes including the changes in the ownership structure after the Reverse Acquisition.

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE OF OWNERSHIP (%)	NUMBER OF VOTES	PERCENTAGE OF VOTES (%)
Yoav Ben-Eli, via company[1)]	353,267,971	79.2	3,532,679,710	79.2
Cement Fund SCSp	31,500,000	7.1	315,000,000	7.1
Other shareholders	**61,047,379**	**13.7**	**610,473,790**	**13.7**
Total number of shares	**445,815,350**	**100.0**	**4,458,153,500**	**100.0**

[1)] The shares are owned by YBE Ventures Ltd, which is controlled by Yoav Ben-Eli.

In connection with the directed share issue in spring 2016, a total of 31.5 million warrants were issued to Cement Fund SCSp. Each warrant entitles Cement Fund SCSp to subscribe for one new ordinary share at SEK 2 per share until and including 24 May 2018. In the event that Cement Fund SCSp exercises its warrants and subscribe for additional ordinary shares, an additional amount of SEK 63 million would be raised for the Company. In the event that Cement Fund SCSp exercises all warrants, their ownership would amount to 63 000 000 ordinary shares and 630 000 000 votes in Crown Energy. A dilution effect of 6.60 per cent of the votes and shares in the Company will arise on full exercise of the warrants.

Other than the above stated and as far as the Company's Board of Directors is aware, there are no shareholders' agreements or other agreements between the Company's shareholders that are intended to jointly influence the Company. Nor is the Company's Board of Directors aware of any agreements or similar undertakings that could lead to changes in control over the Company.

B.7 | **Selected historical key financial information**

On 30 June 2017, Crown Energy acquired all the shares in ESI Group. ESI Group in turn owns all the shares in YBE Imobiliária and ESI East Africa, where YBE Imobiliária is the operating company with property assets. After the conversion of class C shares to ordinary shares, YBE Ventures Ltd has 79.2 per cent of the votes and capital in the Group. Since, in this case, it is the acquired company's (ESI Group) former shareholders that obtain a controlling interest in the new group, the transaction has been recognised as a reverse acquisition, in accordance with the rules stipulated in IFRS 3 Business Combinations. A reverse acquisition is when a company acquires shares in another company by issuing shares in its own company, to the extent that the controlling interest in the newly-formed group is passed to the shareholders of the company that has been acquired. Legally, the acquiring company is the parent company (Crown Energy AB), but the financial import of the transaction is that it is the previous shareholders of the acquired company (ESI Group SA) that have the controlling interest in the acquiring company.

In light of the Reverse Acquisition, comparability between the historical financial periods presented below is not relevant for an investor with regard to the consolidated income statement and consolidated cash flow, because the periods presented, with the exception of 1 January–30 June 2017, do not include the effect of the Reverse Acquisition.

Crown Energy's selected historical financial Information for the 2016 and 2015 financial years is shown below. The Company's financial information for these periods have been prepared in accordance with International Financial Reporting Standards (**IFRS**) and have been audited by the Company's auditor. The selected historical financial information also includes financial information for the 1 January–30 June 2017 period derived from Crown Energy's published interim report. The financial information pertaining to the 1 January–30 June 2016 period has been taken from the Company's interim report for that period. The interim reports have not been audited or reviewed by the Company's auditors.

B.7	*(contd.)*	**Condensed consolidated statement of comprehensive income**

ALL AMOUNTS IN SEK THOUSAND	2017-01-01 2017-06-30 Not audited or reviewed	2016-01-01 2016-06-30 Not audited or reviewed	2016-01-01 2016-12-31 Audited	2015-01-01 2015-12-31 Audited
Revenue				
Rental revenues	36,551	–	–	–
Service revenues	21,783	–	–	–
Other operating income	755	–	–	73
Property-related expenses	-19,461	–	–	–
Other external costs	-875	-2,012	-6,090	-4,607
Employee benefit expenses	-3,317	-2,069	-4,863	-4,077
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets		-16	-33	-33
Other operating expenses	–	-249	-139	–
Operating profit/loss excl. effect of reverse acquisition	**35,434**	**-4,346**	**-11,125**	**-8,644**
Effect on profit/loss of reverse acquisition	-174,586	–	–	–
Operating profit/loss incl. effect of reverse acquisition	**-139,152**	**-4,346**	**-11,125**	**-8,644**
Financial income	589	6,829	10,305	2,447
Financial expenses	-536	-1,832	-2,263	-9,380
Profit/loss before tax and changes in value	**-139,099**	**651**	**-3,083**	**-15,577**
Changes in value				
Properties, unrealised	-10,269	–	–	–
Earnings before tax	**-149,368**	**651**	**-3,083**	**-15,577**
Income tax	-5	–	–	–
Deferred tax	24,421	–	–	–
Net profit/loss for the period	**-124,952**	**651**	**-3,083**	**-15,577**
Earnings per share and share related data				
Average number of basic shares, thousands	354,285	61,394	86,276	45,001
Average number of diluted shares, thousands	354,285	61,394	86,276	45,001
Basic earnings per share, SEK	-0.43	0.01	-0.04	-0.35
Diluted earnings per share, SEK	-0.43	0.01	-0.04	-0.35

B.7	*(contd.)*	Condensed consolidated statement of financial position

ALL AMOUNTS IN SEK THOUSAND	2017-06-30 Not audited or reviewed	2016-12-31 Audited	2015-12-31 Audited
ASSETS			
Non-current assets			
Investment property	583,492	–	–
Equipment, tools, fixtures, and fittings	16	33	66
Intangible assets	108	–	–
Exploration and evaluation assets	183,133	187,370	176,445
Deferred tax assets	242	–	–
Total non-current assets	**766,991**	**187,403**	**176,511**
Current assets			
Trade receivables	17,244	–	–
Other receivables	23,271	13,017	499
Prepaid expenses and accrued income	315	520	292
Cash and cash equivalents	34,721	26,540	156
Total current assets	**75,551**	**40,077**	**947**
TOTAL ASSETS	**842,542**	**227,480**	**177,458**
EQUITY			
Capital and reserves attributable to parent company shareholders			
Share capital	13,107	13,405	1,633
Other contributed capital	720,823	236,722	183,276
Reserves	-23,943	12,484	9,112
Accumulated earnings	78,812	-67,579	-48,267
Net profit/loss for the period	-124,952	651	-15,577
Total equity	**663,847**	**195,683**	**130,177**
LIABILITIES			
Non-current liabilities			
Loans from related parties	–	–	6,704
Finance lease liability	101,680	–	–
Deferred tax liabilities	14,701	15,791	14,498
Other provisions	3,371	3,517	9,250
Total non-current liabilities	**119,752**	**19,308**	**30,452**
Current liabilities			
Loans from related parties		5,054	–
Convertible loans		–	11,209
Finance lease liability	4,941	4,887	2,878
Accounts payable	3,918	–	–
Tax liabilities	14,052	–	–
Other current liabilities	5,973	1,220	880
Accrued expenses and deferred income	30,059	1,328	1,862
Total current liabilities	**58,943**	**12,489**	**16,829**
TOTAL EQUITY AND LIABILITIES	**842,542**	**227,480**	**177,458**

B.7	*(contd.)*	**Condensed consolidated statement of cash flows**

ALL AMOUNTS IN SEK THOUSAND	2017-01-01 2017-06-30 Not audited or reviewed	2016-01-01 2016-06-30 Not audited or reviewed	2016-01-01 2016-12-31 Audited	2015-01-01 2015-12-31 Audited
Cash flow from operating activities				
Operating loss before financial items	-139,152	-4,346	-11,125	-8,644
Adjustments for items not included in cash flow:				
– Other non-cash items	–	264	172	-39
Effect on profit/loss of reverse acquisition	174,586	–	–	–
Interest received	0	0	0	0
Interest paid	0	0	0	-100
Tax paid	-5	–	–	–
Cash flow from operating activities before changes in working capital	**35,429**	**-4,082**	**-10,953**	**-8,783**
Changes in working capital:				
– Increase/decrease in other current receivables	n/a	n/a	-775	88
– Increase/decrease in other current liabilities	n/a	n/a	526	162
Changes in working capital	**-16,004**	**-68**	**-249**	**250**
Cash flow from operating activities	**19,425**	**-4,150**	**-11,202**	**-8,533**
Cash flow from investing activities				
Acquisition of subsidiaries, less acquired cash and cash equivalents	19,925	–	–	7
Investments in exploration and evaluation assets	–	-1,203	-3,106	-28,702
Investments in investment property	-6,074	–	–	–
Short-term loan to ESI Group	–	–	-9,097	–
Cash flow from investing activities	**13,851**	**-1,203**	**-12,203**	**-28,695**
Directed issues	–	74,000	74,000	–
Preferential rights issue	–	–	–	4,912
Issue expenses for the period	–	-2,232	-8,743	-1,599
Interest paid on convertible loans	–	-1,606	-1,606	-1,228
Convertible loan repayment	–	-12,211	-12,211	–
Loans raised	–	–	–	800
Repayment of loans	–	-400	-1,650	-200
Other contributed capital	4,377	–	–	–
Payments for finance leases (rent to landowners)	-2,907	–	–	–
Cash flow from financing activities	**1,470**	**57,551**	**49,790**	**2,685**
Cash flow for the period	**34,746**	**52,198**	**26,385**	**-34,543**
Cash and cash equivalents at start of period	363	156	156	34,626
Cash flow for the period	34,746	52,198	26,385	-34,543
Exchange gains/losses on cash and cash equivalents	-388	–	–	73
Cash and cash equivalents at end of period	**34,721**	**52,354**	**26,541**	**156**

B.7	*(contd.)*	**Consolidated key ratios**

ALL AMOUNTS IN SEK THOUSAND (UNLESS OTHERWISE STATED)	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2016-01-01 2016-12-31	2015-01-01 2015-12-31
FINANCIAL KEY RATIOS				
IFRS key ratios				
Net profit/loss for the period, after tax	-153,767	651	-3,083	-15,577
Number of basic shares outstanding, thousand	455,815	92,547	455,949	55,547
Number of diluted shares outstanding, thousand	455,815	92,547	455,949	55,547
Average number of shares, thousand	354,285	61,394	86,276	45,001
Average number of diluted shares, thousands	354,285	61,394	86,276	45,001
Basic earnings per share, SEK	-0.43	0.01	-0.04	-0.35
Diluted earnings per share, SEK	-0.43	0.01	-0.04	-0.35
Alternative performance measures				
Rental and service revenues	30,618	–	–	–
Other operating income	687	–	–	–
Operating profit/loss excl. effect of reverse acquisition	17,131	-4,346	-11,125	-8,644
Operating profit/loss incl. effect of reverse acquisition	-157,455	-4,346	-11,125	-8,644
EBITDA	-157,455	-4,338	-11,092	-8,611
Adjusted EBITDA	17,131	-4,338	-11,092	-8,611
EBITDA margin, %	neg.	N/A	N/A	N/A
Adjusted EBITDA margin, %	29	N/A	N/A	N/A
Equity/assets ratio, %	79	N/A	86	73
Total assets	842,542	233,956	227,480	177,458
Equity	663,847	196,927	195,683	130,177
Average equity	N/A	196,305	162,930	162,743
Average assets	N/A	230,718	202,469	227,469
Return on equity, %	N/A	0.3	neg.	neg.
Return on capital employed, %	N/A	0.3	neg.	neg.
Equity per share, SEK	1.46	2.13	0.43	2.34
NON-FINANCIAL KEY RATIOS				
Occupancy rate, %	85	n/a	n/a	n/a
Lettable area, thousand square metres*	29.7	n/a	n/a	n/a
Number of properties (at end of period)	18	n/a	n/a	n/a
Average remaining lease, months	18.6	n/a	n/a	n/a
Average number of employees	15.0	2.0	2.6	2.5

B.7	*(contd.)*	**Definitions of alternative performance measures not defined according to IFRS**

ALTERNATIVE PERFORMANCE MEASURE	DEFINITION	EXPLANATION
Operating profit/loss excl. effect of reverse acquisition	Earnings before financial income and expenses and taxes, adjusted for the effect of the reverse acquisition	Used to measure operating profitability
Operating profit/loss incl. effect of reverse acquisition	Earnings before financial income and expenses and taxes	Used to measure operating profitability
Return on equity, %	The sum, as a percentage, of post-tax earnings in relation to equity	Return on equity is used to highlight Crown Energy's ability to generate profit on shareholders' capital in the Group.
Return on capital employed, %	The sum, as a percentage, of post-tax earnings in relation to total assets	Return on total equity is used to highlight Crown Energy's ability to generate profit on the Group's assets, unaffected by the Group's financing.
EBITDA	Profit before financial items, tax, depreciation/amortisation and impairment	EBITDA is used by Crown Energy to measure earnings from operating activities, independently of depreciation, amortisation and impairment losses.
Adjusted EBITDA	Profit before financial items, tax, depreciation/amortisation and impairment, adjusted for the effect of the reverse acquisition	EBITDA is used by Crown Energy to measure earnings from operating activities, independently of depreciation, amortisation and impairment losses.
EBITDA margin, %	A measure of the Company's operating earnings as a percentage of sales	The EBITDA margin is used to compare EBITDA in relation to sales.
Adjusted EBITDA margin, %	A measure of the Company's operating earnings as a percentage of sales	The EBITDA margin is used to compare EBITDA in relation to sales.
Equity/assets ratio, %	Equity in relation to total assets.	The equity/assets ratio is a key ratio that Crown Energy uses to highlight its interest sensitivity and financial stability.
Net debt/equity ratio, times	Net debt divided by equity	The net debt/equity ratio is a key ratio that highlights Crown Energy's capital structure and the extent to which Crown Energy is financed by loans.
Total assets	Total assets at the end of the period.	Total assets is a measure of the value of Crown Energy's assets at the end of the period.
Average equity	Calculated as opening total capital plus closing total capital divided by two	Used to calculate return on equity
Average assets	Calculated as opening total assets plus closing total assets divided by two	Used to calculate return on total capital
Equity per share, SEK	Equity at end of period divided by number of shares at end of period.	Equity per share is used to highlight the shareholders' portion of the company's total assets per share.

B.7	*(contd.)*	**Significant changes in Crown Energy's financial situation and operating profit after 30 June 2017** On 25 August 2017, Crown Energy announced final settlement for the acquisition of ESI Group SA. The total final valuation of ESI Group is SEK 883,169,928, which is a minor adjustment from the acquisition valuation of SEK 908,504,559. A total of 353,267,971 class C shares have been converted to ordinary shares in Crown Energy on 10 October 2017. The remaining class C shares were redeemed by the Company on 10 October 2017, whereby the share capital decreased with approximately SEK 297,930.86 and the redemption price amounted to SEK 0.028. **Significant changes in Crown Energy's financial situation and operating profit in the period 1 January 2015 - 30 June 2017** On 13 April 2017, in connection with an update on the progression of the ESI Group transaction, Crown Energy announced that parts of a property had been sold to an external party. The profit from the sale was used to pay off ESI Group's existing loan of approximately USD 4 million on the larger so-called C-view building. A positive effect of the transaction is that there are no longer any liabilities in ESI Group's asset portfolio. The sale price of the asset exceeded the external valuation of the building by approximately USD 850 thousand. Net financial items for 2016 amounted to SEK 8,042 thousand (-6,933). The financial income of SEK 10,305 thousand in 2016 mainly comprised an accounting effect of SEK 6,204 thousand, due to the expiry of the buy-back option for Crown Energy Iraq AB in May 2016. The buy-back option was previously recognised as a provision in the balance sheet. Once the option expired without any shares being claimed, the provision was removed, which had a positive effect in the income statement. The financial expenses of SEK -2,263 thousand (-9,380) mainly consisted of interest expenses of SEK 1,693 thousand attributable to the convertible loans. Other receivables increased substantially between 2015 and 2016, from SEK 499 thousand to SEK 13,017 thousand. This considerable change is mainly related to the loan of SEK 9,097 thousand (nominal amount: USD 1 million) granted to ESI Group SA in Q4 2016. Interest for the period came in at SEK 64 thousand. The loan was a part of the acquisition agreement for ESI Group and its purpose is for ESI Group to capitalise its subsidiary YBE Imobiliária Lda. This capitalisation is required by Angolan legislation for international investors. Cash and cash equivalents at the end of the 2016 totalled SEK 26,541 thousand compared with SEK 156 thousand on 31 December 2015. The increase in cash and cash equivalents is due to the directed share issue conducted in Q2 2016.
B.8	**Selected key pro forma financial information**	Crown Energy announced that the Company entered into an agreement with YBE Ventures Ltd ("**YBE Ventures**") on 10 November 2016 to acquire all of the shares in the Luxembourg-registered company ESI Group SA together with its subsidiary ("**ESI Group**") (the "**Reverse Acquisition**"). The Reverse Acquisition was completed on 30 June 2017, which meant that Crown Energy acquired 100 per cent of the shares and 100 per cent of the voting rights in ESI Group SA. ESI Group owns all shares in the newly formed Angolan company YBE Imobiliária Lda ("**YBE Imobiliária**") established in 2017, and the Mauritian company ESI East Africa. These three companies together form a group, of which ESI Group is the parent company ("**ESI Group**"). The purpose of the pro forma financial statements is to present an overview of the effect of the Reverse Acquisition of ESI Group would have had on: i. Crown Energy's consolidated income statement for the financial year ended 31 December 2016, as though the Reverse Acquisition had been carried out and acquired as at 1 January 2016. ii. Crown Energy's consolidated income statement for the period ended 30 June 2017, as though the Reverse Acquisition had been carried out and the company acquired as at 1 January 2016. The financial information presented in the unaudited pro forma financial information is only intended to describe a hypothetical situation and has been prepared as an illustration for information purposes only, and is consequently not intended to show the financial position or earnings for the period had if the Reverse Acquisition occurred on the date stipulated. Neither does the pro forma financial statement indicate the financial position or business earnings at a particular future date. This should be taken into consideration in any potential investment decision. The unaudited consolidated financial pro forma financial statements does not include all the information required for a financial report in accordance with IFRS.

B.8 *(contd.)*

Pro forma income statement 2016

ALL AMOUNTS IN SEK THOUSAND	CROWN ENERGY GROUP[1]	ESI GROUP[2]	TOTAL	PRO FORMA ADJUSTMENTS	NOTES	PRO FORMA
Revenue	-	150,161	150,161	-		150,161
Other operating income	-	-	-	-		-
Total operating income	**-**	**150,161**	**150,161**	**-**		**150,161**
Operating expenses						
Property-related operating expenses	-	-39,436	-39,436	-		-39,436
Other external costs	-6,090	-1,152	-7,242	1,933	3)	-5,309
Employee benefit expenses	-4,863	-7,080	-11,943	-		-11,943
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets	-33	-	-33	-		-33
Other operating expenses	139	3,302	3,441	-		-3,441
Operating expenses excl. effect of reverse acquisition	**-11,125**	**-50,970**	**-62,095**	**1,933**		**-60,162**
Operating profit/loss excl. effect of reverse acquisition	**-11,125**	**99,191**	**88,066**	**1,933**		**-89,999**
Effect on profit/loss of reverse acquisition	-	-	-	-174,586	4)	-174,586
Operating expenses incl. effect of reverse acquisition	**-11,125**	**-50,970**	**-62,095**	**-172,653**		**-234,748**
Operating profit/loss incl. effect of reverse acquisition	**-11,125**	**99,191**	**88,066**	**-172,653**		**-84,587**
Net financial items	**8,042**	**-66,383**	**-58,341**	**-**		**-58,341**
Earnings before tax	**-3,083**	**32,808**	**29,725**	**-172,653**		**-142,928**
Current tax	-	-5	-5	-		-5
Net profit/loss for the period	**-3,083**	**32,803**	**29,720**	**-172,653**		**-142,933**

Notes to pro forma income statement 2016

1. Based on the Crown Energy Group's unaudited consolidated accounts for the 2016 financial year.
2. Based on unaudited internal financial reports for the ESI Group for 1 January–31 December 2016. The following average exchange rates have been used when converting the income statement:
   a. from EUR to SEK at a EUR/SEK exchange rate of 9.4662
   a. from USD to SEK at a USD/SEK exchange rate of 8.7248
   b. from AOA to SEK at an AOA/SEK exchange rate of 0.05267
3. An adjustment has been made in the pro forma income statement to exclude all external transaction costs related to the Reverse Acquisition that arose before the takeover date, and that consequently are instead considered to be part of the acquisition analysis.
   External transaction costs amounting to SEK 1,933 thousand are included in 2016 in the Crown Energy Group's income statement.
4. The difference between Crown Energy's market value on the date of acquisition (share price on acquisition date multiplied by number of shares before the issue of class C shares) and the carrying amount of Crown Energy's identifiable assets and liabilities has been recognised pro forma in the pro forma income statement as a cost of SEK 174,586 thousand resulting from the Reverse Acquisition. The cost is of a non-recurring nature.
   Calculation of the difference (for complete details, see the Company's interim report for 1 January–30 June 2017.)

Identifiable assets and assumed liabilities	181,721
Fair value of Crown Energy on takeover date	356,307
Transaction cost (premium for marketplace)	174,586

B.8	*(contd.)*	**Pro forma income statement January–June 2017**

ALL AMOUNTS IN SEK THOUSAND	CROWN ENERGY GROUP[1)]	ESI GROUP[2)]	TOTAL	PRO FORMA ADJUSTMENTS	NOTES	PRO FORMA
Revenue	-	58,334	58,334	-		58,334
Other operating income	-	755	755	-		755
Total operating income	**-**	**59,089**	**59,089**	**-**		**59,089**
Operating expenses						
Property-related operating expenses	-	-19,461	-19,461	-		-19,461
Other external costs	-4,014	-875	-4,889	321	3)	-4,568
Employee benefit expenses	-2,687	-3,317	-6,004	-		-6,004
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets	-16	-	-16	-		-16
Other operating expenses	-38	-	-38	-		-38
Operating expenses excl. effect of reverse acquisition	**-6,755**	**-23,653**	**-30,408**	**321**		**-30,087**
Operating profit/loss excl. effect of reverse acquisition	**-6,755**	**35,436**	**28,681**	**321**		**29,002**
Effect on profit/loss of reverse acquisition	-	-174,586	-174,586	174,586	4)	-
Operating expenses incl. effect of reverse acquisition	**-6,755**	**-198,239**	**-204,994**	**174,907**		**30,087**
Operating profit/loss incl. effect of reverse acquisition	**-6,755**	**-139,150**	**-145,905**	**174, 907**		**29,002**
Net financial items	**-4,343**	**53**	**-4,290**	**-**		**-4,290**
Profit/loss before tax and changes in value	**-11,098**	**-139,097**	**-150,195**	**174,906**		**24,712**
Unrealised changes in value of property	-	-10,269	-10,269	-		-10,269
Earnings before tax	**-11,098**	**-149,366**	**-160,464**	**174,906**		**14,443**
Current tax	-	-5	-5	-		-5
Deferred tax	-	24,421	24,421	-		24,421
Net profit/loss for the period	**-11,098**	**-124,950**	**-136,048**	**174,906**		**38,859**

Notes to pro forma income statement January–June 2017

1. Based on the Crown Energy Group's unaudited consolidated accounts for the interim period 1 January–30 June 2017.
2. Based on unaudited internal financial reports for the ESI Group for 1 January–30 June 2017. The following average exchange rates have been used when converting the income statement:
   a. from USD to SEK at a USD/SEK exchange rate of 8.8638
   b. from AOA to SEK at an AOA/SEK exchange rate of 0.05343
3. An adjustment has been made in the pro forma income statement to exclude all external transaction costs related to the Reverse Acquisition that arose before the takeover date, and that consequently are instead considered to be part of the acquisition analysis.
   External transaction costs amounting to SEK 321 thousand are included in the 1 January–30 June period in the Crown Energy Group's income statement.
4. In connection with the takeover date on 30 June 2017, the difference between Crown Energy's market value on the acquisition date (share price on acquisition date multiplied by number of shares before the issue of C shares) and the carrying amount of Crown Energy's identifiable assets and liabilities was recognised in the income statement in the Company's interim report for 1 January–30 June 2017 as a cost of SEK 178,586 thousand resulting from the Reverse Acquisition. Since the cost has already been recognised in the pro forma income statement for 2016, the cost is reversed in 2017.

B.9	**Profit forecast**	*Not applicable;* no profit forecast or profit estimates is provided in the Prospectus.
B.10	**Audit report qualifications**	*Not applicable;* there are no qualifications in the audit reports covering the historical financial information in the Prospectus.
B.11	**Insufficient working capital**	*Not applicable;* it is the Company's opinion that the existing working capital is sufficient for the Group's present requirements in the forthcoming twelve-month period as of the date of the Prospectus.

SECTION C – SECURITIES		
C.1	**Type and class**	The Prospectus relates to admission to trading of ordinary shares in Crown Energy AB (publ). The ordinary shares in the Company have the ISIN code: SE0004210854.
C.2	**Currency**	The shares are denominated in SEK.
C.3	**Number of shares issued**	As of the date of the Prospectus, the registered share capital in the Company amounts to SEK 13,106,778 divided into 445,815,350 shares. Each share has a quotient value of approximately SEK 0.0294. All issued shares are fully paid.
C.4	**Rights attaching to the shares**	Two types of Company shares may be issued: ordinary shares and class C shares. Ordinary shares confer ten (10) votes and class C shares confer one (1) vote at the general meeting of shareholders. Only the Company's ordinary shares entitle the holder to dividends or a share of the Company's assets in the event of the Company's liquidation. Decisions on dividends are made by the general meeting and dividends are paid through the agency of Euroclear. To be entitled to receive a dividend, a shareholder must be registered as a holder of ordinary shares in the share register maintained by Euroclear on the dividend record date determined by the general meeting. All ordinary shares entitle the holder to a dividend for the first time on the first dividend record date that occurs after new shares have been registered with the Swedish Companies Registration Office. Shareholders normally have preferential rights when subscribing for new shares, warrants and convertibles, unless the general meeting or the Board of Directors, having been granted authorisation by the general meeting, decides to deviate from these rights.
C.5	**Restrictions on the free transferability**	*Not applicable*; all issued shares in the Company are freely transferable.
C.6	**Admission to trading on a regulated market**	The Company's ordinary shares are traded on the regulated market NGM Equity under short name (ticker) CRWN and ISIN code SE0004210854. The ordinary shares indicated in the Prospectus will be subject to trading on NGM Equity.
C.7	**Dividend policy**	Crown Energy has not decided on or paid any dividend in the Company as of the date of the Prospectus. Currently, any profits are reinvested in order to expand the business. The timing and amount of any future dividends are proposed by the Board. In consideration of future dividends, the Board will weigh factors such as the requirements that the nature, scope, and risks of the business place on the Company's equity, its need to strengthen the balance sheet, its liquidity, and its financial position. Until such time as a dividend may be paid, any return on the investment must be generated by an increase in the share price.

SECTION D – RISKS		
D.1	**Key information on the key risks that are specific to the issuer or its industry**	*Crown Energy's business and market are subject to certain risks which are completely or partly outside the control of the Company and which affect or could affect the Company's operations, financial position and earnings. Described below, in no particular order and without claim to be exhaustive, are a summary of key risks deemed to be material to Crown Energy's future development.* The key risks related to Crown Energy's operations and market include: **Political instability and societal risks where the Company operates** Given that Crown Energy conducts operations in developing countries, the Company is significantly affected by factors beyond its control, such as political and social insecurity, economic instability, terrorism, military coercion, and war. Consequently, Crown Energy's operations are exposed to different levels of political risks and regulatory uncertainties. Political, regulatory, and economic instability may therefore have a significant negative impact on the Company's operations, financial position, and earnings, particularly regarding permits and partnerships. States are increasingly levying yield tax on the sale of assets, which may affect the Company if an asset is sold in the future. Historically, foreign companies that are active in developing countries have to a greater extent than domestic companies been affected by nationalisation or expropriation of property, and changes in policies or legislation related to foreign ownership and the operations of foreign companies. In the unforeseen event of the Company being affected by any of the circumstances above, this would have a material adverse impact on the Company's operations, financial position, and earnings.

D.1	*(contd.)*	**Market growth is strongly dependent on the price of oil and demand for oil** The oil price trend is among other things affected by market fluctuations, state regulations, proximity to and capacity as well as oil pipelines, equipment, the characteristics of the oil reserves, and economic and political development. The oil market and the price of oil over the last decade have further been highly volatile. If in the future, in the context of a decline in oil prices, the Company believes that impairment exists, this could have a material adverse impact on the Company's operations, financial position, and earnings. A significant and prolonged decline in prices relative to average historical oil price levels may lead to a significant fall in market demand for farm-out projects, thereby reducing the Company's ability to arrange financing. Long-term low price of oil affect potential investors' investment calculations and may mean that some investments are not economically sustainable, which could have a material adverse impact on the Company's operations, financial position, and earnings. **The property market in Angola is strongly associated with price developments in the oil market** In the *Property Development and Services* business area, the Company offers customised solutions for staff housing and offices primarily to companies in the oil and gas industry, and the business is conducted in Angola. The Angolan economy and its development are strongly associated with demand and price developments in the oil market, and low demand for oil and low oil prices have an immediate impact on the Angolan property market. Although the price of oil have stabilised and remained relatively steady in recent years, the general economic downturn in Angola in recent years has led to stagnation in the Angolan property market. The interest in equity-financed new construction has declined and it is difficult to secure financing for new construction projects with external capital. In addition, the Angolan property market is currently characterised by a high vacancy rate for office premises and increased supply of private housing. The above factors can therefore have a material adverse impact on the Group's operations, financial position, and earnings. **Uncertainties related to Iraq and the Salah ad-Din licence** When Crown Energy acquired the Salah ad-Din licence in Iraq in December 2013, Iraq was considered a war zone and 2013 was the bloodiest year in Iraq since 2008. Since Crown Energy's licence is located in Salah-ad-Din province, access has been very uncertain. Due to the security situation in the region, Crown Energy has not carried out any work up to the date of the Prospectus. However, in view of the historically unstable situation in the province and the political unrest in the country, there is a risk that access to the licence may be taken over again by militant groups or be the subject of state intervention, which would have a material adverse impact on the Company's operations, financial position, and earnings. **Limited availability of US dollars in Angola** The US dollar has historically been, and still is, an accepted and important means of payment in the Angolan economy alongside the local currency, the kwanza. The value of the kwanza has historically fluctuated. However, in recent years, the Angolan government has approved certain restrictive measures regarding the use of US dollars, in an effort to strengthen the domestic banking system. With effect from 2013, rules were introduced forcing oil companies to use the local banking system and pay their taxes in the local currency, the kwanza. These and other causes, such as stagnating oil prices and an associated reduction in transactions, have resulted in less availability of US dollars in Angola. If US dollar availability in Angola decreases or the Company is not able to conduct any transactions in US dollars, this could have a material adverse impact on the Group's operations, earnings, and financial position. **Different legal systems and legal proceedings in the Company's countries of operation** The Company's operations are largely subject to various complex laws and ordinances as well as detailed provisions in concessions, licences, and contracts that often include multiple parties. If the Company were to be involved in litigation to defend or enforce its rights under such concessions, licences, or agreements, the legal proceedings could be both expensive and time-consuming. The outcome of such disputes is always uncertain and even if the Company finally wins the case, disputes and other legal proceedings could have a material adverse impact on the Company and its operations. The Company may at any time be subject to claims and disputes in relation to authorities, customers, and third parties. A potential dispute could adversely affect the Company's operations and financial position. **Possibility that the Company's future financing and capital requirements cannot be met or can only be met under unfavourable conditions** If the Company is unable to obtain sufficient financing, the scope of its operations may be limited, which could ultimately leave the Company unable to carry out its long-term exploration and production plan and could have a material adverse impact on the Company's operations, financial position, and earnings. **Uncertainty about joint operation agreements** In cases where the Company's rights derive from agreements with partners, there is always a risk that extraction licences may cease or be terminated due to conditions attributable to the Company's partners. There is no guarantee that Crown Energy will not be adversely affected by events attributable to partners, and if such occurs, that it will not have a negative effect on Crown Energys sales and profitability.

D.3	**Key information of the key risks that are specific to the shares**	*Any investment in shares involves risks. Such risks could cause the price of the Company's shares to decline significantly and investors could lose all or part of the value of their investment.* Key risks that are specific to the Company's ordinary shares include: **Major shareholders could exercise influence over the Company that is not in line with the interests of the Company or other shareholders** A few of the Company's owners, mainly Yoav Ben-Eli via companies, own a significant proportion of the Company's total ordinary shares outstanding. These majority shareholders could, for example, delay or prevent an acquisition or merger even if the transaction would benefit other shareholders. In addition, the high ownership concentration could affect the share price negatively, as investors often see disadvantages in owning shares in companies with a strong ownership concentration. **A liquidity shortage could occur in the market for the Crown Energy share** If active liquid trading in the Company's ordinary shares does not develop, it may be difficult to sell larger blocks within a limited period without it having an adverse impact on the share price for shareholders. **Further new share issues may dilute the holdings of existing shareholders** In future, Crown Energy may decide on further new issues of shares to raise capital. All such additional offers may reduce the proportional ownership and the proportion of voting power for holders of shares in the Company and earnings per share in the Company, and a new share issue may have a material adverse impact on the market price of the shares. **Crown Energy's ability to pay dividends depends on several factors** As of the date of the Prospectus, Crown Energy has not approved or paid any dividend. For now, any profits are reinvested in order to expand the business. The timing and amount of any future dividends are proposed by the Board. There is a risk that the Company's shareholders will not decide on dividends in the foreseeable future.

SECTION E - OFFER		
E.1	**Net proceeds and costs**	*Not applicable;* The Prospectus does not constitute an offer and has been prepared solely in connection with admission of the ordinary shares to trading on NGM Equity due to the fact that the Company's class C shares have been converted to ordinary shares.
E.2a	**Reasons for the offer and use of proceeds**	*Not applicable;* The Prospectus does not constitute an offer and has been prepared solely in connection with admission of the ordinary shares to trading on NGM Equity due to the fact that the Company's class C shares have been converted to ordinary shares.
E.3	**Terms and conditions**	*Not applicable;* The Prospectus does not constitute an offer and has been prepared solely in connection with admission of the ordinary shares to trading on NGM Equity due to the fact that the Company's class C shares have been converted to ordinary shares.
E.4	**Interests that are material to the offer**	*Not applicable;* The Prospectus does not constitute an offer and has been prepared solely in connection with admission of the ordinary shares to trading on NGM Equity due to the fact that the Company's class C shares have been converted to ordinary shares.
E.5	**Lock-up arrangements**	*Not applicable;* The Prospectus does not constitute an offer and has been prepared solely in connection with admission of the ordinary shares to trading on NGM Equity due to the fact that the Company's class C shares have been converted to ordinary shares.
E.6	**Dilution**	*Not applicable;* The Prospectus does not constitute an offer and has been prepared solely in connection with admission of the ordinary shares to trading on NGM Equity due to the fact that the Company's class C shares have been converted to ordinary shares.
E.7	**Expenses charged to the Investor**	*Not applicable;* The Prospectus does not constitute an offer and has been prepared solely in connection with admission of the ordinary shares to trading on NGM Equity due to the fact that the Company's class C shares have been converted to ordinary shares.

Risk factors

An investment in Crown Energy's ordinary shares involves various risks. A number of factors affect, or may affect, Crown Energy's operations both directly and indirectly. Described below are several risks and significant circumstances considered material to the Company's operations and future development. The list is not in any certain order and does not claim to be exhaustive. The risks described below are not the only risks to which the Company and its shareholders may be exposed. There are other risks that are currently unknown to the Company or that the Company does not consider to be material at present but which may also adversely affect Crown Energy's operations, financial position, or operating profit. If any of the risks described below, or other risks the Company is unaware of, actually materialise, this may have a materially adverse impact on the Company's business operations, financial position, and earnings. It may also result in a significant fall in the price of the Company's ordinary shares, and an investor risks losing a part or all of their investments.

The Prospectus contains forward-looking statements that may be affected by future events, risks, and uncertainties. The Company's actual earnings may differ significantly from the earnings expected in the forward-looking statements due to many factors, including but not limited to the risks described below and elsewhere in the Prospectus.

RISKS RELATED TO THE COMPANY'S MARKET AND OPERATIONS

Political instability and societal risks where the Company operates

As of the date of the Prospectus, Crown Energy operates in developing countries such as Angola, Equatorial Guinea, Madagascar, South Africa, and Iraq and may expand its operations further in these or other countries. Given that Crown Energy conducts operations in developing countries, the Company is significantly affected by factors beyond its control, such as political and social insecurity, economic instability, terrorism, military coercion, and war. Consequently, Crown Energy's operations are exposed to different levels of political risks and regulatory uncertainties. Such risks and uncertainties may among other things include; government regulations for oil exploration and extraction, restrictions on foreigners' investment in property, directives restricting investment opportunities for foreign actors' investors, gas and oil production restrictions, price controls, export controls, income taxes and other taxes, nationalisation or expropriation of property, repatriation of income, duties and environmental legislation. The political, regulatory, and economic instability may therefore have a significant negative impact on the Company's operations, financial position, and earnings, particularly regarding permits and partnerships.

Crown Energy may also be affected by currency restrictions, unstable or non-convertible currencies, high inflation, and increased royalty or tax rates. States are increasingly levying yield tax on the sale of assets, which may affect the Company if an asset is sold in the future. Historically, foreign companies that are active in developing countries have to a greater extent than domestic companies been affected by nationalisation or expropriation of property and changes in policies or legislation related to foreign ownership and the operations of foreign companies. In the unforeseen event of the Company being affected by any of the circumstances above, this would have a material adverse impact on the Company's operations, financial position and earnings.

Market growth is strongly dependent on the price of oil and demand for oil

Crown Energy's profitability from oil and gas sales is, and will continue to be, highly dependent on oil price development, which is affected by several external factors beyond the Company's control. The oil price trend is among other things affected by market fluctuations, state regulations, proximity to and capacity as well as oil pipelines, equipment, the characteristics of the oil reserves, and economic and political development. The oil market and the price of oil over the last decade have further been highly volatile. OPEC's influence on the oil market and the policy practised by OPEC's member states increase the difficulty in forecasting the future price of oil.

As of the date of the Prospectus, Crown Energy does not have any oil or gas production, which means that the Company is only indirectly exposed to the consequences of fluctuations in the price of oil. The decline in the price of oil can however influence the industry as a whole because the uncertainty of future investments increases. As a result, there is also a risk that a decline in the price of oil could indicate an impairment loss on an prospecting and evaluation asset. If in the future, in the context of a decline in the price of oil, the Company believes that a need for impairment exists, this could have a material adverse impact on the Company's operations, financial position, and earnings.

A significant and prolonged decline in prices relative to average historical oil price levels may lead to a significant fall in market demand for farm-out projects, thereby reducing the Company's ability to arrange financing. Long-term low price of oil affect potential investors' investment calculations and may mean that some investments are not economically sustainable, which could have a material adverse impact on the Company's operations, financial position, and earnings.

In the long term, demand for oil and gas may be adversely affected by the macro-political climate debate and efforts to reduce carbon dioxide emissions in the atmosphere. In their endeavours to reduce global dependence on oil, countries and groups of countries have discussed legislation and various economic incentives to support alternatives to fossil fuels and have consequently introduced higher taxes and environmental levies on oil to create incentives for choosing alternative solutions. This could eventually result in reduced demand for oil and gas, which could have an adverse impact on the Company's operations, financial position, and earnings.

Risks related to prospecting and the Company's operations

The Company's operations are subject to all the risks and uncertainties associated with activities related to exploration and the acquisition, development, production, and sale of oil and gas. Even with a combination of experience, knowledge and careful evaluation, these risks cannot be completely avoided. The risks and uncertainties generally associated with oil and gas operations include fire, explosions, blow-outs (uncontrolled release of oil, gas, or water from an oil well), emissions of acid gas, breaks in pipelines, and oil spills. Each of these risks could result in substantial damage to oil and gas wells, production facilities, other property, and the environment, and can also cause considerable personal injury. This may in turn result in extensive liability for damages and other claims. Collecting systems and processing plants are also subject to many of these risks. Any major damages to the systems and facilities on which the Company is dependent may also have an adverse impact on the Company's ability to sell its produced oil and gas. Oil and gas operations are also subject to the risk of a premature decline in the reserves from natural causes or inflow of water into producing formations. Consequently, the Company may incur significant uninsured losses which may have a material adverse impact on the Company's operations, financial position, and earnings.

Exploration and production licences may be revoked or suspended

The Company's exploration and future production are dependent on concessions and/or permits granted by governments and authorities in the countries where Crown Energy operates. Applications for future concessions/permits may be rejected and current concessions/permits may be subject to restrictions or be revoked by official bodies. Although concessions and/or permits can normally be renewed after they expire, there is a risk of this not happening or being arranged on terms and conditions that are not commercially acceptable to the Company. If the Company fails to meet the obligations and conditions related to operations and costs that are required for obtaining concessions and/or permits, this may result in a smaller stake in, or loss of, such permits and possible claims for damages, which may have an adverse impact on the Company's operations, earnings, and financial position.

Macroeconomic factors related to the property industry in Angola

The property industry is largely affected by macroeconomic factors such as general economic development, growth, employment, the production rate for new housing and premises, infrastructure changes, regional economic development, population growth, inflation and interest rates. If one or more of these factors were to develop negatively, this could have a material adverse impact on Crown Energy's operations, financial position, and earnings.

Market disruption in the property market and particularly in Angola where the Company conducts its property business, may affect the ability and willingness of the Company's customers to rent premises from the Company. This in turn would reduce the demand for the Company's offering, which could have a material adverse impact on the Group's operations, earnings, and financial position.

Uncertainties related to Iraq and the Salah ad-Din licence

In December 2013, Crown Energy acquired the Salah ad-Din licence in Iraq for a consideration of SEK 15 million in the form of a non-cash issue. At that time, Iraq was considered a war zone and 2013 turned out to be the bloodiest year in Iraq since 2008. In 2014, the armed conflict between the so called Islamic State (IS) and Iraqi security forces continued in several places in the country, and the unfolding of events in June 2014 saw several militant groups, including IS, starting to control large parts of the country's northern and western provinces – notably Anbar, Nineweh, and Salah ad-Din. Since Crown Energy's licence area is located in the Salah ad-Din province, access has been very uncertain. Due to the security policy situation in the region, Crown Energy has not carried out any work up to the date of the Prospectus. However, in view of the historically unstable situation in the province and the political unrest in the country, there is a risk that access to the licence may be taken over again by militant groups or be the subject of state intervention, which would have a material adverse impact on the Company's operations, financial position, and earnings.

The property market in Angola is strongly associated with price developments in the oil market

In the *Property Development and Services* business area, the Company offers customised solutions for staff housing and offices primarily to companies in the oil and gas industry, and the business is conducted in Angola. The Angolan economy and its development are strongly associated with demand and price developments in the oil market, and low demand for oil and low oil prices have an immediate impact on the Angolan property market. Although the price of oil have stabilised and remained relatively steady in recent years, the general economic downturn in Angola in recent years has led to stagnation in the Angolan property market. The interest in equity-financed new construction has declined and it is difficult to secure financing for new construction projects with external capital. In addition, the Angolan property market is currently characterised by a high vacancy rate for office premises and increased supply of private housing.

The Company's customers in Angola are primarily companies in the oil and gas industry. There is a risk that falling oil prices and/or reduced demand for oil will result in the Company's customers temporarily or permanently suspending their existing projects in Angola. In addition, there is a risk that the Company's existing or potential customers' willingness to invest will decline or that they postpone planned projects pending a stabilisation of the Angolan economy or oil price. Such a development would reduce or completely eliminate the need for the Company's offering in Angola, resulting in reduced occupancy rates for the Company's properties, lower revenue, and poorer profitability. A general decline in the Angolan economy, particularly in the property or oil market that results in a decline in occupancy rates for the Company's properties, can therefore have a material adverse impact on the Group's operations, financial position, and earnings.

Currency risks associated with leases due to legislative changes

As a step in the Angolan government's strategy to control inflation in the country, a new lease act was adopted in 2015. Under the new act, rental amounts may only be denoted in the national currency, the kwanza. Landlords are referred to use the method for adjustment of the rent prescribed in the act, in accordance with an annual index published by the government. For leases concluded for a term of at least five years, commercial operators are also allowed to implement an ad hoc rent adjustment mechanism in the contract.

In view of the general decline in the Angolan economy in recent years and that the Angolan Central Bank has historically used devaluation measures as an instrument for controlling economic development in the country, the new lease act entails that landlords are exposed to significant currency risks if rent cannot be denominated in currencies other than the kwanza. There is a risk that updates of the rent adjustment index published by the Angolan government will not adequately match the necessary rent adjustments that the Company needs to make to cover operating expenses or maintain its margins. Also, the possibility for commercial operators to implement an ad hoc rent adjustment mechanism in contracts may be difficult to formulate in a comprehensive manner since the Angolan economy is strongly influenced by oil price movements. This difficulty is accentuated by the fact that price trends in the property market have not developed at the same rate as inflation in the country. If the Angolan Central Bank decided to devalue the kwanza, or if the Angolan economy in general and the property market in particular experienced a decline, it is possible that the Company would be unable to adequately protect itself from increased costs, reduced revenue or margins as well as inflation or devaluation of the kwanza, which could have a material adverse impact on the Group's operations, earnings, and financial position.

Risks related to transactions and acquisitions

Crown Energy's business concept in the *Property Development and Services* business area, which, on the date of the Prospectus, is operational in Angola, is to create value by acquiring, managing, leasing out and, when good business opportunities arise, selling property. For example, the Company has already divested part of the Ponticelli property as of the date of the Prospectus. Property transactions are associated with uncertainty, such as environmental factors and technical problems, as well as disputes relating to the transaction or the condition of the properties. Acquisition of property involves, for example, uncertainties regarding the handling of tenants, unforeseen costs relating to environmental remediation, redevelopment, management of technical problems, official decisions and disputes relating to the acquisition or the condition of the property. Such uncertainties may result in delays in projects or increased unforeseen costs, which could have a material adverse impact on the Group's operations, earnings, and financial position.

When conveyancing property, there is uncertainty about, for example, price and the opportunities for finding a market for all properties. When selling property, it is also market practice to provide guarantees that there are no tax disputes or other legal disputes that may adversely affect a company in the future. Such guarantees are normally for a limited period. However, there is a risk that counterparties in such purchase agreements may call on guarantees provided by the Company, which may have adverse consequences for the Company. Problems finding a market for properties at favourable prices, or claims that Crown Energy or its subsidiaries may face could lead to project delays or unforeseen costs. Should any of the risks described above materialise, this could have a material adverse impact on the Company's operations, earnings, and financial position.

The value of the Company's properties or property portfolio may show negative development

The value of the Company's properties is affected by a number of factors, some of them property-specific, such as operating costs and permitted use of the property, and some of them market-specific, such as required rate of return and capital costs, based on comparable transactions in the property market. The return on the properties depends largely on factors such as the Company's ability to complete the intended leases or conveyance of the properties, and the costs and expenditure associated with the development, management and conversion of the properties, as well as on changes in the market value. Lease income and the market value of property in general are affected by general economic conditions, such as GDP growth, employment, inflation and changes in interest rates. Both the property value and rental income can also be affected by competition from other property companies, or perceptions of potential buyers or tenants concerning the attractiveness, convenience, and security of the properties. If one or more of the above factors were to develop negatively, this could have a material adverse impact on the Group's operations, financial position, and earnings.

The Company is dependent on a high occupancy rate and timely payment of rent by tenants

The Company's property assets are geographically centralised in the Angolan capital Luanda. Rental income comes mainly from tenants operating in the oil and gas industry and embassies. Lease contracts with the Company's tenants are signed with differentiated maturities. If one or more of the Company's more important tenants do not renew or extend their leases as they expire, this may result in reduced rental income and higher vacancy rates if Crown Energy is not able to replace them with new tenants. A long-term negative trend for current market rents may also have an adverse impact on the Company.

Part of the Company's business concept is to allow its customers to pay their rent annually. The Company is dependent on its tenants paying the agreed rents on time and is therefore exposed to the risk that these tenants will not fulfil their obligations properly. If Crown Energy's tenants do not renew or extend their leases as they expire and the Company is not able to replace them with new tenants, or if the Company's tenants do not pay their rent on time, this may have a material adverse impact on the Company's operations, earnings, and financial position.

It is possible that the Company's future financing and capital requirements cannot be met or or cannot be met under favorable conditions

Depending on operational developments in general, the Company may need additional capital to acquire assets or to further develop the assets under commercial terms acceptable to the Company. If the Company is unable to obtain sufficient financing, the scope of the Company's operations may be limited, which could ultimately leave the Company unable to carry out its long-term exploration and production plan and could have a material adverse impact on the Company's operations, financial position, and earnings.

Different legal systems and legal proceedings in countries where the Company operates

The Company's future oil production, exploration, and property-related activities will be conducted in developing countries with legal systems that differ to varying degrees from those in Sweden. Rules, regulations, and legal principles may differ in terms of substantive law and matters relating to court proceedings and enforcement. Most of the Company's significant production and exploration rights and related agreements are governed by local legislation in the countries where operations are conducted. This applies, for example, to Iraq and the Salah ad-Din licence, for which the agreement was concluded under UK law rather than in accordance with the Iraqi federal law. There is therefore a risk that the relationship between the national and the local government will develop negatively, thereby rendering the validity of the agreement uncertain. This means that the Company's ability to exercise or enforce its rights and obligations may differ from country to country, and may also differ from what would have been the case had these rights and obligations been subject to Swedish legislation. The Company's operations are also largely subject to various complex laws and regulations as well as detailed provisions in concessions, licences, and contracts that often include multiple parties. In addition, the Company may be subject to claims and disputes in relation to authorities, customers, and third parties. If the Company were to be involved in litigation in relation to authorities or to defend or enforce its rights under such concessions, licences, or agreements, the legal proceedings could be both expensive and time-consuming. The outcome of such disputes is always uncertain and even if the Company finally wins the case, disputes and other legal proceedings could have a material adverse impact on the Company's business, financial position, and earnings.

Limited availability of US dollars in Angola

The US dollar has historically been, and still is, an accepted and important means of payment in the Angolan economy alongside the local currency, the kwanza. The value of the kwanza has historically fluctuated. However, in recent years, the Angolan government has approved certain restrictive measures regarding the use of US dollars, in an effort to strengthen the domestic banking system. With effect from 2013, rules were introduced forcing oil companies to use the local banking system and pay their taxes in the local currency, the kwanza. These and other causes, such as stagnating oil prices and an associated reduction in transactions, have resulted in less availability of US dollars in Angola. For the Company, availability of US dollars and transactions in that currency provide security, as the US dollar is not exposed to the same currency fluctuations as the kwanza. If US dollar availability in Angola decreases or the Company is not able to conduct any transactions in US dollars, this could have a material adverse impact on the Group's operations, earnings, and financial position.

Uncertainty about joint operation agreements

In cases where Crown Energy is not the operator of a jointly owned licence, its ability to manage and control the business is restricted and the Company is dependent on its partners in these situations. In cases where the Company's rights derive from contractual agreements with partners, there is always a risk that extraction licences may expire or be terminated because of circumstances related to the Company's partners. There is a risk that Crown Energy may be negatively affected by events that are attributable to the Company's partners, which could have a material adverse impact on the Company's operations, financial position, and earnings.

It is possible that the Company is unable to assert its contractual rights

The *Energy* business area is largely based on concession agreements, licences, and other agreements. The rights and obligations under these concessions, licences, and agreements may be subject to interpretation and disputes under Swedish or foreign law, which can also be affected by circumstances beyond the Company's control. In the event of a dispute about the interpretation of such terms, there is a risk that the Company would be unable to assert its rights. If the Company or any of its partners are considered to have failed to discharge their obligations under a concession, licence or other agreement, this could also cause Crown Energy's rights under them to be fully or partially eliminated, which could have an adverse impact on the Company's operations, financial position, and earnings.

Technical and geological risks, and uncertainty about calculation of reserves

All valuation of oil and gas reserves and resources contains a degree of uncertainty. In many cases, exploration activities never lead to development and production. Although oil producers try to minimise risks through seismic surveys, they can be very costly and require significant effort without leading to drilling. There is always a risk that the estimated volumes do not correspond to reality. The probability of discovering oil or gas at exploration wells varies. Costly investigations that do not lead to drilling could have an adverse impact on the Company's operations, financial position, and earnings.

The main operational risk is that the Company's share of oil and natural gas resources will not be developed into commercial oil and natural gas reserves. All valuations of oil and natural gas reserves and resources are based on estimates and contain a degree of uncertainty. Each such assessment is based on various factors such as seismic data, logs from existing boreholes, recovered drill samples, computer simulation models, actual oil flows and pressure data from existing boreholes as well as oil prices. Consequently, estimates of oil and natural gas reserves and resources vary to a greater or lesser degree over time. There is always a considerable risk that the estimated volumes do not correspond to reality.

Estimates that are presented in the Prospectus are based on the information about each project and the expected oil price that was available when the calculations were made. There is a risk that these estimates will change over time as new data becomes available. Even when the presence of oil and natural gas reserves is established during exploration drilling, there is still significant uncertainty as to when and how these reserves and resources can be extracted. Estimated reserves and resources will therefore be reduced to the extent that the recovery activities do not, fully or partly, reach the assessed level. The actual production and cash flow may therefore differ from the calculations, and these variations may sometimes be large, which in turn may have an adverse impact on the Company's operations, financial position, and earnings.

The Company is dependent on available and functioning infrastructure

In the *Energy* business area, the Company is dependent on available and well-functioning infrastructure, such as roads, electricity and water supply, pipelines, and collection systems in the areas where operations are conducted. As the Company operates in developing countries, there is not always an existing and well-functioning infrastructure. If operational disruptions or infrastructure damage also occur, the Company's operations may be significantly impeded, which may lead to reduced or lost production and sales, and/or higher costs. Unfavourable weather conditions may also prevent or delay transportation and delivery of oil by sea and on land. If the Company is affected by infrastructure problems in the locations where it operates, this could have an adverse impact on the Company's operations, financial position, and earnings.

Intense competitive situation in the Energy business area

The petroleum industry is highly competitive in all areas. This applies to the acquisition of stakes in oil and gas licences, sales of oil and gas, and access to drilling equipment and other necessities. The Company competes with several other companies in the exploration for and acquisition of possible oil and gas discoveries and in the recruitment of competent personnel. The Company's competitors include several oil companies with larger financial resources, more personnel, and larger facilities than the Company and its partners. The Company's ability to increase its reserves in the future is dependent on factors such as the Company's ability to develop its existing assets in the best possible way, and to identify and acquire appropriate oil or gas-producing assets or discoveries for exploration. The Company must also cost-effectively deal with economic and competition-related factors that affect the distribution and sale of oil and gas. Oil and gas producers also face increased competition from alternative forms of energy, fuel, and related products, which could have a material adverse impact on the Company's operations, prospects, and earnings.

The number of state-owned oil companies and their share of world oil reserves has increased sharply in recent years. They are to increasingly larger extents searching for oil reserves outside their own national borders. The reasons vary, but in many cases, notably India and China, the aim is to try to ensure supplies of oil to meet the needs of a fast-growing economy. Such state-owned businesses do not usually have the same yield requirements as private companies, and in some cases they are willing to pay more despite lower yields, which may have an adverse impact on the Company's ability to compete effectively for the acquisition of oil and gas assets.

Operating and maintenance costs may increase

The Company's operating costs for the property operations in Angola are mainly electricity, water, sanitation, heating, cooling, and communications costs. Several of these costs are attributable to goods or services that can only be purchased from one or a few players, which may affect the final price of the goods or services. Increased costs in this regard could have an adverse impact on the Company's financial position and earnings if it is not possible to compensate for the increased costs by adjustment of lease agreements, rent increases through renegotiation, or other solutions.

The Company's maintenance costs are attributable to measures aimed at upholding a good property standard in the long term or maintaining and/or modernising the property. The Company's customers require the Company's properties to be of an international standard. This standard may change, which means that the Company's customers may have higher requirements for the Company's properties and premises in the future. These requirements may be significant, resulting in increased maintenance costs, and if it is not possible to compensate for the increased costs by renegotiated leases, adjustment of lease agreements, or other solutions, this may have an adverse impact on the Company's operations, financial position, and earnings.

Geographic expansion may involve risks

As of the date of the Prospectus, Crown Energy's property operations are conducted exclusively in Angola. The Company could expand its property operations to other countries where the Company is, or is not, active as of the date of the Prospectus. Given that the Company's property operations are connected to where there is access to oil, potential expansion will primarily be to such countries. Many of the countries that have oil deposits are generally affected by political instability, corruption, bureaucratic regulatory processes, unclear legislation, and/or economic turbulence. In addition, expansion to new markets is generally a time-consuming and costly process, which may demand time and resources from the Company's organisation and management, and lead to increased dependence on external advisors, which may have an adverse impact on the Company's operations, financial position, and earnings.

Project development of the Company's property portfolio may be delayed and more expensive than expected

Crown Energy must constantly adapt and update its existing property portfolio to meet tenants' requirements for international standards. Large and specially tailored projects may involve significant investments, which could result in increased credit risk if tenants fail to discharge their obligations on time or fail to do so at all. In addition, large redevelopment or renovation projects may be delayed and/or be over budget, which could mean that tenants are not able to use or have access to the rented premises at the agreed time. If development projects or renovations are delayed or over budget and the Company is unable to compensate for potentially increased costs in this connection, this may have an adverse impact on the Company's operations, earnings, and financial position.

The Company is dependent on reliable suppliers and key individuals and employees

The *Energy* business area is dependent on the availability of drilling equipment and associated materials as well as qualified personnel in the areas where such activities are, or will be, conducted. A lack of such equipment or qualified personnel may result in delays in the Company's exploration and expansion operations and lead to reduced production. In addition, it may be difficult to find qualified personnel locally in the regions where the Company mainly operates, which is a critical factor, as local employees are in some cases a requirement of local authorities when awarding licences. There is a risk that the Company will be unable to continue attracting new personnel or retaining existing personnel to the extent required to continue expanding operations and successfully implement its business strategy. There is a risk that the Company's partners or suppliers and other contractors engaged by its partners fails to fulfil their obligations for various reasons. If a partner fails to fulfil its obligations, the Company may risk losing rights or revenue or incurring additional obligations or costs to fulfil the partner's obligations itself, which could have an adverse impact on the Company's operations, financial position, and earnings.

Crown Energy is subject to far-reaching environmental legislation

Oil and natural gas exploration and production of oil and natural gas are highly environmentally sensitive operations. The areas in which the Company operates are subject to comprehensive environmental regulatory requirements at both international and national levels. Environmental legislation regulates control of water and air pollution, waste, permit requirements, and restrictions on conducting operations in environmentally sensitive and coastal areas. Environmental regulations are expected to become even more extensive in the future, and the costs of meeting them are highly likely to increase.

If the Company does not comply with applicable environmental legislation, there is a risk that the Company will not be granted the permits required to maintain its current licences or interests in licences, or to acquire new ones, or will be forced to pay fines or be subject to other sanctions, which may have a material adverse impact on the Company's operations, financial position, and earnings.

Combustion of fossil fuels, such as oil and natural gas, gives rise to carbon dioxide emissions, thereby increasing the overall carbon dioxide level in the atmosphere. This in turn may contribute to the greenhouse effect and also cause acidification. Regarding these environmental aspects, such emissions may, now or in the future, be subject to special taxes or charges, which could have an adverse impact on the Company's operations, financial position, and earnings.

Increases in interest rates affect the Company's earnings and future business opportunities

The Group's net interest expenses are affected by the proportion of financing that has variable and fixed interest rates in relation to changes in market interest rates. The effect of a change in interest rates on the Company's earnings depends on the contractual periods of the loans and investments. The Company does not have any loans at variable interest rates on the date of the Prospectus. Future increases in interest rates may therefore have an adverse impact on the Company's earnings and future business opportunities.

Risks related to currency fluctuations

The Group has a certain proportion of its costs in the US dollar, Angolan kwanza, euro, and British pound. The Parent Company's main currency is SEK and there are loans between the companies denominated in SEK, EUR, USD, and AOA. In addition, financing risk can be significant in a company like Crown Energy. The Company may from time to time be wholly dependent on available external financing for further development of its business. External capital can be raised in various currencies but will be continuously translated into and recognised in SEK. If the currencies to which the Group is exposed are subject to major currency fluctuations, this could have an adverse impact on the Group's earnings.

RISKS RELATED TO THE COMPANY'S SHARES

Major shareholders could exercise influence over the Company that is not in line with the interests of the Company or other shareholders

A few of the Company's owners, mainly Yoav Ben-Eli through companies, own a significant proportion of the Company's total outstanding shares. Consequently, these shareholders, individually or jointly, have the opportunity to exert significant influence on all matters requiring shareholder approval, such as the appointment and removal of Board members and any proposals for mergers, consolidation, or the sale of all or some of Crown Energy's assets, and other business transactions. This concentration of control may be detrimental to other shareholders who may have interests other than those of the majority shareholders. These majority shareholders could, for example, delay or prevent an acquisition or merger even if the transaction would benefit other shareholders. In addition, the high ownership concentration could affect the share price negatively, as investors often see disadvantages in owning shares in companies with a strong ownership concentration.

Liquidity shortage could occur in the market for the Crown Energy share

Crown Energy's shares have been traded on the regulated market NGM Equity since 2012. The share has had low trading liquidity from time to time and it is uncertain how the liquidity in the Company's share will continue to develop on NGM Equity. If an active and liquid trading does not develop, it may be difficult to sell larger blocks within a limited period without it having an adverse impact on the share price for shareholders.

A price decline on the stock market may adversely affect shareholders' invested capital

An investment in Crown Energy is associated with risks. There is a risk that the share price will show a negative trend. The stock market can generally decline for various reasons, such as interest rate hikes, political actions, currency fluctuations, and unfavourable changes in the general economy. The price of the Crown Energy share will be affected by factors such as variations in the Company's earnings and financial position, changes in the stock market's expectations of future profits, supply and demand of the shares, developments in the Company's market, and economic development in general. The stock market is also greatly characterised by psychological factors. Like other shares, Crown Energy's shares can be affected by these factors, which by their very nature can often be problematic to predict and protect against. This means that the price at which the Crown Energy share is traded will vary. The price of the Crown Energy share may fluctuate sharply in the future, partly due to quarterly profit variations, the general economy, and changes in the capital market's interest in the Company. In addition, the stock market may generally react with extreme price and volume fluctuations that are not always related or proportionate to the operational outcome for individual companies, which may adversely affect the share price.

Crown Energy's ability to pay dividends depends on several factors

As of the date of the Prospectus, Crown Energy has not resolved to pay, nor has it previously paid, any dividend. For now, any profits are reinvested in order to expand the business. The timing and amount of any future dividends are proposed by the Board.

Under Swedish law, the general meeting resolves on dividends. Dividends may only be carried out if Crown Energy has distributable funds and such a resolution is deemed reasonable given the demands that the nature and scope of the business and its associated risks place on the size of Crown Energy's equity and the Company's consolidation requirements, liquidity, and financial position. In addition, shareholders cannot normally decide on a higher dividend than the one proposed or adopted by the Board of Directors. Apart from the minority shareholders' right to request a dividend pursuant to the Swedish Companies Act, shareholders may not make dividend requests if the general meeting does not adopt a dividend in accordance with what is stated above. In addition, some of Crown Energy's existing or future agreements may impose restrictions on dividend decisions in the Company. Based on the described restrictions, there is a risk that dividends on the Company's shares may not materialise at all or only partially materialise.

Further new share issues may dilute the holdings of existing shareholders

In future, Crown Energy may resolve on further share issues to raise capital, with or without preferential rights for existing shareholders. All such additional offers may reduce the proportional ownership and the proportion of voting power for holders of shares in the Company and earnings per share in the Company. A potential share issue may, in addition to dilutive effects associated therewith, have a material adverse impact on the shares' market price.

BACKGROUND AND REASONS

Background

In November 2016, the Company entered into an agreement to acquire all shares in ESI Group SA ("**ESI Group**"), financed through a directed issue of 363,401,823 class C shares to YBE Ventures Ltd. YBE Ventures Ltd ("**YBE Ventures**") is owned by Yoav Ben-Eli, who has been a member of the Company's Board of Directors since December 2016. The acquisition was approved, as proposed by the Board of Directors, at the extraordinary general meeting in December 2016, and payment was made through an under quota issue in Crown Energy AB of 363,401,823 shares of the new class C shares (the "**Reverse Acquisition**").

ESI Group owns all shares in the newly formed Angolan company YBE Imobiliária Lda ("**YBE Imobiliária**") and the Mauritian company ESI East Africa (a shell company as of the date of the Prospectus). In accordance with the acquisition agreement, the operations that were historically conducted in a private company in Angola, ESI Angola Lda ("**ESI Angola**"), were transferred to YBE Imobiliária before Crown Energy took possession of the ESI Group shares.

ESI Angola Lda is an Angolan company that has developed and offered customised solutions for staff housing and offices primarily to companies in the oil and gas industry for the last 15 years. The offering has included everything from project planning and construction to administration and other value-added services, such as security, transportation, telecommunications, catering, and recreational facilities. Customers include some of the world's leading oil companies. Yoav Ben-Eli has 100 per cent control over the company, which has approximately 250 employees. As mentioned above, the Company has acquired ESI Angola's operations via ESI Group. Instead of acquiring the entire business, all business-critical functions and assets, such as properties, leases, and key personnel have been carved out to YBE Imobiliária.

ESI Angola, with about 250 employees, will remain as a company at first and will only conduct support activities in future, such as property maintenance and support services. In accordance with the acquisition agreement, YBE Imobiliária will contract with ESI Angola for these support functions. Thus, the non-business-critical parts of the operations will be outsourced, which will help promote expansion in existing and new markets. ESI Angola is now controlled by and will continue to be controlled by Yoav Ben-Eli. A close relationship between Crown Energy Group and ESI Angola arises since Yoav Ben-Eli, via YBE Ventures, will be the largest owner of shares and votes in Crown Energy AB. The service agreement has been entered on normal commercial terms.

Class C shares and conversion to ordinary shares

In connection with the under quota issue, the Company's shareholders resolved to introduce a new share class (class C shares), whereby existing shares became ordinary shares. In addition, a conversion and redemption clause was introduced into the Company's Articles of Association, comprising the class C shares. On 25 August 2017, Crown Energy announced final settlement for the acquisition of ESI Group. The total final valuation of ESI Group is SEK 883,169,928, which is a minor adjustment from the acquisition valuation of SEK 908,504,559. A total of 353,267,971 class C shares have been converted to ordinary shares in the Company on 10 October 2017. The remaining class C shares were redeemed by the Company on 10 October 2017, whereby the share capital decreased with approximately SEK 297,930.86 and the redemption price amounted to SEK 0.028.

Accounting for the Reverse Acquisition

On 30 June 2017, the Company acquired all the shares in ESI Group. ESI Group in turn owns all the shares in YBE Imobiliária and ESI East Africa, where YBE Imobiliária is the operating company with property assets.

After the transaction was completed on 30 June 2017, a final settlement was made to determine the final consideration. In accordance with the transfer agreement and resolution at the general meeting in December 2016, a maximum of 363,401,823 class C shares could be converted into an equal number of ordinary shares. At the acquisition agreement, the shares were assigned a value of SEK 2.50 per share and the number of exchanged shares depended on the final settlement. At the final settlement on 25 August 2017, in accordance with the acquisition agreement, the parties agreed that a total of 353,267,971 class C shares would be converted into ordinary shares. The remaining 10,133,852 class C shares will be cancelled. The conversion was registered with the Swedish Companies Registration Office on 10 October 2017 and entailed that existing shareholders' share of voting power decreased from 71.8 per cent to 20.8 per cent of the total number of shares in the Company.

After the conversion of class C shares to ordinary shares, YBE Ventures Ltd holds 79.2 per cent of the votes and share capital in the Group. Since in this case it is the acquired company's (ESI Group) former shareholders that obtain a controlling interest in the new group, the transaction has been recognised as a reverse acquisition, in accordance with the rules stipulated in IRFS 3 Business Combinations.

A reverse acquisition is when a company acquires shares in another company by issuing shares in its own company, to the extent that the controlling interest in the newly-formed group is passed to the shareholders of the company that has been acquired. Legally, the acquiring company is the parent company (Crown Energy AB), but the financial significance of the transaction is that the former shareholders of the acquired company (ESI Group SA) have control over the acquiring company. The consolidated financial statements have therefore been prepared according to the financial substance of the transaction. This means, among other things, that it is the assets and liabilities of the acquiring company (Crown Energy AB) that are measured at fair value as at the acquisition date when preparing an acquisition analysis. Consequently, Crown Energy AB is the legal parent company but is accounted for as a subsidiary. ESI Group SA is the legal subsidiary but is accounted for as the parent company in the consolidated financial statements.

Crown Energy's acquisition-date fair value of SEK 356 million is considered to constitute the consideration transferred. The fair value has been calculated on 92,547,379 (ordinary) shares outstanding (before the above-mentioned under quota issue) multiplied by Crown Energy's purchase price of SEK 3.85 per share on the acquisition date.

Admission to trading of reversed class C shares to ordinary shares on NGM Equity

Since 28 December 2012, Crown Energy's ordinary shares are traded on NGM Equity, which is a regulated market, under the short name CRWN with ISIN code SE0004210854. The Prospectus has been prepared on the basis of that a total of 353,267,971 class C shares have been converted to ordinary shares in the Company in accordance with the Board of Director's decision on 25 August 2017, which will be admitted for trading on the regulated market NGM Equity. The preparation of the Prospectus is a condition for that these shares can be traded on NGM Equity.

Two business areas

After the Reverse Acquisition, Crown Energy consists of two business areas – *Energy* and *Property Development and Services*. The acquisition makes Crown Energy a major player in the oil and gas industry while creating significant growth potential for both business areas through expansion in existing and new markets. A more detailed description of the Company's two business areas can be found in the section *"Business description"*.

Exemption from mandatory bid rules from the Swedish Securities Council

YBE Ventures Ltd has been granted an exemption from the mandatory bid rules by the Swedish Securities Council, enabling it to acquire shares in the Reverse Acquisition, thereby exceeding the mandatory bid threshold set out in Chapter 3, Section 1, of the Stock Market (Takeover Bids) Act (2006:451). The exemption is subject to the following conditions:

- that, prior to the general meeting of Crown Energy AB, shareholders are informed of the maximum amount of capital and voting rights that YBE Ventures Ltd can obtain by subscribing for the shares in the Reverse Acquisition; and

- that the resolution to issue shares is supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the general meeting, with the shares held and represented at the meeting by YBE Ventures Ltd being excluded from the counting of votes.

The shareholders of the Company were informed, as required in the first condition, and gave their approval, as required in the second condition, at the extraordinary general meeting on 12 December 2016.

For further information, please refer to the Prospectus as a whole, which has been prepared by the Board of Directors of Crown Energy AB (publ) in connection with the Reverse Acquisition. The Board of Directors of Crown Energy is responsible for the content of the Prospectus. The Board of Directors hereby provides its assurance that all reasonable precautions have been made to ensure, to the best of the Board of Directors' knowledge, that the information contained in the Prospectus complies with actual circumstances and that nothing has been omitted that could influence its meaning.

Stockholm, 13 October 2017
The Board of Crown Energy AB (publ)

Market overview

*The Prospectus contains certain market and industry information derived from third-party sources. The sources on which Crown Energy has based its assessment include information from the Organization of the Petroleum Exporting Countries ("**OPEC**")[1], International Energy Agency ("**IEA**")[2], Central Intelligence Agency ("**CIA**")[3], Zenki Real Estate ("**Zenki**")[4], African Economic Outlook 2017 ("**AEO**")[5], The World Bank ("**WB**"), and British Petroleum Company ("**BP**")[6]. Although the information has been accurately reproduced and Crown Energy believes the sources to be reliable, Crown Energy has not independently verified the information, and its accuracy and completeness cannot therefore be guaranteed. Information from third parties has been accurately reproduced and, as far as the Company is aware and is able to be ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The information in this section reflects the Company's opinion and, in the absence of other sources, is based on the Company's previous experience and industry expertise.*

CROWN ENERGY'S MARKETS

Crown Energy's operations consist of two business areas: *Energy* and *Property Development and Services*.

In the *Property Development and Services* business area, the Company offers customised residential and office solutions and support services to international companies in the oil and gas industry. Comprehensive solutions allow customers to focus on their core operations. The offering includes everything from project planning and construction to administration/management and other value-added services, such as security, transportation, telecommunications, catering and recreational facilities. The Company's existing property portfolio is in Luanda, Angola.

In the *Energy* business area, the Company is part of an international oil and gas group focusing on exploration for and development of early-stage oil assets with high potential for recoverable reserves. In the longer term, the assets are introduced to suitable parties in the oil sector for further development and production. Exploration is conducted in Equatorial Guinea, Iraq, Madagascar, and South Africa as of the date of the Prospectus.

Following is a description of the markets in which the Company operates, listed for each business area.

PROPERTY DEVELOPMENT AND SERVICES BUSINESS AREA

Angola:

Angola is a former Portuguese colony situated on the west coast of Africa, bordering the Democratic Republic of Congo to the north, Zambia to the east, and Namibia to the south. Angola has a population of about 26.5 million. The country has 18 provinces and its capital is Luanda.

Angola became independent from Portugal in 1975, and its liberation was followed by 27 years of civil war that ended in 2002. After the end of the civil war, the country's major oil discoveries began to be industrialised and commercialised, and Angola is currently Africa's second-largest oil producer behind Nigeria. Over the last decade, oil exports have accounted for more than 90 per cent of the country's total exports, while oil production and related activities account for about 50 per cent of the country's gross domestic product. Approximately 1.8 million barrels per day were produced in Angola in 2015 and the country had proven reserves of approximately 8.4 billion barrels at the end of 2015.[7] In 2015, Angola's oil exports totalled approximately USD 32 billion.[8]

[1]OPEC, Annual Statistical Bulletin 2016, OPEC, Monthly Oil Market Report 11 May 2017, OPEC World Oil Outlook 2016.
[2]IEA, World Energy Outlook 2014.
[3]CIA World Factbook.
[4]Zenki, Angola Property Market 2016 Overview | Outlook 2017.
[5]African Economic Outlook 2017, Entrepreneurship and Industrialisation.
[6]BP, Statistical Review of World Energy June 2016.
[7]CIA World Factbook.
[8]OPEC, Annual Statistical Bulletin, 2016.

The property market in Angola – directly linked with the price trend and demand of oil

The development of the Angolan economy in general and its property market is directly linked to global price trends and demand for oil. The general decline that the oil market has experienced in recent years has led to less foreign capital flowing into the country, resulting in less economic activity.

However, after a few years of price fluctuations and generally falling oil prices, the price trend in the global oil market has once again increased and stabilised. In January 2016, oil prices reached their lowest level since January 2014, which was measured at USD 22 per barrel.[1] Since then, the price trend has turned, with prices generally exceeding USD 40 per barrel. Since the oil price began to decline in 2014, Angola's gross domestic product decreased from USD 126,777 to 102,627 billion in 2015, reflecting the correlation between oil prices and economic activity in Angola.[2]

The average ORB price[3] in 2016 was expected to increase to USD 40 per barrel, with average annual growth of USD 5 per barrel expected in the period up to 2021, culminating in USD 65 per barrel. In a longer perspective, prices are expected to increase to USD 92 per barrel in the period up to 2040.[4]

In 2016, global demand for oil increased by 1.53 per cent compared with 2015. Demand in 2017 is expected to increase by 1.33 per cent compared with 2016. Global demand for oil for 2016 and the expected demand for 2017 are presented in the tables below.

Table 1: Global demand for oil 2016, million barrels per day[5]

							CHANGE 2016/15	
REGION	2015	1Q16	2Q16	3Q16	4Q16	2016	GROWTH	%
North and South America	24.59	24.49	24.67	25.01	24.77	24.73	0.14	0.57
of which US	19.84	19.78	20.00	20.21	20.05	20.01	0.17	0.84
Europe	13.75	13.67	13.98	14.49	14.07	14.05	0.30	2.22
Asia/Pacific region	8.04	8.55	7.64	7.79	8.31	8.07	0.04	0.44
Total OECD	**46.38**	**46.71**	**46.29**	**47.29**	**47.14**	**46.86**	**0.48**	**1.04**
Rest of Asia	12.28	12.75	12.93	12.64	13.09	12.85	0.57	4.64
of which India	4.05	4.54	4.29	4.13	4.58	4.39	0.34	8.30
South America	6.56	6.25	6.49	6.76	6.37	6.47	-0.09	-1.35
Middle East	7.97	7.98	7.79	8.37	7.74	7.97	0.00	-0.04
Africa	3.99	4.12	4.09	4.03	4.14	4.10	0.10	2.59
Total developing countries	**30.81**	**31.11**	**31.31**	**31.80**	**31.34**	**31.39**	**0.58**	**1.89**
Former Soviet Union	4.62	4.49	4.37	4.73	5.05	4.66	0.04	0.88
Rest of Europe	0.67	0.68	0.65	0.68	0.77	0.70	0.02	3.52
China	11.19	11.12	11.51	11.49	11.89	11.51	0.31	2.79
Total "Other regions"	**16.49**	**16.30**	**16.53**	**16.91**	**17.71**	**16.86**	**0.38**	**2.28**
Total world	**93.68**	**94.12**	**94.13**	**96.00**	**96.19**	**95.12**	**1.44**	**1.53**
Previous estimate	93.68	94.07	94.05	95.94	96.12	95.05	1.38	1.47
Adjustment	0.00	0.05	0.08	0.05	0.08	0.06	0.06	0.07

Due to rounding, numbers may not add up precisely to the totals.
Source: OPEC Secretariat.

[1] OPEC, World Oil Outlook 2016.
[2] WB data.worldbank.org/country/angola
[3] ORB - OPEC Reference Basket, a measure based on the OPEC oil markets.
[4] OPEC, World Oil Outlook 2016.
[5] OPEC, Monthly Oil Market Report, 11 May 2017.

Table 2: Global demand for oil 2017*, million barrels per day[1]

							CHANGE 2017/16	
	2016	1Q17	2Q17	3Q17	4Q17	2017	GROWTH	%
North and South America	24.73	24.61	24.83	25.26	24.93	24.91	0.17	0.70
of which US	20.01	19.81	20.09	20.42	20.19	20.13	0.13	0.63
Europe	14.05	13.80	14.06	14.56	14.13	14.14	0.08	0.60
Asia/Pacific region	8.07	8.52	7.62	7.76	8.29	8.05	-0.02	-0.30
Total OECD	**46.86**	**46.93**	**46.50**	**47.58**	**47.35**	**47.09**	**0.23**	**0.49**
Rest of Asia	12.85	12.97	13.30	13.00	13.47	13.18	0.33	2.57
of which India	4.39	4.53	4.37	4.32	4.81	4.51	0.12	2.74
South America	6.47	6.30	6.54	6.82	6.46	6.53	0.06	0.95
Middle East	7.97	8.11	7.91	8.45	7.85	8.08	0.11	1.36
Africa	4.10	4.23	4.19	4.14	4.26	4.20	0.11	2.64
Total developing countries	**31.39**	**31.60**	**31.93**	**32.41**	**32.04**	**32.00**	**0.61**	**1.94**
Former Soviet Union	4.66	4.57	4.43	4.80	5.12	4.73	0.07	1.51
Rest of Europe	0.70	0.71	0.67	0.70	0.79	0.72	0.02	3.15
China	11.51	11.63	11.80	11.78	12.17	11.84	0.34	2.93
Total "Other regions"	**16.86**	**16.90**	**16.90**	**17.28**	**18.08**	**17.29**	**0.43**	**2.54**
Total world	**95.12**	**95.44**	**95.33**	**97.27**	**97.47**	**96.38**	**1.27**	**1.33**
Previous estimate	95.05	95.39	95.25	97.22	97.40	96.32	1.27	1.33
Adjustment	0.06	0.05	0.08	0.05	0.08	0.06	0.00	0.00

**2017 = expected development. Due to rounding, numbers may not add up precisely to the totals.*
Source: OPEC Secretariat.

The expected increase in demand and price trends for oil bring a mood of optimism to oil-producing countries, especially Angola. The assessment is that the Angolan oil market is still relatively undeveloped, despite the country being Africa's second-largest oil producer behind Nigeria. Angola has approximately 8.4 billion barrels in proven crude oil reserves.[2] There are therefore good market conditions and investment incentives for the Company and other oil companies in Angola, where economic activity and interest in investing in the country have been visibly linked to oil prices historically.

The office space market in Angola

The decline in economic activity in Angola during periods of falling oil prices has affected the office space market. A failing economy has reduced the need for office space. However, a break in the trend has recently been seen, with international companies once again starting, or considering starting, operations in Angola, which drives demand for office space.

In 2016, supply of office space in Luanda and Talatona amounted to approximately 1.6 million square metres (approximately 310,000 square metres in Talatona and approximately 1.3 million square metres in Luanda), corresponding to an increase of about 5.5 per cent. The proportion of vacant premises in the total supply for Luanda and Talatona was 20.4 per cent in 2016. In Talatona, the proportion of vacant premises decreased from 29.5 per cent to 28 per cent between 2015 and 2016, including the new properties that came on the market during the same period. The proportion of vacant premises in Luanda was 18.6 per cent (total 236,000 square metres). The same figure for newly built properties was 35.2 per cent.[3]

Time to market

Dealing with the authorities is generally still bureaucratic and time-consuming even though some measures have been taken to make it easier for commercial players to operate in the country. For example, there has been a certain relaxation regarding property registration and dealings with the tax authorities.[4]

Given that land and property development in Luanda is expected to take about five to six years, it is estimated that it will be eight to nine years before new properties and buildings are introduced to the end-user market.[5] As of the date of the Prospectus, the Company has 18 properties in Angola and the Company considers itself well positioned for an expected increase in demand.

[1]OPEC, Monthly Oil Market Report, 11 May 2017.
[2]CIA World Factbook.
[3]Abacus, Research, Property Market Report 2017, Angola.
[4]Abacus, Research, Property Market Report 2017, Angola.
[5]Abacus, Research, Property Market Report 2017, Angola.

Regulatory changes

After Portugal withdrew from Angola, the 27-year-long civil war came to an end in 2002. Since then, economic development in Angola has been positive, particularly due to the country's large oil discoveries and their industrialisation and commercialisation. However, Angola has been a war-free country for a short period and as a result, there are constant legislative updates to Angolan law. These include the introduction of a new lease act in 2015, which replaced its 50-year-old predecessor. The introduction of the act is a first step in modernising the rental market in Angola.

The main change in the new act is the requirement for rents to be denominated in the local currency, the kwanza. Rents could previously be denominated in foreign currencies, and landlords used this option to protect themselves against currency fluctuations. The section of a lease that specifies the rent in a currency other than the kwanza is now invalid. Because of the new act, there has been increased use of the rent adjustment mechanisms allowed under the act. The parties can agree that rents will be updated in accordance with the consumer price index published annually by the Angolan government or they can agree on an ad hoc rent update clause. However, use of these mechanisms is conditional on the lease being for residential purposes or being concluded between commercial, industrial, or professional operators and having a term of more than five years.[1]

ENERGY BUSINESS AREA

The global oil market

Global energy consumption is driven primarily by factors such as world population, economic growth, and availability of energy resources. Overall consumption has historically shown a steady increase and demand for most energy resources is expected to increase further in the future. This is mainly due to increased consumption in emerging economies, a growing global population, and a growing economy.

Global demand for oil increased by 1.44 million barrels per day in 2016 to a total average of about 95.12 million barrels per day and demand is expected to increase by about 1.27 million barrels per day in 2017 to a total average demand of 96.38 million barrels per day for the year.[2]

The International Energy Agency (IEA) expects global demand for energy to increase by 48 per cent in the period from 2012 to 2040, although the development curve associated with a growing world population and economy is less energy intensive than historically. Annual growth in global demand is expected to decline from more than 2 per cent over the last two decades to 1 per cent after 2025; a result of both price and political effects and an expected structural shift in the global economy towards sectors such as services and light industry. The global distribution of demand is changing more dramatically, with energy consumption expected to remain mainly unchanged in large parts of Europe, Japan, Korea, and North America, but with increasing consumption concentrated on the rest of Asia, Africa, the Middle East, and Latin America. By 2030, China is expected to have become the largest oil-consuming country after passing the US, where use of oil is decreasing. In addition, growth in demand is expected in places such as India, Southeast Asia, the Middle East, and Sub-Saharan Africa.

World oil supply excluding OPEC decreased by 0.71 million barrels per day in 2016, mainly due to adjustments to Russian oil supply. In 2017, world oil supply excluding OPEC is expected to increase by 0.95 million barrels per day. The increase is attributable to production data for February and raised expectations for the remainder of the year.

Regarding production, oil has been found on most continents of the globe. The Middle East still has the largest reserves, although it is speculated that the assets of many of the larger fields will eventually run dry. After the Middle East, the largest assets are found in North and South America, Europe, and Asia. Increased global demand for oil means that volume must increase. Oil companies are likely to need to explore economically undeveloped and often more politically unstable areas to make new discoveries and put them into production to replace the older sources being phased out. The needs and scope of this process will have a significant impact on oil prices. Despite some logistical bottlenecks and market access limitations, the availability of new technologies and methods has resulted in higher growth than expected from North American assets in recent years. The trend is expected to increase in the future, but not at the same rate. Between 2015 and 2016, OPEC's crude oil production increased by 953 thousand barrels per day to a total of 32,472 thousand barrels per day. OPEC's crude oil production calculated according to figures for April 2017 was 31,732 thousand barrels per day, a decline of 740 thousand barrels per day compared with full year 2016. OPEC's crude oil production for 2015 up to the end of the first quarter of 2017 is shown in the following table.

[1] Zenki, fcblegal.com/xms/files/ZREport_Angola_Property_Market_Balanc_o_2016_Perspectivas_2017.pdf.
[2] OPEC, Monthly Oil Market Report, 11 May 2017.
[3] World Energy Outlook 2014, iea.org/publications/freepublications/publication/WEO2014.pdf
[4] OPEC, Monthly Oil Market Report, 11 May 2017.
[5] OPEC, Monthly Oil Market Report, 11 May 2017.

Table 3: OPEC – crude oil production based on secondary data, thousand barrels per day[1]

	2015	2016	3Q16	4Q16	1Q17	FEB 17	MAR 17	APR 17	APR/MAR
Algeria	1,107	1,090	1,093	1,091	1,055	1,057	1,055	1,047	-7.5
Angola:	1,755	1,725	1,756	1,623	1,630	1,639	1,595	1,692	97.1
Ecuador	543	546	547	542	528	529	525	524	-0.6
Gabon	225	220	221	211	199	198	197	206	8.8
Iran	2,836	3,505	3,643	3,736	3,797	3,819	3,793	3,759	-34.7
Iraq	3,961	4,389	4,406	4,601	4,433	4,414	4,412	4,373	-39.1
Kuwait	2,764	2,853	2,880	2,874	2,712	2,712	2,702	2,702	0.3
Libya	404	390	309	574	656	681	612	550	-61.6
Nigeria	1,839	1,557	1,376	1,553	1,512	1,564	1,457	1,508	50.8
Qatar	663	656	651	642	608	592	610	618	7.4
Saudi Arabia	10,142	10,406	10,596	10,541	9,887	9,952	9,905	9,954	49.2
United Arab Emirates	2,906	2,975	3,045	3,079	2,934	2,933	2,905	2,842	-62.3
Venezuela	2,375	2,159	2,103	2,057	1,996	1,998	1,982	1,956	-26.0
Total OPEC	**31,519**	**32,472**	**32,627**	**33,124**	**31,944**	**32,086**	**31,750**	**31,732**	**-18.2**

Due to rounding, numbers may not add up precisely to the totals.
Source: OPEC Secretariat.

Oil prices have historically been highly volatile. Like other commodities, oil prices are volatile and the volatility varies over time. Volatility is primarily a result of uncertainty about the state of the global economy and the absence of facts and data, rather than financial speculation. Economic and political developments in oil-producing regions do naturally have a powerful impact on prices, as do the extent to which organisations such as OPEC and other producing nations are able to affect supply and production levels. Oil prices are also affected by other factors such as the price of alternative fuels and weather conditions. Over the last ten years, the transformative unfolding of events in the Middle East, starting with the invasion of Iraq and then the Arab Spring, has clearly left its mark on the development of oil prices.

The global natural gas market

Global natural gas production increased by 2.2 per cent in 2015, which was slightly below the 10-year average of 2.4 per cent. North America accounted for the largest increase in production at 3.9 per cent. Natural gas production declined by 0.7 per cent in Europe and Eurasia, with the Netherlands and Russia accounting for the largest volume declines.[2]

Overview by country

Iraq

Iraq is in western Asia, bordering Turkey in the north, Syria in the northwest, Jordan in the west, Saudi Arabia in the southwest, Kuwait in the south, and Iran in the east. Iraq has a population of about 38 million. Iraq is a former agricultural country, but in modern times its economy has been dominated by the oil sector, which traditionally has accounted for more than 90 per cent of the country's revenue and more than 80 per cent of foreign trade revenue. In 1988, the country was the second-largest producer of oil in the Middle East behind Saudi Arabia, and between 1980 and 1987, oil exports accounted for more than 98 per cent of the country's export revenue. In the 1980s, the war with Iran generated major expenses, which forced the country to borrow money and reduce repayments on previous foreign loans. Iraq's economic losses during this war are estimated to be at least USD 100 billion. After the war ended in 1988, oil exports increased gradually with the construction of new oil pipelines and the reconstruction of damaged ones.

The Iraqi occupation of Kuwait in August 1990 and the Kuwait war, which began in January 1991, resulted in major economic damage, not only through the direct costs of this war but also because of the ensuing international sanctions. Oil exports increased in the late 1990s, and in 2002, they were at about 75 per cent of the 1988 level. Oil exports subsequently increased steadily. Approximately 4.1 million barrels of oil equivalents per day were produced in Iraq in 2015 and the country had proven reserves of approximately 143 billion barrels at the end of 2015.[3]

South Africa

South Africa has a population of about 54 million and had an estimated annual population increase of about 1 per cent in 2016. The country's own oil and natural gas discoveries are small, but refining and later production stages are developing rapidly. South Africa has sought to position itself as a supplier by training engineers, assisting in manufacturing and creating good logistics and shipping conditions for the growing oil and gas industry in West Africa. South Africa has a well-developed synthetic fuel industry in which the state-owned company PetroSA and Sasol are the main players. An estimated 3,000 barrels of oil per day were produced in 2015 and the country had proven reserves of approximately 15 million barrels.[4]

[1] OPEC, Monthly Oil Market Report, 11 May 2017.
[2] BP, Statistical Review of World Energy, June 2016.
[3] CIA World Factbook and U.S. Energy Information Administration.
[4] CIA World Factbook and U.S. Energy Information Administration.

Equatorial Guinea

Equatorial Guinea is in west Central Africa. The country has a population of about 0.76 million and the population is expected to increase by 2.5 per cent in 2016. Many new jobs have been created in Equatorial Guinea due to the oil discoveries in the country. Oil and gas exports will drive Equatorial Guinea's economy in the next few years and the country's budget has increased significantly over the last five years, mainly because high duties and taxes on foreign gas and oil production companies have generated high revenues. Oil and gas accounted for about 85 per cent of the country's GDP in 2016 and more than 94 per cent of its exports in 2015.[1] The country's measure of GDP per capita in purchasing power standards (PPS) amounted to over USD 38,000 in 2016. In 2001, the government of Equatorial Guinea established a government oil company, GEPetrol. Approximately 250,000 barrels of oil equivalents per day were produced in Equatorial Guinea in 2016 and the country had proven reserves of 1.1 billion barrels at the end of 2015.[2]

Madagascar

Madagascar is a large island in the Indian Ocean, about 400 km from the coast of East Africa. Madagascar has a population of about 24.4 million and had an estimated annual population increase of about 2.55 per cent in 2016. Madagascar is one of Africa's poorest countries and the population is a mix of Africans, people from Indonesia, Europeans, and Arabs. Efforts are in progress to restore general democratic elections in Madagascar, and presidential and parliamentary elections were held in 2013 under the supervision of the UN. The presence of oil and gas in Madagascar has been confirmed, but the area is considered unexplored and underdeveloped. It is the aim of the government of Madagascar to develop oil and gas resources, and in doing so to liberalise and privatise the country's economy. As of the date of the Prospectus, there is virtually no oil production and there are no proven reserves.[3]

COMPETITORS

Many of the Company's competitors have significantly greater financial resources and have been active in the market and the competitive situation for a considerably longer period than Crown Energy has. Despite this, the Company has not so far encountered any significant restrictions resulting from this competition. However, given the Company's limited financial resources, the competitive situation may become more marked in the future.

Competition is likely to come from companies that are already active in the regions where Crown Energy has licences, but also from new, often offensive, players. In general, competitors are large international oil and gas companies, independent oil and gas companies, and, increasingly, nationally owned oil companies.

[1] African Economic Outlook 2017.
[2] CIA World Factbook and EIA.
[3] CIA World Factbook and EIA.

Business description

ABOUT CROWN ENERGY

Crown Energy is an international oil, gas, and property group with operations in Africa and the Middle East. The Company generates value via two business areas – *Energy* and *Property Development and Services*.

The *Energy* business area develops and explores oil assets in early phases with high potential with regard to recoverable reserves. In the longer term, the assets are introduced to suitable parties in the oil sector for further development and production.

The *Property Development and Services* business area offers customised solutions for accommodation, offices, and support services to international companies in the oil and gas industry. Comprehensive solutions allow customers to focus on their core operations.

The combination of the two business areas creates several advantages. Together they make operations more diversified, thus reducing risk. Furthermore, the cash flow generated within Property Development and Services can be used to further develop exploration assets. Establishing customer relationships with some of the world's leading oil and gas companies in Property Development and Services also increases opportunities for Crown Energy to capitalise on existing assets. Lastly, Crown Energy can also offer business related services in the form of tailored accommodation and offices to exploration and production partners associated with the assets.

Crown Energy has offices in Stockholm, London and Luanda, and its organisation is made up of individuals with long-standing experience and a high level of expertise in the oil and gas industry. The Company also possesses extensive experience in offering customised property and associated services to international companies and organisations within the industry.

Crown Energy began operations in 2010 by building up its portfolio. The Group was established in 2011 and at the end of that same year, the Company's shares were listed on NGM Nordic MTF. The Company's shares have been traded on NGM Equity, a regulated market, since 28 December 2012. In 2016, Crown Energy took the strategic decision to expand its operations to include the new business area Property Development and Services. Operations are at present focused on Africa and the Middle East. Below is an overview of the Group's legal structure.

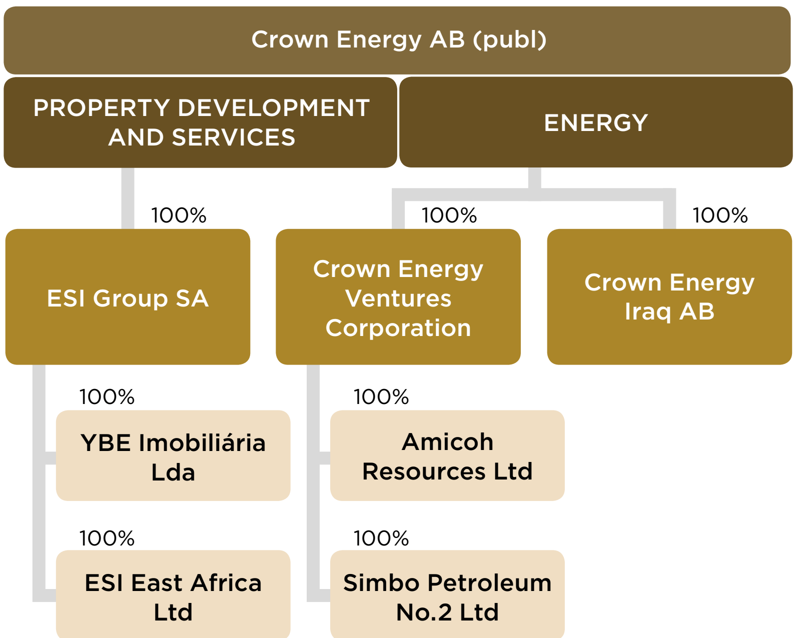
BUSINESS CONCEPT, GOALS, STRATEGY AND VISION

Business concept

Through exploration and reprocessing, Crown Energy develops oil and gas projects and offers customised solutions for housing and offices, initially in Africa and the Middle East. The Company creates value by developing assets in early phases and then introducing appropriate oil and gas industry players to the projects for further development and production, and by offering international companies a one-stop-shop concept for housing, offices, and support services.

Goals

Crown Energy's goal is to generate the highest possible return for shareholders with a balanced risk awareness. The Company aims to have a balanced portfolio of development and exploration assets and established property operations on a number of geographical markets.



Strategy

The Company's strategy is based on the overall objective of generating the highest possible return for shareholders with a balanced risk awareness.

- To establish property operations on more markets where there is a need for housing and offices for the oil and gas industry.
- To carefully select exploration areas where the chance of oil and gas discoveries is high.
- To exploit synergies between the two business areas and reinvest some of the cash flow from property operations in order to further develop the exploration assets.
- To offer exploration and production partners tailored accommodation and offices associated with the assets.
- To pursue farm-out opportunities as exit strategies in order to capitalise as much as possible on its assets.
- To create good risk diversification via several parallel projects.

Vision

To be an established player and the obvious partner on the international oil and gas market, within both exploitation and development of customised solutions for housing, offices, and value-adding services.

ORGANISATION AND EMPLOYEES

Crown Energy's head offices are located in Stockholm, but the Company also has offices in London and Luanda, as well as project offices in Madagascar. The project offices handle all ongoing project administration and manage all contact with authorities. As of 30 June 2017, the number of employees in the Group was 18; 15 employees are linked to operations in Angola and three to the Parent Company in Sweden. Technical experts are engaged on a consultancy basis. In the 2016 financial year, before the implementation of the Reverse Acquisition, Crown Energy's average number of employees was 2.6 (2.5 in 2015).

PROPERTY DEVELOPMENT AND SERVICES

Crown Energy supplies customised solutions for housing and offices to companies operating in the energy sector. A comprehensive offering with support services allows customers to focus on their core operations – production of energy assets. In addition to leasing of offices and accommodation, the business area also includes related service solutions such as security, transport, and telecommunications. The objective is to provide customers with a seamless end-to-end solution that is simple to administer, and that ensures maximum comfort and peace-of-mind for tenants.

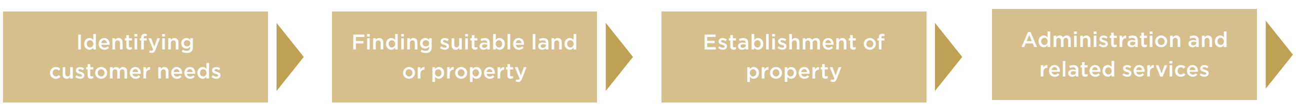
The offering is chiefly aimed at international companies in the oil and gas sector, primarily in Africa, south of the Sahara. These companies have a substantial need for professional external operators to meet the needs of employees stationed abroad. There is therefore considerable demand for housing and office solutions of a high standard, encompassing accommodation, property management, and support services. Existing customers include some of the world's leading oil and gas companies with high credit ratings.

Crown Energy's offering is delivered by both local and international teams. The focus is consistently on delivering maximum quality to achieve a high level of customer satisfaction and generate new business.

Business model

The *Property Development and Services* business area focuses on providing a comprehensive offering for housing and office solutions, along with value-added services to companies operating in the oil and gas industry. The business area constitutes the cash flow-generating part of the business and the Company's customers include established customers in the oil and gas industry and other industries. Through Property Development and Services, Crown Energy can also offer business related services in the form of tailored accommodation and offices to exploration and production partners associated with the exploration assets. Below is a summary of the Company's business model for the *Property Development and Services* business area.

1. Identify customer needs for offices, housing, and related services, mainly companies in oil and gas sector.
2. Agreements with suitable landowners or property acquisitions. After a contract is signed, the land is developed for later use during the contract period, either as a property owner or landlord.
3. Development of the property in line with the wishes of the customer. The objective is to establish long-term contracts (10-15 years), so the property can be depreciated over the same period.
4. Property management. One-stop-shop with offices, housing, and all associated additional services. Customers include Western companies with high credit ratings, most of which pay in USD or in local currency indexed against USD. The bulk of the Company's operating costs are paid in local currency.



Property portfolio

The portfolio consists of 18 property assets in Angola, Africa, and is distributed among owned buildings and leases of varying lengths. Three of the properties are owned by the Company and the remainder are held via leases (finance leases) with landowners. The assets include just over 43,000 square metres of housing and office space. The leases consist of both long- and short-term contracts with tenants and landowners that are extended regularly. The largest property, C-View, is situated in the Talatona district. C-View has been under construction throughout 2016 and up until the date of the Prospectus. C-View comprises approximately 13,000 square metres of rentable space, distributed across three office buildings and one residential building. All the necessary licences and permits have been obtained and C-View is ready for leasing. Marketing of the property and discussions with potential tenants began in July 2017. Note that changes in the property portfolio between 31 March 2017 (total 19 properties) and as of the date of the Prospectus (total 18 properties) relate to the fact that the agreement with the landowner of the Village 1 property was not extended on 31 May 2017. At 31 March 2017, the value of Village 1 was not significant.

An overview of the property assets is presented in Table 1 under the heading *Project portfolio – Property Development and Services*.

Property values

The Company's properties are mainly held for the purposes of generating rental and service revenues. In the first quarter of 2017, the Company engaged an external valuer to value all its properties. In consultation with the external valuer, Miguel Farinha at Ernst & Young, S.A., it was concluded that no significant changes to contracts had occurred between 31 March and 30 June. The external valuer has on 6 October 2017 provided a valuation statement, concerning the valuation conducted 31 March 2017, of the Company's properties, which is provided under the heading "*Property portfolio valuation statement*". Note that changes in the property portfolio between 31 March 2017 (a total of 19 properties) and as of the date of the Prospectus (a total of 18 properties) relates to the fact that the agreement with the land owner of the Sergio property was not prolonged at the end of 31 May 2017. As of 31 March 2017, the value of Sergio amounted to USD 2 thousand.

Fair value is determined by assessing the market value of each individual property. The main method is based on a calculation of the present value of future payment flows, which involves a computed future operating income assessment over a calculation period for each individual property, taking account of the present value of the estimated market value at the end of the calculation period. The calculation period was 2-5 years for owned properties, while for leased properties the period was based on the length of the lease with the landowner. Each property has its own yield requirement depending on its location and available information relating to completed transactions. Estimated rent levels on contract expiry correspond to current market rents. Operating costs have been assessed based on the Company's actual costs.

For new builds, directly incurred expenses have been used as an expression of fair value. This is the valuation method used for the C-View property.

Due to measurement rules in accordance with IAS 40 Investment Property, the Company's service revenues have not been included in the valuation.

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Table 1: Overview of Crown Energy's property assets at 30 June 2017

	NAME OF BUILDING	TYPE OF BUILDING	TYPE OF ASSET	TYPE OF CONTRACT WITH TENANT	AREA IN ANGOLA	TOTAL AREA	NUMBER OF UNITS (APARTMENTS, OFFICES, ETC.)	NUMBER OF PARKING SPACES
1	Soho	Apartments	Leases with property owners	One tenant	Luanda	4,955	22	22
2	Ponticelli	Apartments	Owned property	Several tenants	Luanda	1,220	9	12
3	Maria	Apartments and offices	Leases with property owners	One tenant	Luanda	4,968	29	18
4	C-View	Apartments and offices	Owned property	Still under construction	Talatona	13,119	270	151
5	Anabela	Apartments	Leases with property owners	Several tenants	Luanda	3,388	16	15
6	Manhattan	Apartments	Owned property	Several tenants	Luanda	941	6	9
7	Felipe	Suites (guesthouse)	Leases with property owners	One tenant	Luanda	350	12	3
8	Natalia	Suites (guesthouse)	Leases with property owners	One tenant	Luanda	400	14	3
9	Tereza	Suites (guesthouse)	Leases with property owners	One tenant	Luanda	350	12	4
10	Margareta	Suites (guesthouse)	Leases with property owners	One tenant	Luanda	350	9	4
11	Abel1	Apartments	Leases with property owners	One tenant	Luanda	2,348	20	10
12	Village 2	Suites (guesthouse)	Leases with property owners	One tenant	Luanda	400	12	2
13	Carla	Suites (guesthouse)	Leases with property owners	One tenant	Luanda	1,200	42	8
14	Gabriela	Suites (guesthouse)	Leases with property owners	One tenant	Luanda	400	12	2
15	Sergio	Suites (guesthouse)	Leases with property owners	One tenant	Luanda	400	12	4
16	Camillo	Apartments	Leases with property owners	One tenant	Luanda	1,560	16	12
17	Linda	Suites (guesthouse)	Leases with property owners	One tenant	Luanda	350	12	2
18	Park	Apartments	Leases with property owners	One tenant	Luanda	5,730	32	32
	Total					**42,329**	**557**	**313**

VALUATION STATEMENT

Ernst & Young, S.A.
Transaction Advisory Services
Avenida da República, 90-3º
1649-024 Lisboa
Portugal
www.ey.com

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Valuation Statement

Report on valuation performed as of 31st March 2017 – DRAFT-

Ernst & Young, S.A has, in 2017, been instructed by Crown Energy AB to estimate the market value of a set of business units and real estate assets owned by YBE Imobiliaria, Lda ("YBE Imobiliaria"). The value estimations have been developed between 19 May 2017 and 31 May 2017. This valuation was performed for financial reporting purposes, complying with the requirements of IAS 40 relative to investment properties.

Of the properties, 16 are real estate related business units and 3 are owned real estate assets. One of the referred real estate assets (C-view) was still under construction at the reference date.

Valuers qualified for the assignment and acting as external valuers have carried out the valuations, having good knowledge of the property market and the current market segments, possessing therefore the skills required to carry out the valuations.

The value estimations have mainly been performed with a discounted cash flow model, in which a present value is calculated from future cash flows. For the real estate related business units, cash flows were considered up until the termination of the contract with the landlord. As for the owned real estate assets, a terminal value was computed so as to represent perpetual ownership of the assets. On both cases, contract conditions with tenants were considered up until the termination of the current contracts and market conditions were applied from then onwards. All service-related cash flow was excluded from this valuation and the historical breakdown between rents and service fees was maintained.

The value for financial reporting purposes of the abovementioned assets has been estimated as:

USD 68,716k

(USD Sixty-eight Million Seven Hundred Sixteen Thousand)

Ernst & Young, S.A.
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The breakdown of the value presented by asset is as follows ('000 USD):

Asset	Fair Value @ 31.Mar.17
Abel1	1.055
Park	2.632
Soho	3.058
Anabela	2.819
Manhattan	3.691
Camilo	-61
Gabriela	38
Sergio	2
Carla	-11
Natalia	43
Teresa	31
Linda	-53
Filipe	-56
Margareth	390
Village 1&2	33
Maria	6.966
Ponticelli (RE)	4.292
C-view	43.847
Total	**68.716**

According to Management, no significant changes in circumstances regarding appraised assets have occurred between 31st March 2017 and the closing date. Therefore, and in this context, EY considers that any difference in value that may arise related to both dates are considered not to be material.

The Prospective Financial Information ("PFI") is based on judgmental estimates and assumptions made by YBE Imobiliaria's Management about circumstances and events that have not yet taken place. In performing its valuation, EY has challenged Management's assumptions, estimates, or cash flow projections with respect to the future performance of the business units or real estate assets, which involve matters of opinion, projection, or forecast (whether or not expressly stated). The forecast of future developments is made solely for the purposes of the valuation. We have not provided any opinion or any type of assurance about specific assumptions or components of the PFI or on the PFI as a whole. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We take no responsibility for the achievement of projected results, if any.

Lisbon, 6 October 2017

Miguel Farinha

Partner

Ernst & Young, S.A.

ENERGY

The Energy business area focuses on exploration opportunities with great potential for recoverable reserves. The Company seeks good risk diversification, geographical as well as geological, and pursues farm-out opportunities as exit strategies in order to capitalise as much as possible on its assets.

The portfolio consists of assets in Africa and the Middle East:

Iraq

Onshore exploration licence over an area of 24,000 square kilometres located in northern Iraq, south-west of Kurdistan. The licence area contains a number of major discoveries as well as vast unexplored areas with high potential.

South Africa

Offshore exploration licence containing a discovery with contingent resources ready for appraisal well drilling. The licence is considered to have great potential as a result of additional prospects within the licence area. The Company has entered into a farm-out agreement which results in financing for the remaining licence shares for well drilling.

Madagascar

Onshore exploration licence on the western part of the island. After conducting seismic and geological studies, several structures have been identified. Future efforts include drilling, for which Crown Energy is seeking a partner.

Equatorial Guinea

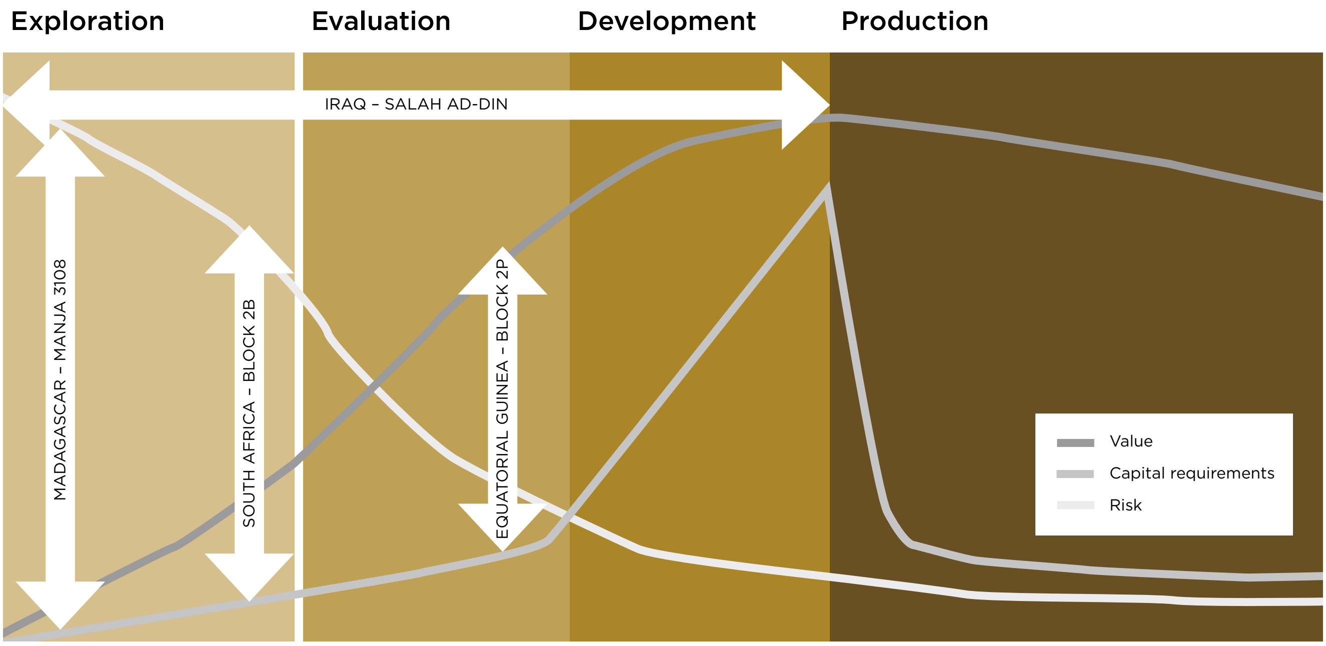
Offshore exploration licence in the Rio Muni Basin. The licence area contains confirmed discoveries that are also surrounded by a number of structures with potential for further discoveries.

To effectively manage and develop the Company's exploration opportunities, the focus will be on the following factors: asset strategy, costs, experience, and expertise. Exploration assets are selected based on a well-defined selection process that encompasses technical and geographical criteria and that is conducive to a balanced risk profile. Crown Energy has a streamlined organisation in which suitable partners take over continued funding of major operational activities such as drilling and development.

Following is an illustration of the current phases of Crown Energy's projects in a exploration to and production life cycle concerning the particular industry.

Business model

In the *Energy* business area, Crown Energy is focusing its activities on energy assets in underexploited areas in Africa and the Middle East. With its many years of experience and substantial network, Crown Energy creates value by identifying, acquiring, and developing licences and projects for future oil and gas production. The strategy of coming in at early phases and further developing projects through exploration and resource optimisation can realise substantial value in the event of successful outcomes. When and if a licence or project is ready for production, Crown Energy intends to realise the potential value increase by selling the project on to a larger oil and gas company. For further information about the methods Crown Energy uses in its business model, see the section *"Oil and gas exploration"* below. The illustration below shows risks, relative value increase and capital requirements at the various stages, from early exploration to production.



ENERGY – DESCRIPTION OF OIL AND GAS EXPLORATION

Players in the oil and gas industry can be divided into those that prospect for, find, and produce crude oil and natural gas and those that refine and distribute the oil in the form of fuels, for example. Within Crown Energy's segment, i.e., prospecting for and producing oil, there are four phases to the process: exploration, evaluation, development, and production. As mentioned earlier, Crown Energy operates primarily in the exploration and appraisal phase. The following section describes the exploration and evaluation phases.

Oil and gas exploration

Oil and natural gas resources are usually the property of the country in which the oil or natural gas is found. Each country's government can issue permits, or concessions or licences, to domestic and foreign oil companies. In other words, the oil companies do not own the discoveries. A licence usually consists of two parts: an exploration licence and a production licence. Acquisition of a licence means that the oil companies can explore for and produce oil and natural gas in a given area during a given licence period. To obtain and retain a permit, the oil company commits to performing work within the licence area for a certain contracted period of time. The work mainly comprises geological and geophysical surveys and drilling. An exploration licence is converted to a production licence when commercial finds of oil or gas are discovered.

The licences may be obtained directly from the state licencing authority or the oil company can buy issued licences from other companies. It is also common for the oil companies to share projects with others in order to share the high costs of exploration. The licence holder can invite other players to take over all or part of the work that the licence owner has undertaken, such as drilling or geological surveying. In return, the invited company receives a stake in the licence and thus part of any future revenue. These procedures are called farming in. The oil company that has operational responsibility is called the operator.

Geological and geophysical surveys

By analysing geological, geophysical, and technical conditions, the oil company learns more about the discovery. To locate geological structures favourable to the accumulation of oil and natural gas, different types of studies are conducted, such as geophysical seismic surveys in which potential structures are located using sound waves. Seismic data can be two-dimensional or three-dimensional. The difference is that 2D seismic surveys provide data in two dimensions (length and depth) while 3D seismic data provides an additional dimension (width). Three-dimensional seismic data provides a better foundation but is much more expensive and usually covers smaller areas.

Exploration drilling

Only by drilling can an oil company confirm with certainty whether there are commercial quantities of oil or gas. Drilling in a structure without known reserves is called exploration drilling. Drilling operations are divided into several phases: preparation, mobilisation of equipment and materials to the drilling location, the drilling phase, and finally demobilisation.

During drilling, rock and fluid from the borehole is analysed. Log programs are run to investigate the reservoir and its properties. If the logging analyses are positive, additional extensive testing and analyses are conducted in order to obtain reliable evaluations of the well. Such evaluations establish how much oil there is, and the rate at which the well can produce it.

Resources and reserves

In an oil company, oil assets are divided into reserves and resources. The difference is in how far the oil company has come in working with the licence and if the discoveries are of a commercial nature, etc. In short, resources are considered reserves when they are deemed commercially recoverable and a development plan has been approved by the local licensing authority.

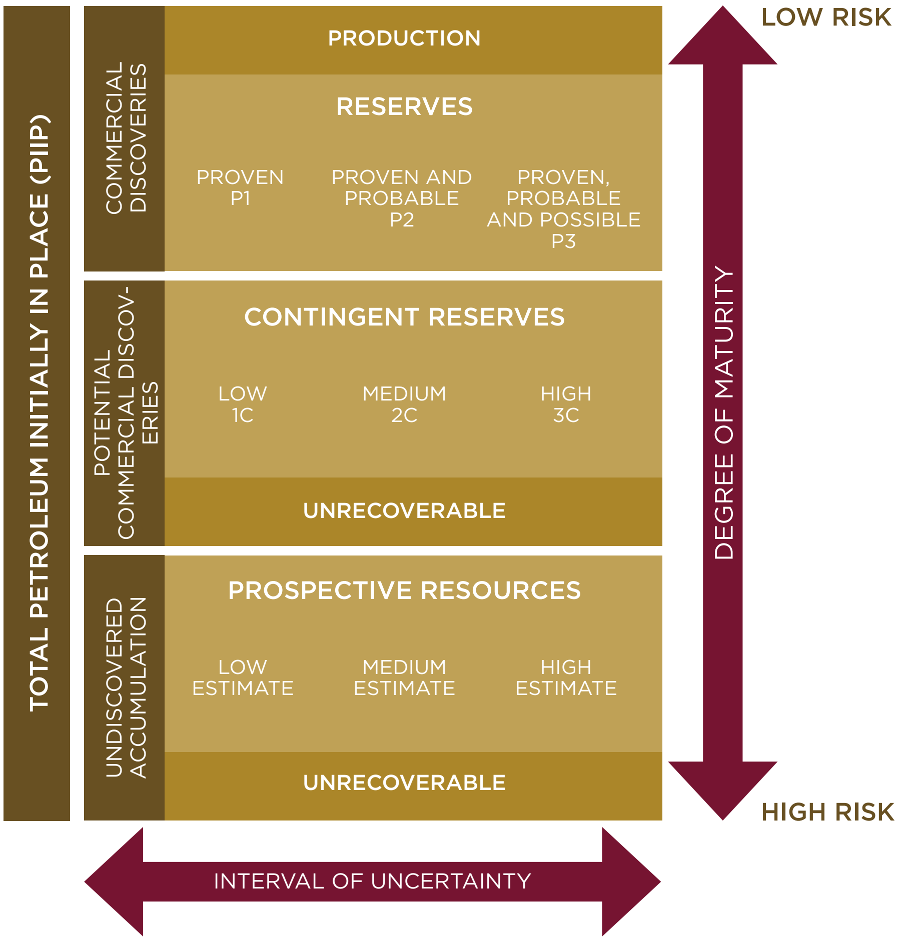
Reserves are divided into proven, probable, and possible. The difference between these reserves is great. A proven reserve (P1/P90) is deemed to have a 90 per cent probability that the estimated recoverable volumes are accurate. These are areas where testing has been done with a positive outcome as well as adjacent areas where drilling has not yet occurred but are still considered commercially recoverable based on existing geophysical and geological data. Probable (P2/P50) and possible (P3/P10) reserves have a probability of 50 per cent and 10 per cent, respectively. With additional work, such as expanded drilling, the probability of the discovery can be appraised upward.

Resources are divided into contingent and prospective categories. A contingent resource is one in which discoveries have been proven by drilling, but that for one reason or another does not meet the requirements for a reserve. A prospective resource relates to a project in which everything indicates that drilling can be done, but the oil company has not yet started exploration drilling. Contingent and prospective resources are divided into three subgroups based on how far along in the project the oil company has come and the probability of discoveries.

The established practice in the oil and gas industry is for an independent expert to be hired to estimate and assess operational resources and reserves.

The figure on the next page illustrates the classification model for reserves and resources used in the oil and gas industry. The model was developed by SPE PRMS 2007.[1]

[1]Society of Petroleum Engineers Petroleum Resources Management System of 2007 (SPE PRMS 2007)



PROJECT PORTFOLIO – ENERGY

Crown Energy's existing projects are located in Equatorial Guinea, South Africa, Madagascar and Iraq. The project in Madagascar is in an early exploration phase, while Block 2B in South Africa has come further along in the same phase, with plans to drill a well there, in a specific area, to appraise its commerciality.

The project in Equatorial Guinea is in an evaluation phase and the partnership there is making preparations to develop the oil field. The licence in Salah ad-Din, Iraq, extends from the exploration to the development phase and may even have areas ready for production. However, large-scale work will be required to appraise the area. Crown Energy is seeking a financial and operational partner for this.

At the date of publishing this Prospectus, the Company has both contingent (2C) but mainly prospective resources. Prospective resources are the resources deemed to exist in accumulations in the exploration areas, which are regarded as potential areas for drilling but where drilling has not yet occurred. Contingent resources are when discoveries have been proven by drilling, but for one reason or another they do not meet the requirements for a resource.

To follow is an overview of Crown Energy's projects in Africa and the Middle East:


IRAQ – SALAH AD-DIN
Stake: 60%
Operator: Crown Energy Iraq*
Stage: Exploration/Evaluation/Development
Partners: Salah ad-Din Governorate (40%)
*Wholly-owned subsidiary of Crown Energy AB
EQUATORIAL GUINEA – BLOCK P (PDA)
Stake: 5%
Operator: GE Petrol
Stage: Development/Exploration
Partners: GE Petrol (58.4%), Atlas Petroleum (5.6%) and Vaalco Energy Inc (31%)
MADAGASCAR – MANJA 3108
Stake: 100%
Operator: Amicoh Resources Ltd*
Stage: Exploration
*Wholly-owned subsidiary of Crown Energy AB
SOUTH AFRICA – BLOCK 2B
Stake: 10%
Operator: Africa Energy Corp.
Stage: Exploration
Partners: Africa Energy Corp. (90%)

Competent Persons Report

The Company's previous Competent Persons Report (**CPR**) of Crown Energy's projects in Equatorial Guinea, South Africa, and Madagascar was updated on 28 September 2017. This is the third CPR of the Company's oil and gas assets. The Company's projects in Iraq have been included in this report since May 2015. The CPR was prepared by Crown Energy's geologist and was then certified by Dunmore Consulting, which is a "qualified person" registered with the Society of Petroleum Engineers. The report was prepared in accordance with professional regulations and international standards (Society of Petroleum Engineers Petroleum Resources Management System of 2007, SPE PRMS 2007). The report is incorporated into the Prospectus in its entirety; see the section *Documents* incorporated by reference.

Table 2 below provides a summary of Crown Energy's project portfolio with stated net potential in million barrels of oil equivalents (**mmboe**), based on the previously mentioned CPR.

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Table 2

REGION	STAKE	STAGE	CONTINGENT RESOURCES, GROSS (MMBOE)	PROSPECTIVE RESOURCES, GROSS (MMBOE)	CROWN ENERGY'S STAKE IN THE LICENCE (MILLION BARRELS OF OIL EQUIVALENTS)	MOST RECENT UPDATE
Equatorial Guinea – Block P (PDA)	5%	Exploration/ development	18	142	8	September 2017
South Africa – Block 2B	10%	Exploration	37	376	38	September 2017
Madagascar – Manja Block 3108	100%	Exploration	-	1,071	1,071	September 2017
Iraq – Salah ad-Din	60%	Exploration/Evaluation/ Development	181	2,612	1,567	September 2017
Total			**236**	**4,201**	**2,684**	

Salah ad-Din in Iraq

The licence

The licence covers the entire Salah ad-Din region – about 24,000 square kilometres in northern Iraq. The licence area includes a number of existing oil fields, such as Ajeel, Hamrin, Tikrit, and Balad, which potentially contain several billion barrels of oil. Existing discoveries and fields have historically belonged to Iraq's central government and separate negotiations are required for permission to take them over and operate them for Salah ad-Din and the licence holder, i.e. Crown Energy. Despite the large, obvious commercial discoveries, production has been limited. Activities have been hampered due to the political instability of the last 20 years. The security situation improved substantially in 2016, but some areas are still risky to operate in.

In addition to the oil fields mentioned above, there are many fields that have also been drilled and partially tested. The Company is interested in finding out if these fields can start producing in a simple operation by only drilling a few more times and with equipment suitable for initial production. This would make the asset a considerable success and numerous discussions are under way with potential partners for such a project. A couple of structures have been identified to determine if this would be possible. Some of them are located near the main town of Tikrit, which also facilitates the logistics.

The Iraq asset has been incorporated into the Company's CPR since May 2015. Following a technical analysis of new and existing data, both prospective and contingent resources have been found in the Iraq asset. A technical analysis of the licence conditions was conducted in 2016. This resulted in the Company creating an extra margin of safety for a potential participating interest which the region (the Salah ad-Din Governorate) may be entitled to under certain circumstances according to the licence conditions. As a result, precuastions have been taken in the CPR published on 7 July 2016, which was updated in a new CPR on 28 September 2017, in the case of the owner distribution of the license being 60 per cent for the operator, i.e. Crown Energy, and 40 per cent ownership for the region.

Given the trend in Iraq in general and in the region in particular, it is now increasingly clear that a redistribution of power is occurring from the central government in Baghdad to the country's regions. It has been observed that the regions have acquired greater influence over their own assets from Baghdad. Given that Crown Energy's licence is contracted with the Salah ad-Din region, this development is positive for Crown Energy.

Crown Energy remains positive and hopeful about a better future in Iraq in general and in Salah ad-Din in particular. The licence is rich in oil assets and features a large number of oil fields, some of which are or have been in production and many are either in need of restoration or development. Crown Energy is now working on initiating concrete operating activities by planning for initial geological and technical operations and field project planning in the region covered by the Company's production sharing contract (PSC). The Company is examining existing infrastructure and technical capabilities and is also reviewing present and past geological and geophysical activities. Crown Energy's Board has therefore decided to engage the Italian engineering firm Proger to begin preparations for carrying out surveys and actual work on the ground in the region. There are good opportunities for development efforts in the licence and PSC area considering that Crown Energy has the financing capacity to initiate technical operations on location.

Security situation in Iraq

Discussions with the regional authorities have provided further confirmation that the region is almost entirely free of crisis hot spots and that the circumstances at present seem much more positive than previously, although there are still high-risk areas.

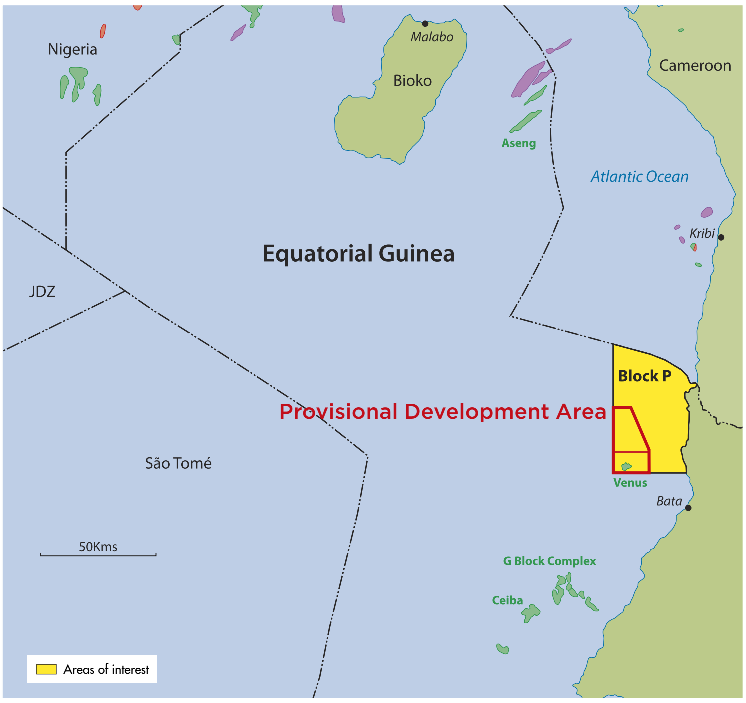
Considering the uncertainty relating to the licence, mainly in terms of security risks and opportunities to operate in the area, issues surrounding the assessment of the licence's value may become relevant. A regular analysis of circumstances that could affect the carrying amount of the licence is carried out, in accordance with IFRS. Exploration and appraisal assets are initially tested for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. When considering whether an impairment should be carried out, the need for impairment testing has thus been considered according to IFRS 6, but the Company has decided that the licence should still be assigned a value in the balance sheet. However, due to the current instability and political uncertainty in Iraq, which is expected to continue for the next few years, there remains a degree of uncertainty about the value of the asset and any potential investor should take account of this in their investment analysis.

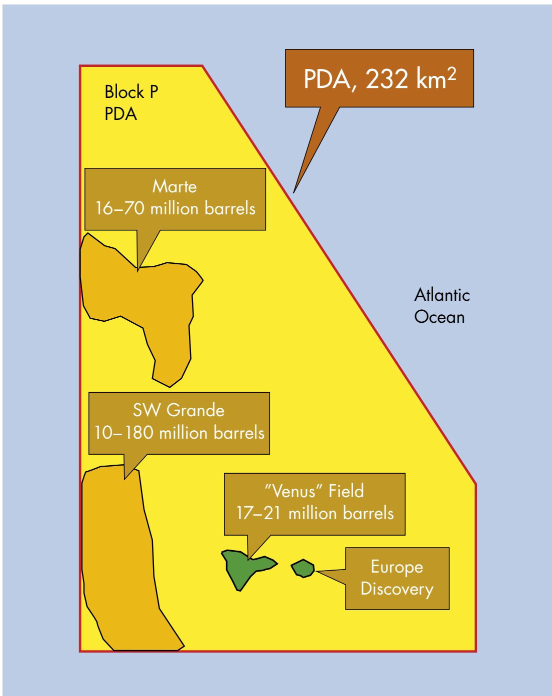
Block P (PDA) - Equatorial Guinea

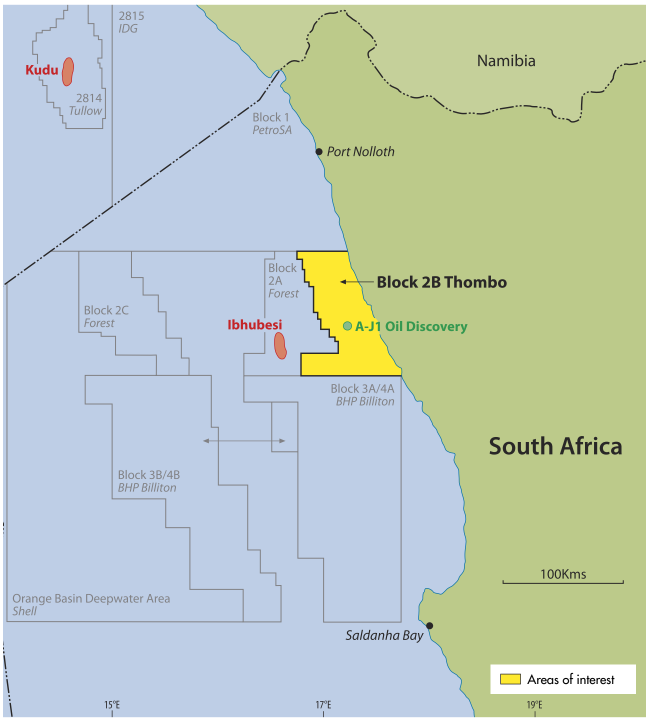
The licence area is in close proximity to the mainland in the Rio Muni Basin, which contains confirmed discoveries such as the oil-rich Ceiba Field and fields in Block G. These fields, located about 50 kilometres south, have reserves of about 500 million barrels of oil. In the Venus field in Block P, sand reservoirs similar to those in the Ceiba Field and fields in Block G have been identified and verified. Previous exploration drilling has also indicated potential for oil deposits in the area surrounding the Venus Field. Block P has proven oil discoveries and is therefore in the later phase of Crown Energy's business model.

In September 2012, the licence operator submitted a plan of development for the Venus field and its surroundings to the authorities for approval. This application led to a change, resulting in the licence area being concentrated to the area in and around the existing Venus field. This licence area is called the provisional development area (**PDA**). It covers about 250 square kilometres and includes the Venus field discovery. The area also includes a number of highly interesting identified structures with potential for further discoveries. The best estimate of the combined total prospective resources for these structures is around 150 million barrels of oil, all of which lie within the PDA.

Crown Energy has remained in contact with the other licence partners, oil companies Vaalco Energy Inc. from Houston and Atlas Petroleum from Lagos, to discuss and review the current situation of the licence and obtain additional information from the licence operator about the production programme for 2017. The operator continues to conduct technical operations within the licence and the Company is still awaiting a formal announcement from the operator on plans for 2017 and beyond. Crown Energy is awaiting information about the operator's strategy in the meantime. Crown Energy has not incurred any costs for the licence during the periods of inactivity, aside from the costs relating to time spent on discussions and analyses of the current situation.







Block 2B – South Africa

Exploration Block 2B in South Africa is located offshore on the Atlantic coast just south of the border with Namibia. A small oil discovery was previously made in the exploration area. The exploration area was previously explored using two-dimensional seismic surveys that were analysed and processed in recent years. The survey identified six new structures within the licence area that may contain oil. In 2013, 700 square kilometres of 3D seismic data was collected and processed. Final results from the surveys were presented in 2014.

The oil-bearing reservoir in the licence area was discovered during test drilling in 1988 and it tested for about 200 barrels of oil per day. Through Crown Energy's reinterpretation of existing data, it is estimated that the licence area could potentially contain several billion barrels of oil.

The work performed during 2014/2015 includes amplitude versus offset (AVO), which entails, briefly, additional testing of seismic results; sedimentology, i.e. analysis of the composition of soil, sand, and clay in the reputed reservoir; petrophysics, i.e. mapping of rock characteristics; and our own analyses of drill cores and fluid samples from the well/discovery. Certain related activities were also conducted, such as environmental studies for potential future wells.

The partnership has been granted an initial two-year extension phase for the Block 2B exploration licence, which started in March 2015. The production programme during the extension phase aims to clarify the volumes of hydrocarbons in the various actual and potential reservoirs that have been identified within the licence area. The programme comprises technical appraisals and resulted in a brand new CPR.

The operator and the partnership were of the opinion that it was important to conduct another appraisal before preparing the new asset reports. As a result, they decided to conduct an analysis of drilling data from the discovery well at A-J1 from 1988. It was assessed that this petrophysical study provided a clearer view of the salt content of the reservoir and the study contributed to a better basis for work on the CPR. The analysis was conducted in Spring 2015 and is based on both modern technology and new studies of drilling data produced in the past. The results of the analysis are very positive, indicating a substantial increase in the size of oil-bearing formations, given the new data on salt content supported by the analysis.

As part of efforts to obtain 3D seismic data and additional geophysical and geological studies between 2013 and 2015, the partners of the licence hired ERC Equipoise (ERCE) to certify and assess existing data and ascertain contingent reserves in the Block 2B licence in South Africa. An analysis of the A-J1 discovery was completed in June 2015, which found that the reservoir contains contingent 2C resources totalling 37 million barrels, with an average of 56 million barrels of oil and considerable potential beyond that with up to 118 million barrels of oil in the form of 3C resources. As a result, the next step in this licence will be to drill an evaluation well to ascertain the size, extent, and production volumes, and thus establish that this is a commercially strong oil project.

Crown Energy's farm-out to Africa Energy Corp. (**"Africa Energy"**) regarding the acquisition of a 30.5 per cent participating interest in Block 2B was completed on 21 October 2016. Crown Energy retains a 10 per cent share and the farm-out agreement stipulates that Africa Energy will pay for all costs associated with the next drilling within the licence area, including additional well testing. Africa Energy, which now owns the other 90 per cent of the licence, has taken over as operator from Thombo Petroleum. Work has continued in the licence area to find an optimum drilling site for the first well and to initiate long-term preparations for the well. Crown Energy's environmental impact assessment was approved by the South African authorities and Africa Energy applied to the authorities in late January 2017, in its capacity as operator, to proceed to the next extension period of the licence in order to drill a well.

3108 Manja – Madagascar

Madagascar, which is located off the east coast of Africa, has historically been underexplored when it comes to oil and gas. Some discoveries of heavy oil have been made on the island, which proves that there is a working petroleum system in the region. In recent years, exploration activities have increased as finds of both oil and gas have been made elsewhere in East Africa, including in Uganda, Kenya, Tanzania, and Mozambique.

The Manja block is located on the west side of Madagascar and covers an area of 7,180 square kilometres. Several structures were identified, of which the largest is located in the north-western part of the licence area. This structure may contain up to 1,250 million barrels of oil, and it is situated at a depth of 3,500 metres. Gas was found in the southern part of the licence area in the 1950s, and in recent years, major gas finds have been located in an adjoining licence area to the south.

In 2015, Crown Energy agreed with OMNIS, the oil and gas authority in Madagascar, to extend the licence for four years, to 15 November 2019. The production commitment for the first two years includes a full tensor gravity (FTG) survey of the licence

area followed by additional voluntary 2D seismic data. The plan is to perform exploration drilling on the licence no later than over the second two-year period. The agreement was subject to final approval from the ministry in Madagascar, which was received in March 2016.

The next step in the development of the licence area is to drill a well in Ambatolava located in the north-west part of the licence area. As a part of this process, Crown Energy completed preparations for a project to conduct technical surveys of existing structures in the licence area in 2016. This project is based on gravimetric/magnetic surveys in accordance with the licence commitments. Quotes have been obtained from industry providers in this field. When the 2016 rainy season started, Crown Energy decided to postpone implementation of the project and instead wait for the spring/summer and the 2017 dry season. The Company met the authorities at an annual update meeting in December 2016 and agreed to work on finding a suitable partner to continue planned projects and take further joint steps in the future. No partnerships have been entered into by the publication date of the Prospectus, and no concrete activities have therefore been initiated.

TRENDS

Oil prices

Investments and also henceforth potential sales and profitability regarding Crown Energy's oil and gas operations are, and will continue to be heavily dependent on oil prices, which are influenced by a number of external factors over which the Company has no control. The oil price trend is affected by market fluctuations, state regulations, proximity to and capacity in oil pipelines, equipment, the characteristics of the oil reserves, and economic and political developments. The oil market and oil prices over the last decade have been highly volatile. OPEC's influence on oil markets and the policies practised by OPEC's member countries increase difficulties in forecasting the future price of oil.

There has been a downward trend in the price of oil since summer 2014 owing to an imbalance with an oversupply of oil. This has been caused by a combination of generally excessive production levels around the world and the fact that OPEC is no longer reducing production to counteract declining oil prices. In 2016, a new trend emerged with the price of oil beginning to rise again, although the levels remain low compared with before summer 2014.

The falling oil price has had major direct and indirect consequences for companies operating in the oil industry. The industry has been forced to cut back on investments in both the exploration and production sectors, delay or cancel projects, make staff cutbacks and general cost savings, and increase pressure on subcontractors to lower their prices. The oil price trend has also caused other problems, such as reduced net revenue and falling share prices. This has affected both major established producing oil companies and services companies, as well as small exploration companies. Over the past two years, the industry has seen a substantial drop in the number of transactions (farm-outs and M&As). The decline in the price of oil has largely affected projects in high-cost areas such as the North Sea, extraction of oil in the Arctic, and areas where oil sands and shale oil are produced.

Crown Energy has noted a clear trend in oil companies reducing their investments. This has manifested itself in the fact that it has been difficult to farm out, or in some other way find partners for Crown Energy's projects. These difficulties have led to delays in planned investments and work commitments in the Company's projects. However, the Company has succeeded in attracting business partners that are prepared to speculate on a recovery in the price of oil. It is not possible to say whether this can be regarded as a break in the trend. If the oil price continues to rise going forward, it will likely mean that investments will be initiated and resumed to a greater extent in the future.

Alternative fuels

For several years debates have been ongoing and investments made to identify alternative sources of energy to the traditional sources. Fossil-free sources of energy, such as wind, and solar power, are seeing a strong increase. According to forecasts from organisations like OPEC, their share of total energy sources will remain low. Efforts to identify and improve the use of alternative energy sources will continue.

In addition to what has been described above, the Board of Directors believes that, as of the date of the Prospectus, there are no other known trends, uncertainties, potential receivables or other claims, commitments, or events that may be expected to have a material impact on Crown Energy's business prospects in the current financial year.

In addition to what is described in the Risk factors section, Crown Energy is not aware of any trends, uncertainties, potential receivables or other claims, commitments, or events that may be expected to have a material impact on the Group's business prospects in the current financial year. In addition to what is stated in the *Risk factors* section, Crown Energy is neither aware of any public, economic, fiscal, monetary or other political measures that, directly or indirectly, have materially impacted or could materially impact the Group's operations.

Selected historical financial information

On 30 June 2017, Crown Energy acquired all the shares in ESI Group. ESI Group in turn owns all the shares in YBE Imobiliária and ESI East Africa, where YBE Imobiliária is the operating company with property assets. After the conversion of class C shares to ordinary shares, YBE Ventures Ltd has 79.2 per cent of the votes and capital in the new group. Since, in this case, it is the acquired company's (ESI Group) former shareholders that obtain a controlling interest in the new group, the transaction has been recognised as a reverse acquisition, in accordance with the rules stipulated in IFRS 3 Business Combinations. A reverse acquisition is when a company acquires shares in another company by issuing shares in its own company, to the extent that the controlling interest in the newly-formed group is passed to the shareholders of the company that has been acquired. Legally, the acquiring company is the parent company (Crown Energy AB), but the financial import of the transaction is that it is the previous shareholders of the acquired company (ESI Group SA) that have the controlling interest in the acquiring company. For further information about the Reverse Acquisition, please refer to the section "*Background and reasons*".

In light of the Reverse Acquisition, comparability between the historical financial periods presented below is not relevant for an investor with regard to the consolidated income statement and consolidated cash flow, because the periods presented, with the exception of 1 January–30 June 2017, do not include the effect of the Reverse Acquisition. The selected historical financial information should be read together with the section "*Pro forma financial statements*", which details the accounting effect on the consolidated income statement of the Reverse Acquisition as if the Reverse Acquisition had been carried out on 1 January 2016 and 1 January 2017.

Crown Energy's selected historical financial Information for the 2016 and 2015 financial years is shown below. The company's financial information for these periods have been prepared in accordance with International Financial Reporting Standards (**IFRS**) and have been audited by the Company's auditor. The selected historical financial information also includes financial information for the 1 January–30 June 2017 period taken from Crown Energy's published interim report. The financial information pertaining to the 1 January–30 June 2016 period has been derived from the Company's interim report for that period. The interim reports have not been audited or reviewed by the Company's auditors. Except for the pro forma financial statements in the section "*Pro forma financial statement*", no other information in the Prospectus has been reviewed or audited by the Company's auditor.

The amounts stated in this section are rounded off to the nearest SEK thousand, while the calculations have been carried out with several decimal places. Percentages under ten are stated with one decimal place and have also been rounded off. Rounding off may mean that some statements do not appear to add up. The Prospectus contains certain financial key ratios that are not defined according to IFRS; see the section "*Definitions of alternative performance measures not defined according to IFRS*" for a description of these ratios.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

ALL AMOUNTS IN SEK THOUSAND	2017-01-01 2017-06-30 Not audited or reviewed[1]	2016-01-01 2016-06-30 Not audited or reviewed[1]	2016-01-01 2016-12-31 Audited	2015-01-01 2015-12-31 Audited
Revenue				
Rental revenues	36,551	–	–	–
Service revenues	21,783	–	–	–
Other operating income	755	–	–	73
Property-related expenses	-19,461	–	–	–
Other external costs	-875	-2,012	-6,090	-4,607
Employee benefit expenses	-3,317	-2,069	-4,863	-4,077
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets		-16	-33	-33
Other operating expenses	–	-249	-139	–
Operating profit/loss excl. effect of reverse acquisition	**35,434**	**-4,346**	**-11,125**	**-8,644**
Effect on profit/loss of reverse acquisition	-174,586	–	–	–
Operating profit/loss incl. effect of reverse acquisition	**-139,152**	**-4,346**	**-11,125**	**-8,644**
Financial income	589	6,829	10,305	2,447
Financial expenses	-536	-1,832	-2,263	-9,380
Profit/loss before tax and changes in value	**-139,099**	**651**	**-3,083**	**-15,577**
Changes in value				
Properties, unrealised	-10,269	–	–	–
Earnings before tax	**-149,368**	**651**	**-3,083**	**-15,577**
Income tax	-5	–	–	–
Deferred tax	24,421	–	–	–
Net profit/loss for the period	**-124,952**	**651**	**-3,083**	**-15,577**
Earnings per share and share related data				
Average number of basic shares, thousands	354,285	61,394	86,276	45,001
Average number of diluted shares, thousands	354,285	61,394	86,276	45,001
Basic earnings per share, SEK	-0.43	0.01	-0.04	-0.35
Diluted earnings per share, SEK	-0.43	0.01	-0.04	-0.35

1 The Company follows IAS 34 Interim Financial Reporting which means, among other things, that cash flow analysis can be presented in a condensed form only in the interim reports. Any explanations to the condensed posts are given in a not in each interim report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ALL AMOUNTS IN SEK THOUSAND	2017-06-30 Not audited or reviewed	2016-12-31 Audited	2015-12-31 Audited
ASSETS			
Non-current assets			
Investment property	583,492	–	–
Equipment, tools, fixtures, and fittings	16	33	66
Intangible assets	108	–	–
Exploration and evaluation assets	183,133	187,370	176,445
Deferred tax assets	242	–	–
Total non-current assets	**766,991**	**187,403**	**176,511**
Current assets			
Trade receivables	17,244	–	–
Other receivables	23,271	13,017	499
Prepaid expenses and accrued income	315	520	292
Cash and cash equivalents	34,721	26,540	156
Total current assets	**75,551**	**40,077**	**947**
TOTAL ASSETS	**842,542**	**227,480**	**177,458**
EQUITY			
Capital and reserves attributable to parent company shareholders			
Share capital	13,107	13,405	1,633
Other contributed capital	720,823	236,722	183,276
Reserves	-23,943	12,484	9,112
Accumulated earnings	78,812	-67,579	-48,267
Net profit/loss for the period	-124,952	651	-15,577
Total equity	**663,847**	**195,683**	**130,177**
LIABILITIES			
Non-current liabilities			
Loans from related parties	–	–	6,704
Finance lease liability	101,680	–	–
Deferred tax liabilities	14,701	15,791	14,498
Other provisions	3,371	3,517	9,250
Total non-current liabilities	**119,752**	**19,308**	**30,452**
Current liabilities			
Loans from related parties		5,054	–
Convertible loans		–	11,209
Finance lease liability	4,941	4,887	2,878
Accounts payable	3,918	–	–
Tax liabilities	14,052	–	–
Other current liabilities	5,973	1,220	880
Accrued expenses and deferred income	30,059	1,328	1,862
Total current liabilities	**58,943**	**12,489**	**16,829**
TOTAL EQUITY AND LIABILITIES	**842,542**	**227,480**	**177,458**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

ALL AMOUNTS IN SEK THOUSAND	2017-01-01 2017-06-30 Not audited or reviewed	2016-01-01 2016-06-30 Not audited or reviewed	2016-01-01 2016-12-31 Audited	2015-01-01 2015-12-31 Audited
Cash flow from operating activities				
Operating loss before financial items	-139,152	-4,346	-11,125	-8,644
Adjustments for items not included in cash flow:				
– Other non-cash items	–	264	172	-39
Effect on profit/loss of reverse acquisition	174,586	–	–	–
Interest received	0	0	0	0
Interest paid	0	0	0	-100
Tax paid	-5	–	–	–
Cash flow from operating activities before changes in working capital	**35,429**	**-4,082**	**-10,953**	**-8,783**
Changes in working capital:				
– Increase/decrease in other current receivables	n/a	n/a	-775	88
– Increase/decrease in other current liabilities	n/a	n/a	526	162
Changes in working capital	**-16,004**	**-68**	**-249**	**250**
Cash flow from operating activities	**19,425**	**-4,150**	**-11,202**	**-8,533**
Cash flow from investing activities				
Acquisition of subsidiaries, less acquired cash and cash equivalents	19,925	–	–	7
Investments in exploration and evaluation assets	–	-1,203	-3,106	-28,702
Investments in investment property	-6,074	–	–	–
Short-term loan to ESI Group	–	–	-9,097	–
Cash flow from investing activities	**13,851**	**-1,203**	**-12,203**	**-28,695**
Directed issues	–	74,000	74,000	–
Preferential rights issue	–	–	–	4,912
Issue expenses for the period	–	-2,232	-8,743	-1,599
Interest paid on convertible loans	–	-1,606	-1,606	-1,228
Convertible loan repayment	–	-12,211	-12,211	–
Loans raised	–	–	–	800
Repayment of loans	–	-400	-1,650	-200
Other contributed capital	4,377	–	–	–
Payments for finance leases (rent to landowners)	-2,907	–	–	–
Cash flow from financing activities	**1,470**	**57,551**	**49,790**	**2,685**
Cash flow for the period	**34,746**	**52,198**	**26,385**	**-34,543**
Cash and cash equivalents at start of period	363	156	156	34,626
Cash flow for the period	34,746	52,198	26,385	-34,543
Exchange gains/losses on cash and cash equivalents	-388	–	–	73
Cash and cash equivalents at end of period	**34,721**	**52,354**	**26,541**	**156**

CONSOLIDATED KEY RATIOS

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on Alternative Performance Measures. The guidelines aim to make alternative performance measures in financial reports more intelligible, reliable, and comparable, thereby promoting their usage. According to these guidelines, an alternative performance measure is a financial measure of historical or future earnings trend, financial position, financial earnings or cash flows that is not defined or stated in applicable rules for financial reporting; IFRS and the Swedish Annual Accounts Act. The guidelines are compulsory for financial reports published after 3 July 2016.

Some descriptions of performance measures present the trend and status of financial and share-related performance measures not defined according to IFRS. Some financial performance measures provide valuable and supplementary information for investors. Since not all companies calculate financial measures in the same way, they are not always comparable with measures used by other companies. These measures should therefore not be regarded as a replacement for measures defined according to IFRS. For relevant reconciliation of the performance measures that cannot be directly read or derived from the financial reports.

ALL AMOUNTS IN SEK THOUSAND (UNLESS OTHERWISE STATED)	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2016-01-01 2016-12-31	2015-01-01 2015-12-31
FINANCIAL KEY RATIOS				
IFRS key ratios				
Net profit/loss for the period, after tax	-153,767	651	-3,083	-15,577
Number of basic shares outstanding, thousand	455,815	92,547	455,949	55,547
Number of diluted shares outstanding, thousand	455,815	92,547	455,949	55,547
Average number of shares, thousand	354,285	61,394	86,276	45,001
Average number of diluted shares, thousands	354,285	61,394	86,276	45,001
Basic earnings per share, SEK	-0.43	0.01	-0.04	-0.35
Diluted earnings per share, SEK	-0.43	0.01	-0.04	-0.35
Alternative performance measures				
Rental and service revenues	30,618	–	–	–
Other operating income	687	–	–	–
Operating profit/loss excl. effect of reverse acquisition	17,131	-4,346	-11,125	-8,644
Operating profit/loss incl. effect of reverse acquisition	-157,455	-4,346	-11,125	-8,644
EBITDA	-157,455	-4,338	-11,092	-8,611
Adjusted EBITDA	17,131	-4,338	-11,092	-8,611
EBITDA margin, %	neg.	N/A	N/A	N/A
Adjusted EBITDA margin, %	29	N/A	N/A	N/A
Equity/assets ratio, %	79	N/A	86	73
Total assets	842,542	233,956	227,480	177,458
Equity	663,847	196,927	195,683	130,177
Average equity	N/A	196,305	162,930	162,743
Average assets	N/A	230,718	202,469	227,469
Return on equity, %	N/A	0.3	neg.	neg.
Return on assets, %	N/A	0.3	neg.	neg.
Equity per share, SEK	1.46	2.13	0.43	2.34
NON-FINANCIAL KEY RATIOS				
Occupancy rate, %	85	n/a	n/a	n/a
Lettable area, thousand square metres*	29.7	n/a	n/a	n/a
Number of properties (at end of period)	18	n/a	n/a	n/a
Average remaining lease, months	18.6	n/a	n/a	n/a
Average number of employees	15.0	2.0	2.6	2.5

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED ACCORDING TO IFRS

ALTERNATIVE PERFORMANCE MEASURE	DEFINITION	EXPLANATION
Operating profit/loss excl. effect of reverse acquisition	Earnings before financial income and expenses and taxes, adjusted for the effect of the reverse acquisition	Used to measure operating profitability
Operating profit/loss incl. effect of reverse acquisition	Earnings before financial income and expenses and taxes	Used to measure operating profitability
Return on equity, %	The sum, as a percentage, of post-tax earnings in relation to equity	Return on equity is used to highlight Crown Energy's ability to generate profit on shareholders' capital in the Group.
Return on assets, %	The sum, as a percentage, of post-tax earnings in relation to total assets	Return on total equity is used to highlight Crown Energy's ability to generate profit on the Group's assets, unaffected by the Group's financing.
EBITDA	Profit before financial items, tax, depreciation/amortisation and impairment	EBITDA is used by Crown Energy to measure earnings from operating activities, independently of depreciation, amortisation and impairment losses.
Adjusted EBITDA	Profit before financial items, tax, depreciation/amortisation and impairment, adjusted for the effect of the reverse acquisition	EBITDA is used by Crown Energy to measure earnings from operating activities, independently of depreciation, amortisation and impairment losses.
EBITDA margin, %	A measure of the Company's operating earnings as a percentage of sales	The EBITDA margin is used to compare EBITDA in relation to sales.
Adjusted EBITDA margin, %	A measure of the Company's operating earnings as a percentage of sales	The EBITDA margin is used to compare EBITDA in relation to sales.
Equity/assets ratio, %	Equity in relation to total assets.	The equity/assets ratio is a key ratio that Crown Energy uses to highlight its interest sensitivity and financial stability.
Net debt/equity ratio, times	Net debt divided by equity	The net debt/equity ratio is a key ratio that highlights Crown Energy's capital structure and the extent to which Crown Energy is financed by loans.
Total assets	Total assets at the end of the period.	Total assets is a measure of the value of Crown Energy's assets at the end of the period.
Average equity	Calculated as opening total capital plus closing total capital divided by two	Used to calculate return on equity
Average assets	Calculated as opening total assets plus closing total assets divided by two	Used to calculate return on total capital
Equity per share, SEK	Equity at end of period divided by number of shares at end of period.	Equity per share is used to highlight the shareholders' portion of the company's total assets per share.

RECONCILIATION TABLES FOR ALTERNATIVE PERFORMANCE MEASURES NOT CALCULATED IN ACCORDANCE WITH IFRS

ALL AMOUNTS IN SEK THOUSAND (UNLESS OTHERWISE STATED)	2017-01-01 2017-06-30	2016-01-01 2016-06-30	2016-01-01 2016-12-31	2015-01-01 2015-12-31
RECONCILIATION BETWEEN OPERATING PROFIT/LOSS AND EBITDA AND ADJUSTED EBITDA				
Operating profit/loss	-157,455	-4,346	-11,125	-8,644
+/- Depreciation/amortisation and impairment	–	8	33	33
= Total EBITDA	**-157,455**	**-4,338**	**-11,092**	**-8,611**
+ Effect on profit/loss of reverse business combination	174,586	0	0	0
= Total adjusted EBITDA	**17,131**	**-4,338**	**-11,092**	**-8,611**
CALCULATION EBITDA MARGIN				
EBITDA	-157,455	-4,338	-11,092	-8,611
÷ Operating income	59,089	0	0	0
= EBITDA margin, %	**neg.**	**N/A**	**N/A**	**N/A**
Adjusted EBITDA	17,131	-4,338	-11,092	-8,611
÷ Operating income	59,089	0	0	0
= Adjusted EBITDA margin, %	**29**	**N/A**	**N/A**	**N/A**
CALCULATION RETURN ON EQUITY, %				
Earnings after tax	N/A	651	-3,083	-15,577
Average equity (opening balance + closing balance divided by two)	N/A	196,305	162,930	162,743
Return on equity, %	**N/A**	**0.3**	**neg.**	**neg.**
CALCULATION RETURN ON TOTAL CAPITAL, %				
Earnings after tax	N/A	651	-3,083	-15,577
Average capital (opening balance assets + closing balance assets divided by two)	N/A	230,718	202,469	227,469
Return on assets, %	**N/A**	**0.3**	**neg.**	**neg.**
CALCULATION EQUITY/ASSETS RATIO, %				
Total assets	842,542	N/A	227,480	177,458
Equity	663,847	N/A	195,683	130,177
Equity/assets ratio, %	**79**	**N/A**	**86**	**73**

Pro forma financial statements

BACKGROUND

Crown Energy announced that the Company entered into an agreement with YBE Ventures Ltd ("**YBE Ventures**") on 10 November 2016 to acquire all of the shares in the Luxembourg-registered company ESI Group SA together with its subsidiary ("**ESI Group**").

The Reverse Acquisition was completed on 30 June 2017, which meant that Crown Energy acquired of 100 per cent of the shares and 100 per cent of the voting rights in ESI Group SA. ESI Group owns all shares in the newly formed Angolan company YBE Imobiliária Lda ("**YBE Imobiliária**") established in 2017, and the Mauritian company ESI East Africa. These three companies together form a group, of which ESI Group is the Parent Company (the "**ESI Group**").

The operations that were historically conducted in a private company in Angola, ESI Angola Lda ("**ESI Angola**"), were transferred, in accordance with the acquisition agreement, to YBE Imobiliária before Crown Energy took possession of the ESI Group shares.

Remuneration for the shares in ESI Group consists of 353,267,971 (final settlement, see below) newly-issued shares in Crown Energy. The Reverse Acquisition involved several stages. In the first stage, the seller received class C shares, which have lower voting rights than the Company's ordinary shares. The second stage included a final settlement of the number of class C shares that will be converted into ordinary shares. The third stage involves converting the finally settled class C shares into ordinary shares in Crown Energy.

After conversion of class C shares into ordinary shares, YBE Ventures Ltd has 79.2 per cent of the votes and shares in the new group. Through the Reverse Acquisition, ESI Group's former shareholders gain a controlling interest in the new group and the transaction has therefore been accounted as a reverse acquisition.

The Reverse Acquisition is deemed to have a significant and direct impact on Crown Energy's future earnings, financial position and cash flow, which is reason to the preparation of a pro forma financial statement in the Prospectus.

For the auditor's report on the examination of the pro forma statements, see the section *"Auditor's report regarding pro forma statements"*.

PURPOSE OF PRO FORMA FINANCIAL STATEMENTS

The purpose of the pro forma financial statements is to present an overview of the effect the Reverse Acquisition of ESI Group would have had on:

i. Crown Energy's consolidated income statement for the financial year ended 31 December 2016, as though the Reverse Acquisition had been carried out and taken over as at 1 January 2016.

ii. Crown Energy's consolidated income statement for the period ended 30 June 2017, as though the Reverse Acquisition had been carried out and taken over as at 1 January 2016.

The financial information presented in the unaudited pro forma financial statements is only intended to describe a hypothetical situation and has been prepared as an illustration for information purposes only, and is consequently not intended to show the financial position or earnings for the period had the Reverse Acquisition occurred on the date stipulated. Neither does the pro forma statement indicate the financial position or business earnings at a particular future date. This should be taken into consideration in any potential investment decision.

The unaudited consolidated financial pro forma financial statements does not include all the information required for a financial report in accordance with IFRS.

BASIS FOR PREPARATION OF PRO FORMA FINANCIAL STATEMENTS

The pro forma income statement is based on Crown Energy's audited consolidated financial statements for the 2016 financial and calendar year, unaudited interim report for 1 January–30 June 2017, and unaudited (consolidated) internal financial reports for the ESI Group for the 2016 calendar year and for the 1 January–30 June 2017 period.

Parts of the business that Crown Energy is acquiring via ESI Group SA's subsidiary YBE Imobiliária have previously been conducted in ESI Angola. Instead of acquiring the entire business in ESI Angola, all business-critical functions and assets, such as properties, leases, and key personnel have been carved-out. The net assets from the carve-out were transferred to the new company YBE Imobiliária formed in 2017. The 2016 income statement for the ESI Group regarding the subsidiary YBE Imobiliária has been calculated based on ESI Angola Lda's financial statements, adjusted for income, expenses and balance sheet items that are not considered to belong to the operations transferred to YBE Imobiliária.

Crown Energy has applied IFRS accounting policies as adopted by the EU (IFRS-EU). The financial information for the ESI Group has also been prepared in accordance with IFRS as adopted by the EU (IFRS-EU).

The transaction has been recognised as a reverse acquisition, in which ESI Group is identified as the acquirer for accounting purposes.

The consolidated pro forma income statement is sensitive to exchange rate fluctuations, primarily attributable to the ESI Group. Such fluctuations are chiefly derived from changes in the exchange rate between SEK, USD and the Angolan Kwanza (AOA).

The ESI Group's income statement has been translated from USD and AOA into Swedish krona (SEK) using an average exchange rate for 2016 (according to the Riksbank and BNA (Banco Nacional de Angola)). For exchange rates, see the section Notes to 2016 pro forma income statement, Note 2.

The ESI Group's income statement has been translated from USD, EUR, and AOA into Swedish krona (SEK) using an average exchange rate for January–June 2017 (according to the Riksbank and BNA (Banco Nacional de Angola)). For exchange rates, see the section Notes to January–June 2017 income statement, Note 2.

No pro forma adjustments have been made in the pro forma income statement for integration costs and synergies.

PRO FORMA ADJUSTMENTS

Acquisition of ESI Group (reverse acquisition)

The transaction is accounted, as previously mentioned, as a reverse acquisition in accordance with IFRS. According to IFRS, Crown Energy's (the Group's) assets and liabilities should be attributed according to fair value (usually referred to as an acquisition analysis). A preliminary acquisition analysis has been prepared in which the fair values attributed to Crown Energy's identifiable assets and liabilities on the acquisition date have been assumed to correspond to the carrying amounts in Crown Energy as at 30 June 2017. The difference between Crown Energy's market value on the acquisition date (share price on acquisition date multiplied by number of shares before the issue of class C shares) and the carrying amount of Crown Energy's identifiable assets and liabilities has been accounted in the pro forma income statement as a cost resulting from the Reverse Acquisition. The reason for this is that there is no defensible value, rather the cost represents the value represented by Crown's exchange site. However, this value may not be included in the balance sheet and thus affects the income statement. The surplus value has consequently not been applied to the Crown Energy Group's existing assets. The acquisition analysis will be finalised no later than one year after the acquisition date.

Transaction costs

Transaction costs include both acquisition-related costs and share issue costs. Costs attributable to the issue of shares in Crown Energy are recognised directly in equity and amounted to SEK 142 thousand at 31 December 2016 and SEK 496 thousand at 30 June 2017.

The acquirer's (ESI Group, for accounting purposes) costs attributable to the Reverse Acquisition should be accounted as a cost in the income statement, whereas costs for the company that is deemed to have been acquired (Crown Energy, for accounting purposes) are expensed before the Reverse Acquisition and consequently affect the acquisition analysis and any surplus values.

The pro forma income statement for the financial year ended 31 December 2016 has been presented as though the external transaction costs associated with Crown Energy's acquisition of ESI Group had arisen before 1 January 2016. Adjustments have therefore been made in the pro forma income statement to exclude all external transaction costs related to the Reverse Acquisition. For the financial year ended 31 December 2016, equity has been adjusted for transaction costs totalling SEK 1,933 thousand. Since transaction costs do not affect taxable earnings, no adjustment is made for tax. Transaction costs and pro forma adjustments for these costs are costs of a non-recurring nature.

For the accounting period that ended on 30 June 2017, the Crown Energy Group's earnings totalling SEK 321 thousand have been adjusted for transaction costs.

PRO FORMA INCOME STATEMENT 2016

ALL AMOUNTS IN SEK THOUSAND	CROWN ENERGY GROUP[1]	ESI GROUP[2]	TOTAL	PRO FORMA ADJUSTMENTS	NOTES	PRO FORMA
Revenue	-	150,161	150,161	-		150,161
Other operating income	-	-	-	-		-
Total operating income	**-**	**150,161**	**150,161**	**-**		**150,161**
Operating expenses						
Property-related operating expenses	-	-39,436	-39,436	-		-39,436
Other external costs	-6,090	-1,152	-7,242	1,933	3)	-5,309
Employee benefit expenses	-4,863	-7,080	-11,943	-		-11,943
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets	-33	-	-33	-		-33
Other operating expenses	-139	-3,302	-3,441	-		-3,441
Operating expenses excl. effect of reverse acquisition	**-11,125**	**-50,970**	**-62,095**	**1,933**		**-60,162**
Operating profit/loss excl. effect of reverse acquisition	**-11,125**	**99,191**	**88,066**	**1,933**		**-89,999**
Effect on profit/loss of reverse acquisition	-	-	-	-174,586	4)	-174,586
Operating expenses incl. effect of reverse acquisition	**-11,125**	**-50,970**	**-62,095**	**-172,653**		**-234,748**
Operating profit/loss incl. effect of reverse acquisition	**-11,125**	**99,191**	**88,066**	**-172,653**		**-84,587**
Net financial items	**8,042**	**-66,383**	**-58,341**	**-**		**-58,341**
Earnings before tax	**-3,083**	**32,808**	**29,725**	**-172,653**		**-142,928**
Current tax	-	-5	-5	-		-5
Net profit/loss for the period	**-3,083**	**32,803**	**29,720**	**-172,653**		**-142,933**

NOTES TO PRO FORMA INCOME STATEMENT 2016

1. Based on the Crown Energy Group's unaudited consolidated accounts for the 2016 financial year.

2. Based on unaudited internal financial reports for the ESI Group for 1 January–31 December 2016. The following average exchange rates have been used when converting the income statement:
   a. from EUR to SEK at a EUR/SEK exchange rate of 9.4662
   a. from USD to SEK at a USD/SEK exchange rate of 8.7248
   b. from AOA to SEK at an AOA/SEK exchange rate of 0.05267

3. An adjustment has been made in the pro forma income statement to exclude all external transaction costs related to the Reverse Acquisition that arose before the takeover date, and that consequently are instead considered to be part of the acquisition analysis.
   External transaction costs amounting to SEK 1,933 thousand are included in 2016 in the Crown Energy Group's income statement.

4. The difference between Crown Energy's market value on the date of acquisition (share price on acquisition date multiplied by number of shares before the issue of class C shares) and the carrying amount of Crown Energy's identifiable assets and liabilities has been recognised pro forma in the pro forma income statement as a cost of SEK 174,586 thousand resulting from the Reverse Acquisition. The cost is of a non-recurring nature.
   Calculation of the difference (for complete details, see the Company's interim report for 1 January–30 June 2017.)

Identifiable assets and assumed liabilities	181,721
Fair value of Crown Energy on takeover date	356,307
Transaction cost (premium for marketplace)	174,586

PRO FORMA INCOME STATEMENT JANUARY–JUNE 2017

ALL AMOUNTS IN SEK THOUSAND	CROWN ENERGY GROUP[1)]	ESI GROUP[2)]	TOTAL	PRO FORMA ADJUSTMENTS	NOTES	PRO FORMA
Revenue	-	58,334	58,334	-		58,334
Other operating income	-	755	755	-		755
Total operating income	**-**	**59,089**	**59,089**	**-**		**59,089**
Operating expenses						
Property-related operating expenses	-	-19,461	-19,461	-		-19,461
Other external costs	-4,014	-875	-4,889	321	3)	-4,568
Employee benefit expenses	-2,687	-3,317	-6,004	-		-6,004
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets	-16	-	-16	-		-16
Other operating expenses	-38	-	-38	-		-
Operating expenses excl. effect of reverse acquisition	**-6,755**	**-23,653**	**-30,408**	**321**		**-30,087**
Operating profit/loss excl. effect of reverse acquisition	**-6,755**	**35,436**	**28,681**	**321**		**29,002**
Effect on profit/loss of reverse acquisition	-	-174,586	-174,586	174,586	4)	-
Operating expenses incl. effect of reverse acquisition	**-6,755**	**-198,239**	**-204,994**	**174,907**		**-30,087**
Operating profit/loss incl. effect of reverse acquisition	**-6,755**	**-139,150**	**-145,905**	**174,907**		**29,002**
Net financial items	**-4,343**	**53**	**-4,290**			**-4,290**
Profit/loss before tax and changes in value	**-11,098**	**-139,097**	**-150,195**	**174,906**		**24,712**
Unrealised changes in value of property	-	-10,269	-10,269	-		-10,269
Earnings before tax	**-11,098**	**-149,366**	**-160,464**	**174,906**		**14,443**
Current tax	-	-5	-5	-		-5
Deferred tax	-	24,421	24,421	-		24,421
Net profit/loss for the period	**-11,098**	**-124,950**	**-136,048**	**174,906**		**38,859**

NOTES TO PRO FORMA INCOME STATEMENT JANUARY–JUNE 2017

1. Based on the Crown Energy Group's unaudited consolidated accounts for the interim period 1 January–30 June 2017.

2. Based on unaudited internal financial reports for the ESI Group for 1 January–30 June 2017. The following average exchange rates have been used when converting the income statement:
   a. from USD to SEK at a USD/SEK exchange rate of 8.8638
   b. from AOA to SEK at an AOA/SEK exchange rate of 0.05343

3. An adjustment has been made in the pro forma income statement to exclude all external transaction costs related to the Reverse Acquisition that arose before the takeover date, and that consequently are instead considered to be part of the acquisition analysis.
   External transaction costs amounting to SEK 321 thousand are included in the 1 January–30 June period in the Crown Energy Group's income statement.

4. In connection with the takeover date on 30 June 2017, the difference between Crown Energy's market value on the acquisition date (share price on acquisition date multiplied by number of shares before the issue of class C shares) and the carrying amount of Crown Energy's identifiable assets and liabilities was recognised in the income statement in the Company's interim report for 1 January–30 June 2017 as a cost of SEK 178,586 thousand resulting from the Reverse Acquisition. Since the cost has already been recognised in the pro forma income statement for 2016, the cost is reversed in 2017.

Auditor's report regarding pro forma statements

pwc

This is a literal translation of the Swedish original report included in RevR 5

The Auditor's Report on Pro Forma Financial Information

To the Board of Directors in Crown Energy AB (publ), Company registration no. 556804-8598

The Auditor's Report on Pro Forma Financial Information

We have audited the pro forma financial information set out on pages 52-55 in Crown Energy AB (publ) prospectus dated 13 October 2017.

The pro forma financial information has been prepared for illustrative purposes only to provide information about how the acquisition of the shares of ESI Group might have affected the consolidated balance sheet for Crown Energy AB (publ)as of 31 December 2016 and/or the consolidated income statement for Crown Energy AB (publ) for the period 1 January 2016 to 31 December 2016

The Board of Directors' responsibility

It is the Board of Directors' and the Managing Director's responsibility to prepare the pro forma financial information in accordance with the requirements of the Commission Regulation (EC) No 809/2004.

The auditor's responsibility

It is our responsibility to provide an opinion required by Annex II item 7 of Prospectus Regulation 809/2004/EC. We are not responsible for expressing any other opinion on the pro forma financial information or of any of its constituent elements. In particular, we do not accept any responsibility for any financial information used in the compilation of the pro forma financial information beyond that responsibility we have for auditor's reports regarding historical financial information issued in the past.

Work performed

We performed our work in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses*. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Crown Energy AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the historical information, assessing the evidence supporting the pro forma adjustments and discussing the pro forma financial information with the management of the company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to obtain reasonable assurance that the pro forma financial information has been compiled on the basis stated on pages 52-53, and in accordance with the accounting principles applied by the company.

Opinion

In our opinion the pro forma financial information has been properly compiled on the basis stated on pages 52-53 and in accordance with the accounting principles applied by the company.

Stockholm, 13 October 2017

Öhrlings PricewaterhouseCoopers AB

Bo Lagerström

Authorised auditor

Capital structure and other financial information

The tables in this section provide information about Crown Energy's equity and net indebtedness as of 31 July 2017. See section "The share, share capital, and ownership structure" for further information about Crown Energy's share capital and shares. The tables in this section should be read together with the "Selected historical financial information" section.

EQUITY, LIABILITIES, AND NET INDEBTEDNESS

As of 31 July 2017, equity amounted to SEK 663,847 thousand, of which share capital amounted to SEK 13,107 thousand. As of 31 July 2017, Crown Energy had no pledged assets and SEK 102,863 thousand million in contingent liabilities. The contingent liability is linked to an additional purchase price for Block 2B in South Africa and has been accounted to the maximum amount that may be paid at the time of adjustment.

The table for net indebtedness below includes both interest-bearing and non-interest-bearing current and non-current liabilities. For further information about the Reverse Acquisition, please refer to the sections *"Background and reasons"* and "*Pro forma financial statements*".

EQUITY AND LIABILITIES AMOUNTS IN SEK THOUSAND	2017-07-31
Total current liabilities	**58,943**
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	58,943
Total non-current liabilities	**119,752**
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	119,752
Equity	**678,760**
Share capital	13,107
Legal reserve	-23,943
Other contributed capital	720,823
Total capitalisation	**857,455**

NET INDEBTEDNESS (SEK THOUSAND)	2017-07-31
A) Cash	49,634
B) Cash equivalent	-
C) Trading securities	-
D) Total liquidity (A)+(B)+(C)	**49,634**
E) Current financial receivables	22,855
F) Current bank debt	-
G) Current portion of non-current debt	-
H) Other current financial debt	9,995
I) Total current financial debt (F)+(G)+(H)	**9,995**
J) Net current financial indebtedness (I)–(E)–(D)	**-62,494**
K) Non-current bank loans	-
L) Bonds issued	-
M) Other non-current loans	101,680
N) Non-current financial indebtedness (K)+(L)+(M)	**101,680**
O) Net financial indebtedness (J)+(N)	**39,186**

FINANCING

On 31 July 2017, the Company had interest-bearing liabilities amounting to SEK 106,621 thousand, which was related to finance leases of properties. In addition, the Company had non-interest-bearing liabilities of SEK 5,054 thousand. The Company's cash amounted to SEK 49,634 thousand.

WORKING CAPITAL

It is the Company's opinion that the existing working capital is sufficient for the Group's present requirements in the forthcoming twelve-month period as of the date of the Prospectus.

CASH FLOW

Cash flow from operating activities amounted to SEK -11,202 thousand (-8,533) for the full-year 2016. Cash flow from operating activities can vary significantly between quarters and years, which makes it difficult to compare the periods. However, a large part of the variation can be explained by the fact that the Reverse Acquisition led to higher expenses in 2016.

Cash flow from investing activities in full year 2016 amounted to SEK -12,203 thousand (-28,695). A loan was granted to ESI Group SA in the amount of SEK 9,097 thousand in in the last quarter of 2016. There was an outflow of SEK -24,947 thousand in the comparative period of 2015 due to the acquisition of Simbo Petroleum No.2 Ltd. Cash flow otherwise consists of investments amounted to SEK 3,106 thousand (28,702) in exploration assets. Net cash flow from financing activities for full year 2016 (2015) amounted to SEK 49,790 thousand (2,685). The positive cash flow from financing activities can be explained by three directed issues in a total of SEK 74,000 thousand, issue costs of SEK -8,743 thousand, repayment of convertible loans (including interest) amounted to SEK -13,817 thousand, and repayments of SEK -1,650 thousand for loans to related parties.

INVESTMENTS

Investments after 31 December 2016

In addition to the information provided in the section "*Background and reasons*" in relation to the Reverse Acquisition, the Company has not made any significant investments from 31 December until the date of the Prospectus.

Investments in 2016 and 2015

At 31 December 2016, exploration and evaluation assets amounted to SEK 187,370 thousand. The net change in exploration and evaluation assets totalled SEK 10,925 thousand (68,879). The change partially consists of new capital expenditures in the period in the amount of SEK 4,470 thousand (8,532) and translation and revaluation effects in the amount of SEK 9,263 thousand (5,099). In addition, the value of the Block 2B asset in South Africa decreased by SEK 2,808 thousand in 2016 due to the farm-out to Africa Energy. This is a result of Africa Energy having covered historical costs with the same amount. These assets increased in 2015 by SEK 55,355 thousand due to the acquisition of Simbo Petroleum No.2. The aforementioned translation and revaluation effects are due to the fact that some of the assets were acquired in USD and were translated to the closing rate and the fact that some of the subsidiaries have the USD as their functional currency. Because of the major changes that occurred over the past years in the rate between SEK and USD, the translation and revaluation effects between the periods were significant and affect the assets by increasing or decreasing them. These effects do not affect cash flow.

Ongoing and approved future investments

In addition to the information provided in the *Background and reasons* section in relation to the Reverse Acquisition, the Company does not have any ongoing investments nor has it resolved on any future investments.

NON-CURRENT ASSETS

Investment property has decreased after 31 December 2016 and the changes comprise investments of SEK 6,075 thousand, unrealised changes in value of SEK -12,740 thousand, and exchange rate effects of SEK -40,951 thousand. The changes in value are partly attributable to the fact that some agreements with landowners have not been extended, along with changes in rental agreements with tenants in connection with the transfer between the companies ESI Angola Lda to YBE Imobiliária Lda.

SIGNIFICANT CHANGES TO CROWN ENERGY'S FINANCIAL SITUATION OR TRADING POSITION AFTER 31 DECEMBER 2016

In addition to the information provided about the Reverse Acquisition in the *Background and reasons* section, no significant changes have occurred in Crown Energy's financial situation or trading position after 31 December 2016, which relates to the period for which the most recent audited financial information was published.

The share, share capital, and ownership structure

SHARE CAPITAL

The Company has issued two types of share: ordinary shares and class C shares. According to Crown Energy's Articles of Association adopted at the extraordinary general meeting on 12 May 2017, the issued share capital should be no less than SEK 4,277,264 and no more than SEK 17,109,056. The minimum number of shares is 145,487,301 and the maximum is 581,949,204. The number of shares of each type may not exceed the maximum number of shares in the Company. Ordinary shares confer ten votes and class C shares confer one vote at general meetings. Class C shares do not entitle the holder to dividends or to a share of the Company's assets at dissolution of the Company.

Crown Energy shares are denominated in SEK and are issued in accordance with Swedish law. Rights associated with the shares may only be amended in accordance with the procedures specified in the Swedish Companies Act (2005:551). As of the date of the Prospectus, Crown Energy's share capital totals SEK 13,106,778 allocated over a total of 445,815,350 shares. The quotient value per share in the Company is approximately SEK 0.0294. There are no shares in the Company that do not represent the capital, and the Company does not hold any treasury shares.

All issued shares are fully paid and freely transferable. The Company's shares are not subject to offers submitted on the basis of mandatory bid, redemption right, or redemption obligation. No public takeover bids have been submitted as regards the Company's shares during the current or previous financial years.

Apart from the difference in votes, class C shares are subject to certain terms and conditions that differ from ordinary shares. The class C shares were issued as a consequence of the Reverse Acquisition. The Company has converted 353,267,971 of the total of 363,401,823 class C shares issued into ordinary shares. The remaining class C shares will be cancelled. For further information, please refer to the section *"Background and reasons"*. The class C shares are not admitted for trading on NGM Equity nor will they be subject to admission for trading on NGM Equity.

Share capital trend

Details are provided below of the share capital trend in the Company for the period covered by the historical financial information in the Prospectus.

		NUMBER OF SHARES (ORDINARY AND CLASS C SHARES)		SHARE CAPITAL (SEK)	
REGISTRATION DATE	EVENT	CHANGE	TOTAL	CHANGE	TOTAL
2017-10-10	Conversion of class C shares[1]	-10,133,852	417,671,939	-297,930.86	13,106,778.21
2016-12-22	New share issue[2]	363,401,823	427,805,791	10,683,856.21	13,404,709.07
2016-06-30	New share issue	31,500,000	64,403,968	926,086.36	2,720,852.86
2016-04-07	Exchange of convertibles	6	32,903,968	0.17	1,794,766.50
2016-02-16	New share issue	5,000,000	32,903,962	146,997.84	1,794,766.33
2016-02-16	New share issue	500,000	27,903,962	14,699.78	1,647,768.49
2015-07-08	New share issue	1,475,229	27,403,962	43,371.10	1,633,068.71
2015-05-19	New share issue	3,903,903	25,928,733	114,773.05	1,589,697.61
2015-05-18	New share issue	21,924,830	22,024,830	644,580.51	1,474,924.56
2015-01-23	Exchange of convertibles	100,000	100,000	830,344.05	830,344.05

[1] Through a written request submitted to the Board of Directors on 23 August 2017, YBE Ventures called for a conversion of 353,267,971 class C shares to ordinary shares in the Company in accordance with § 7 of the Company's articles of association. The Board of Directors resolved on 5 October 2017 to approve and execute the conversion, and register the conversion with the Swedish Companies Registration Office and Euroclear. At the same time, the Board of Directors resolved on the reduction of the Company's share capital, approximately SEK 297,930.86, through the redemption of 10,133,852 class C shares in accordance with § 8 in the Company's articles of association. Against this background, the Board of Directors decided to immediately transfer an amount equivalent to approximately SEK 297,930.86 from the Company's non-restricted equity to the Company's statutory reserve in accordance with ch. 20, sec. 33 in the Swedish Companies Act. The redemption price according to § 8 in the Company's articles of association amounted to a total of approximately SEK 0.028.

[2] The shares issued were used for the Reversed Acquisition ESI Group SA. The shares were converted into ordinary shares on 10 October 2017. For further information on the Reversed Acquisition, please refer to the section *"Background and reasons"*.

OWNERSHIP STRUCTURE

In Sweden, the lowest threshold for notifiable holdings (flagging obligation) is five per cent of all shares or of the votes for all shares. All shareholders with holdings exceeding five per cent of the shares in the Company or five per cent of the voting rights for all shares as of 30 September 2017 are listed below, including subsequent known changes and the change in the ownership structure after the Reverse Acquisition.

SHAREHOLDER	NUMBER OF SHARES	% OF OWNERSHIP	NUMBER OF VOTES	PERCENTAGE OF VOTES (%)
Yoav Ben-Eli, via company[1]	353,267,971	79.2	3,532,679,710	79.2
Cement Fund SCSp	31,500,000	7.1	315,000,000	7.1
Other shareholders	**61,047,379**	**13.7**	**610,473,790**	**13.7**
Total number of shares	**445,815,350**	**100.0**	**4,458,153,500**	**100.0**

[1] The shares are owned by YBE Ventures Ltd, which is controlled by Yoav Ben-Eli.

Shareholder agreements

As far as the Company's Board of Directors is aware, there are no shareholders' agreements or other agreements between the Company's shareholders that are intended to jointly influence the Company. Nor is the Company's Board of Directors aware of any agreements or similar undertakings that could lead to changes in control over the Company, other than the below stated in the section *"Share-based incentive programmes, outstanding warrants and convertible loans"*.

Lock-up

Yoav Ben-Eli, Board member and Crown Energy's largest shareholder, has entered into a lock-up commitment vis-a-vis the Company regarding his ordinary shares arising from the conversion of class C shares. The lock-up commitment means that Yoav Ben-Eli, from 30 June 2017 and for a period of 24 months, may only sell up to a maximum of ten per cent of his shareholding. It will not be possible to divest the remaining shares without consent from the Company for a period of 24 months.

STOCK EXCHANGE

Since 28 December 2012, all of the Company's ordinary shares are traded on the NGM Equity, which is a regulated market, under the ticker CRWN with ISIN code SE0004210854. The 353,267,971 ordinary shares that have been issued since the conversion of class C shares as a consequence of the Reverse Acquisition will be subject to admission for trading on NGM Equity.

AFFILIATION WITH EUROCLEAR SWEDEN

Crown Energy is a central securities depository (CSD) company and the Company's shares are to be registered in a CSD register under the Swedish Financial Instruments Accounts Act (1998:1479). The Company and its shares are affiliated with the securities system of Euroclear Sweden, address PO Box 7822, 103 97 Stockholm, as the central securities depository and clearing organisation. Instead of issuing physical certificates to shareholders, transactions are done electronically by registering with the CSD system of an authorised bank or other investment managers.

DIVIDEND POLICY

Over the next few years, Crown Energy's Board of Directors does not intend to propose a dividend. For now, any profits are reinvested in order to expand the business. The timing and amount of any future dividends are proposed by the Board. In consideration of future dividends, the Board will weigh factors such as the requirements that the nature, scope, and risks of the business place on the Company's equity, its need to strengthen the balance sheet, its liquidity, and its financial position.

Crown Energy does not apply any restrictions or special procedures with respect to cash dividends to shareholders residing outside Sweden. With the exception of any limitations resulting from banking and clearing systems, pay-out will take place in the same way as for shareholders residing in Sweden for tax purposes. For shareholders who are not resident in Sweden, Swedish withholding tax is not normally charged. There are no rights, except the right to dividends, to share in the Company's profits. Crown Energy has not yet paid any dividends, nor is there any guarantee for any given year that a dividend will be proposed or resolved on by the Company.

SHARE-BASED INCENTIVE PROGRAMMES, OUTSTANDING WARRANTS, AND CONVERTIBLE LOANS

The Company does not have any active incentive programmes. In connection with the directed share issue in the spring of 2016, a total of 31.5 million warrants were issued to Cement Fund SCSp. Each warrant entitles Cement Fund SCSp to subscribe for one new ordinary share at SEK 2 per share until and including 24 May 2018. In the event that Cement Fund SCSp exercises its warrants and subscribe for additional ordinary shares, an additional amount of SEK 63 million would be raised for the Company. In the event that Cement Fund SCSp exercises all warrants, their ownership would amount to 63,000,000 ordinary shares and 630,000,000 votes in Crown Energy. A dilution of 6.60 per cent of the votes and shares in the Company will arise if all warrants are fully exercised.

As of the date of the Prospectus, the Company has no outstanding convertible loans.

Board of Directors, senior executives, and auditors

BOARD

Crown Energy's Board of Directors is made up of four individuals, including the Chairman of the Board, and its registered office is in Stockholm. The members of the Board are elected annually at the annual general meeting for the period extending up until the next annual general meeting.

Pierre-Emmanuel Weil (born 1981)

Chairman of the Board since May 2016.

Pierre-Emmanuel Weil was elected to the Board at the annual general meeting on 4 May 2016. He has a degree in finance from HEC in Paris, as well as a two-year law degree from Paris XI University. From 2004 until 2008, Pierre-Emmanuel Weil worked at BNP Paribas in their leveraged finance department with commercial and financial due diligence processes, analysed investment opportunities, and was responsible for major buy-outs.

Pierre-Emmanuel founded Weil Investissement in Paris in 2009, which is involved in wealth management, structuring of private funds, and other private investment consulting services among other things. In 2016, Pierre-Emmanuel Weil established Cement Fund SCSp via Weil Investissment, the purpose of which is to invest in oil and gas assets. Besides Weil Investissment, Pierre-Emmanuel Weil has been a board member and shareholder in the football club Racing Club De Strasbourg Alsace since 2012.

As of the date of the Prospectus, Pierre-Emmanuel Weil does not personally own any shares in Crown Energy. However, Pierre-Emmanuel Weil is responsible for Cement Fund SCSp, which holds 31,500,000 ordinary shares in Crown Energy, and is thus not independent of major shareholders.

In addition to his duties for Crown Energy, Pierre-Emmanuel Weil is involved in the following companies as stated:

COMPANY	POSITION
Cement Fund SCSp	Head director
Weil Investissment	CEO and shareholder
Racing Club de Strasbourg Alsace	Board member and shareholder

Over the past five years, Pierre-Emmanuel Weil has not worked or completed any assignments for any other companies.

Alan Simonian (born 1966)

Board member since 2011

Alan Simonian was the Company's Chairman of the Board from 2011 up until the 2016 annual general meeting. Alan Simonian received his law degree from Southampton University in 1988. He has been engaged by Crown Energy since 2011. Alan Simonian's primary duties involve developing the Company's oil and gas projects. He has worked on many different international projects, mainly in West Africa and South Africa. Alan Simonian's strength lies in participating at the start of oil and gas projects and subsequent ongoing project management. For example, he was involved in the start-up of Scotsdale Ltd, which received a number of licences in the North Sea. The company was later acquired by PA Resources AB. His many years of experience in the oil industry include founding and serving on the board of Simco Petroleum Management Ltd, a London-based oil services company, in 1996.

Alan Simonian resides in England. Alan Simonian is independent of major shareholders and at the date of the Prospectus owns, privately and via companies, 3,429,521 ordinary shares in Crown Energy.

In addition to his duties for Crown Energy, he is involved in the following companies as stated:

COMPANY	POSITION
Simco Petroleum Ltd	Shareholder
Simbo Petroleum No.2 Ltd	Board member
Fastnet Petroleum Ltd	Board member
Simbo Petroleum No.3 Ltd	Board member/shareholder

Over the past five (5) years, Alan Simonian has been working and completed assignments for the following companies:

COMPANY	POSITION
Whitehawk Ltd	Board member
Thombo Petroleum Ltd	Board member/shareholder
Simco Petroleum Ltd	Board member
Simbo Petroleum No.2 Ltd	Shareholder

Jean Benaim (born 1947)

Board member since 2016

Jean Benaim was elected to the Board at the annual general meeting on 4 May 2016. Jean Benaim attended Robespierre College, and has studied at the School of Economics and Statistics at Arts et Métiers, ParisTech.

Jean Benaim has been working with coffee and cocoa trading in Africa for more than 30 years. He was one of the first to begin exporting raw coffee and cocoa from Ivory Coast and Congo in his work for Sifca Group. Since 1983, Jean Benaim has been working for Intercafo S.A, which conducts international trading in coffee and cocoa, particularly from Ivory Coast. Between 2001 and 2007, Mr Benaim worked for the oil company Addax Petroleum, before the company was bought up by Sinopec Group. In his role, Jean Benaim was among other things responsible for contact with the oil ministry in Ivory Coast regarding the Espoir field. From 2007 up to the present day, Jean Benaim has been working for Sea-Invest, which is a group with subsidiaries that operates within the areas of port logistics and oil services in several African countries. Jean Benaim has been President and CEO of Sea-Invest in Ivory Coast and Sea-Invest Oil Services, and has also been a member of the board of Sea-Invest Afrique.

As of the date of the Prospectus, Jean Benaim does not own any shares in Crown Energy and is independent of both major shareholders and the Company.

In addition to his duties for Crown Energy, Jean Benaim is involved in the following companies as stated:

COMPANY	POSITION
Intercafo S.A	Board member and Deputy Chairman (Fr. Administrateur Vice-Président et Délégué)

Over the past five (5) years, Jean Benaim has been working and completed assignments for the following companies:

COMPANY	POSITION
Sea-Invest Afrique	Board member and Chairman of the Board (Fr. Administrateur et Président)
Sea-Invest Ivory Coast	President, CEO and Chairman of the Board (Fr. Président directeur général)
Sea-Invest Oil Services	President, CEO and Chairman of the Board (Fr. Président directeur général)

Yoav Ben-Eli (born 1970)

Board member since 2016

Yoav Ben-Eli is an entrepreneur with experience of construction projects in the oil and gas industry. Yoav Ben-Eli was elected to the Board in December 2016. Yoav Ben-Eli has built ESI Group into a well-run business with stable cash flows. His long career and personal relationships with directors of international oil and gas companies is an asset and will most certainly create opportunities for Crown Energy.

As of the date of the Prospectus, Yoav Ben-Eli owns 3,532,679,720 ordinary shares in Crown Energy and is not independent of major shareholders and the Company.

In addition to his duties for Crown Energy, Yoav Ben-Eli is involved in the following companies as stated:

COMPANY	POSITION
ESI Group SA	Board member
YBE Ventures Ltd.	Board member/owner
ESI East Africa Ltd	Board member
ESI – Engineering services international Angolda Lda	Shareholder

Over the past five (5) years, Yoav Ben-Eli has not worked or completed any assignments for any other companies.

SENIOR EXECUTIVES

Following are Crown Energy's senior executives, their backgrounds, qualifications, and year employed.

Andreas Forssell (born 1971)

CEO since 2015

Andreas Forssell has been engaged by Crown Energy since 2011. He has a business degree from the University of Stockholm, which he attended 1992-1996. In 2000, he received an MBA from Cass Business School in London. Andreas Forssell has 20 years of experience in various senior management positions, with a focus on oil and gas and other natural resources over the past 10 years, and considerable experience from international commerce. Before his involvement in Crown Energy, he was CEO of Tomsk Refining AB, 2009–2011. Prior to that, Mr Forssell worked as a business adviser in corporate finance and mergers and acquisitions. Andreas Forssell is independent of major shareholders.

As of the date of the Prospectus, Andreas Forssell owns 8,404,609 ordinary shares in Crown Energy, privately and via companies and through endowment insurance.

In addition to his duties for Crown Energy, Andreas Forssell is involved in the following companies as stated:

COMPANY	POSITION
Kopy Goldfields AB (publ)	Board member
Andreas Forssell AB	Board member and owner
AB Krasny Gold Fields	Board member
Crown Energy Iraq AB	Board member

Over the past five (5) years, Andreas Forssell has been working and completed assignments for the following companies:

COMPANY	POSITION
Play on TV Europe AB	Board member
H2DO AB	Deputy board member

Jenny Björk (born 1979)

CFO since 2015

Jenny has a business degree specialising in international economics from Linköping University, which she attended 1999–2005. Jenny Björk also studied economics in 2003 at Handelshochschule Leipzig (HHL) in Leipzig, Germany. From 2005 until 2012, Jenny Björk worked with auditing assignments at Deloitte and she gained accreditation as an auditor in January 2012.

As of the date of the Prospectus, Jenny Björk owns 44,750 shares in Crown Energy, privately and via companies.

Jenny Björk has no other assignments, nor has she had any for the past five years, besides those associated with her employment at Crown Energy.

Alan Simonian (born 1966)

COO since 2011

See description under the heading *Board* above.

Peter Mikkelsen (born 1953)

Chief geologist and exploration manager since 2011

Peter Mikkelsen has been engaged by Crown Energy since 2011. He has more than 30 years of experience in the oil industry, which includes more than 15 years in various management positions in exploration. He received his bachelor's degree in geology from Oxford University in 1976. After graduation, he worked at Carless Exploration Ltd, where he was primarily responsible for their onshore discoveries in the UK. After becoming exploration manager for Carless' US subsidiary, he moved back to Britain in 1998 where he became an employee of Brabant Petroleum Ltd. As exploration manager at Brabant Petroleum, he was involved in several discoveries in the North Sea, including Malory, Hannay, and Goldeneye. He was also involved in Brabant's European and Tunisian expansions. He left Brabant in 1999, and has since worked as a consultant. He concentrates primarily on developing exploration projects in which his main focus is on commercial and technical aspects, and on project implementation. For the last ten years, Peter Mikkelsen has worked on a wide range of international projects with significant experience in areas such as Africa, north-west Europe, the Mediterranean, the Caribbean, and the US. He is also a non-executive director at Kea Petroleum Plc since 2009 and an associate at Simco Petroleum Management since 2000.

At the date of the Prospectus, Peter Mikkelsen owns 100,000 shares in Crown Energy, privately and via companies. Mr Mikkelsen resides in England.

In addition to his duties for Crown Energy, he is involved in the following companies as stated:

COMPANY	POSITION
KEA Petroleum Plc	Board member
Simco Petroleum	Management Associate
Fastnet Ltd	Partner

Over the past five (5) years, Peter Mikkelsen has been working and completed assignments for the following companies:

COMPANY	POSITION
Rift Oil Plc	Board member

AUDITOR

Öhrlings PricewaterhouseCoopers AB, with Bo Lagerström (born 1966) serving as chief auditor.

The 2017 annual general meeting re-elected audit firm Öhrlings PricewaterhouseCoopers AB as Crown Energy's auditor until the end of the 2018 annual general meeting. The authorised public accountant Bo Lagerström was appointed as auditor in charge. Bo Lagerström is an authorised public accountant and a member of FAR SRS, Sweden's association for accountancy professionals.

OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

No Board members or members of Group Management have any familial connections to any other Board members or members of Group Management. There are no conflicts of interest or potential conflicts of interest between the Board members and senior executives' commitments to Crown Energy and their private interests and/or other commitments (however, several Board members and senior executives have certain financial interests in Crown Energy resulting from their direct or indirect shareholdings in the Company).

Andreas Forssell was previously a member of the Board of Play on TV Europe AB, which was declared bankrupt on 13 December 2013.

In addition to what has been stated above, none of the Board members or senior executives of Crown Energy have over the past five years (i) received a conviction in a fraud-related case; (ii) represented a company that has been declared bankrupt, gone into compulsory liquidation or undergone financial reconstruction; (iii) been the subject of accusations or sanctions from authorities or publicly regulated professional organisations; or (iv) been banned by a court of law from being a member of an issuer's administration, management, or control organisation, or from holding senior or managerial functions with an issuer.

The Board of Directors and senior executives of Crown Energy can be reached via the address of the Company given at the end of the Prospectus.

Corporate governance

Crown Energy is a Swedish public limited liability company with its registered office in Stockholm. The Company's ordinary shares are admitted to trading on NGM Equity, which is a regulated market. The corporate governance of Crown Energy is based on rules under Swedish law, the Company's listing agreement, the Company's guidelines and good practice on the stock market. Companies whose shares are admitted to trading on a regulated market are required to follow the Swedish Corporate Governance Code (the "**Code**"). Companies are not obliged to follow all the rules in the Code, but may choose alternative solutions that they consider to be better suited to their particular circumstances, provided any deviations are announced and that the alternative solution is described and the reasons explained (comply-or-explain principle) in the corporate governance report.

GENERAL MEETING

The annual general meeting is the Company's highest decision-making body. By law, the annual general meeting must be held within six months of the financial year-end. Decisions are made at the annual general meeting on such issues as adoption of the income statement and balance sheet, disposition of the Company's result, discharge of liability and election of Board members and auditors.

Notice to the annual general meeting, as well as to extraordinary general meeting where a proposal to change the articles of association will be handled, must be made no earlier than six and no later than four weeks before the meeting. Notice to any other general meeting must be made no earlier than six and no later than three weeks before the meeting. In order to attend and vote at the annual general meeting, shareholders must be entered in the share register maintained by Euroclear Sweden on Crown Energy's behalf no later than five weekdays before the meeting and must notify the Company of their participation as described in the notice. Shareholders may be represented by proxy.

NOMINATION COMMITTEE

The nomination committee is, amongst other things, to present proposals to the annual general meeting for election of the Chairman of the Board, Board members, remuneration to Board members, and if applicable, proposals regarding election and remuneration of the auditor. Principles for appointing a nomination committee are resolved on the annual general meeting.

Crown Energy has never had a nomination committee, which is a deviation from the Code's rules for corporate governance. The background to the deviation is that the Company did not consider a nomination committee to be necessary in view of the composition of the shareholdings in the Company. Before the 2017 annual general meeting, Crown Energy consulted with the main shareholders and it was decided that a nomination committee is currently not necessary in view of the composition of shareholdings in the Company. If any significant changes in the shareholding in the Company, the the appointment of a nomination committee may need to be considered and Crown Energy's intention is to keep an ongoing dialogue with the main shareholders on this issue.

BOARD OF DIRECTORS

The Board of Director's work is conducted in accordance the Swedish Companies Act, the Code, and other rules and regulations applicable to the Company. In 2016, the Board convened on 13 occasions. The Board's main responsibility is to manage the Company's affairs and organisation. The Board currently consists of four members. For additional information on the Board, see section *Board of Directors, senior executives, and auditors*.

Rules of procedure and Board meetings

At the inaugural Board meeting after the annual general meeting, the Board of Directors of Crown Energy adopts rules of procedure including instructions on the division of duties between the Board of Directors and the CEO and, instructions for the CEO as well as instructions for the financial reporting. The Board is convened to at least four ordinary meetings in addition to the inaugural meeting. The meetings are scheduled, to the extent possible, to coincide with financial reporting and the annual general meeting. Besides ordinary meetings, the Board of Directors gathers for additional meetings as required.

BOARD COMMITTEES

In accordance with the Companies Act and the Code, the Board must appoint an audit committee and a remuneration committee. However, Crown Energy has chosen not to appoint these committees for the reasons stated below.

Audit committee

An audit committee is responsible for preparing the Board's work by regarding quality assurance on financial reporting. Such preparation includes questions regarding internal control and compliance, checks on carrying amounts, estimates, judgements, and general information that may affect the quality of the financial reports. An audit committee holds regular meetings with the Company's auditor, sets out guidelines for the audit and other services from the auditor, evaluates the auditor and, if applicable, assists the nomination committee when electing an auditor and remuneration to the auditor.

Crown Energy has decided that the entire Board of Directors shall carry out the duties that would be conducted by an audit committee.

Remuneration committee

A remuneration committee is responsible for setting salaries and other remuneration for the CEO and guidelines for remuneration to senior executives, which are ultimately subject to adoption by the annual general meeting. Furthermore, a remuneration committee must undertake ongoing reviews of senior executives' employment terms and submit reports to the Board of Directors on this matter.

Crown Energy has decided that the entire Board of Directors shall carry out the duties that would be conducted by a remuneration committee.

REMUNERATION

Remuneration of the Board of Directors

Remuneration to the Board of Directors is determined by the annual general meeting. At the annual general meeting on 12 May 2017, it was decided that the Chairman of the Board's remuneration shall be SEK 150,000 for 2017 and that the remuneration of other board members not employed by the Company shall be SEK 75,000 each. In 2016, remuneration of SEK 150,000 was paid to the Chairman of the Board and SEK 75,000 to each of the other board members not employed by the Company.

Remuneration of senior executives

Decisions on the remuneration of the CEO are made by the Board.

CEO Andreas Forssell received SEK 130,000 per month until June. Andreas Forssell also receives pension benefits, which, as far as the Board can determine, are comparable to CEOs of companies that are similar to Crown Energy.

The other senior executives of Crown Energy are Jenny Björk, CFO, Alan Simonian, COO, and Peter Mikkelsen, Exploration Manager. Decisions regarding the remuneration of other senior executives are made by the CEO.

Between the Company and the CEO, CFO and COO, there is a notice period of 24 months for the Company and six months for the employee.

Apart from public pension plans, Crown Energy has no contracted pension benefits other than the pension benefits of the CEO, CFO and COO. Unless otherwise stated above, the Company has not entered into any agreement with members of the Company's administrative, management, or supervisory bodies that entitle such members to any benefits after termination of their assignments. The Company or its subsidiaries has no allocated or accrued amounts for pensions or similar benefits regarding board members or senior executives who resigned from their positions during the 2016 financial year.

Peter Mikkelsen performs his management obligations to the Company on a consultant basis and is hired as needed. In 2016, Peter Mikkelsen invoiced a total of GBP 6 thousand, which corresponds to SEK 76 thousand based at an average exchange rate for the year.

Remuneration of auditors

Remuneration to the auditor is paid in accordance with approved invoice. Remuneration paid to the auditor by the Group for the financial year 2016 amounted to SEK 730 thousand (464), of which SEK 718 thousand (444) pertained to audit engagements and SEK 12 thousand (20) was for other engagements. The audit assignment involves reviewing the Annual Report and bookkeeping along with the administration of the Board of Directors and CEO, other tasks incumbent upon the auditor to perform, and advice or other assistance prompted by observations made during the audit or the performance of other tasks. Everything else is considered other assignments.

Remuneration in 2016

ALL AMOUNTS IN SEK THOUSAND	BASE SALARY/ BOARD FEE	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION COSTS	OTHER REMUNERATION	TOTAL
Pierre-Emmanuel Weil (Chairman of the Board as of 2016 AGM)[1)]	100	-	-	-	-	100
Jean Benaim (Board member as of 2016 AGM)	50	-	-	-	-	50
Alan Simonian (Chairman up until 2016 AGM)[2]	50	-	-	-	-	50
Yoav Ben-Eli (As of EGM in December 2016)[3)]	-	-	-	-	-	0
Nick Johnson (From 2015 AGM until December 2016)[4]	75	-	-	-	-	75
Total Board of Directors	**275**	**0**	**0**	**0**	**0**	**275**
CEO, Andreas Forssell	1,613	-	-	445	-	2,058
Other senior executives, 2	1,510	-	-	185	-	1,695
Total senior executives	**3,123**	**0**	**0**	**630**	**0**	**3,753**
Total Board of Directors and senior executives	**3,398**	**0**	**0**	**630**	**-**	**4,028**

[1] Took office at the 2016 annual general meeting. The fee was paid for eight months

[2] The fee is for four months until the 2016 annual general meeting. Alan Simonian was subsequently employed by the Parent Company, resulting in that no fee will be paid thereafter. Alan Simonian's salary after that time is included in Other senior executives.

[3] Did not take office until late December 2016. Therefore, no fee will be paid for 2016.

[4] The fee for 2016 refers to four months until the 2016 annual general meeting and eight months until resignation in December.

Articles of association

ARTICLES OF ASSOCIATION CROWN ENERGY AB

Reg. no. 556804-8598

§ 1 Company name

The name of the company is Crown Energy AB. The company is a public company (publ).

§ 2 Registered office

The board of directors has its registered office in Stockholm county, municipality of Stockholm.

§ 3 Object of the company

The company shall carry out business within the oil and gas industry and real estate industry, manage real property and chattels and to conduct activities related to the aforementioned.

§ 4 Share capital

The share capital shall be at least SEK 4,277,264 and no more than SEK 17,109,056.

§ 5 Number of shares

The number of shares shall not be less than 145,487,301 and not more than 581,949,204.

§ 6 Share classes

Shares may be issued in two classes, ordinary shares and C shares. The number of shares of the respective class may correspond to the full number of shares in the company. Ordinary shares shall entitle to ten (10) votes each, and C shares shall entitle to one (1) vote each. C shares do not entitle to dividends or part of the company's assets upon the company's dissolution.

Should the company resolve on an issue of new ordinary and class C shares, against other payment than contribution in kind, each holder of ordinary and class C shares has preferential rights to subscribe for new shares of the same class in proportion to the number of shares already held by such holder (primary preferential rights). Shares not subscribed for with primary preferential rights shall be offered for subscription to all shareholders in the company (subsidiary preferential rights). If the number of shares so offered is less than the number subscribed for with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of already shares held, or, to the extent that this is not possible, by the drawing of lots.

Should the company resolve on an issue solely of ordinary shares or class C shares, against other payment than contribution in kind, all shareholders, irrespective of which class of shares held, are entitled to preferential rights to subscribe for new shares in proportion to the number of shares previously held.

The stipulations regarding preferential rights shall apply mutatis mutandis for new issues of warrants and convertible debt, and shall not infringe on the possibility to resolve on an issue in which the preferential rights of shareholders are waived.

If the share capital is increased by a bonus issue, where new shares are issued, new shares shall be issued in relation to the number of shares of the same classes already held. In such cases, old shares of a specific class shall entitle to new shares of the same class. Following a requisite amendment in the articles of association, the aforementioned stipulation shall not infringe on the possibility to issue shares of a new class by a bonus issue.

§ 7 Conversion of C share

As of the day, however not later than 30 June 2017, when the company has acquired the all shares of ESI Group S.A., reg. no. B 179346, from YBE Ventures Ltd, reg. no. C 62356 (the "**Transaction**"), the board of directors shall resolve to convert C shares to ordinary shares after request from a holder of C shares.

The number of C shares that may be converted shall correspond to a conversion ratio based on, after the Transaction, an agreed value of the respective party, where the company's value will be based on SEK 2.50 per C share and the shares of ESI Group S.A. will be based on a valuation of maximum SEK 908,504,559. One (1) C share entitles to one (1) ordinary share. The conversion ratio is to be established in accordance with the share purchase agreement entered into between the parties no later than 31 July 2017, or if the parties do not agree on the conversion ratio by 31 July 2017, the date when the accounting expert, in accordance with the share purchase agreement, establishes the final purchase price for the shares of ESI Group S.A.

A request for conversion shall be made in writing and shall have been received by the company's board of directors no later than on 10 August 2017, or no later than ten (10) business days after the purchase price has been established in accordance with the above. Thereafter, the board of directors shall immediately submit a notification to the Companies Registration Office for the registration of the conversion. The conversion shall be executed at the time for registration and when it has been noted in the Central Securities Depositary Register.

§ 8 Redemption of C share

Reduction of the share capital, however not below the minimum share capital, may be resolved by the company's board of directors or general meeting, by redemption of C shares. A resolution regarding the reduction of the company's share capital in accordance with this section may not take place before 31 July 2017. The redemption price per C share shall be SEK 1/363,401,823 .

When a resolution on reduction has been passed, an amount corresponding to the reduction amount shall be transferred to the company's equity reserves, if the required funds are available.

Following notice of the redemption resolution, holders having requested redemption shall promptly receive payment for the share, or, if authorization from the Swedish Companies Registration Office or a court is required, following notice that the final decisions have been registered.

§ 9 Board of directors

The board of directors shall consist of a minimum of 3 and a maximum of 10 directors, with a maximum of 5 deputy directors.

§ 10 Auditor

For the review of the company's annual report as well as the management pursued by the board of directors and the managing director, one to two auditors with up to two deputy auditors, or a registered accounting firm shall be appointed until the end of the next annual general meeting after the auditor was elected.

§ 11 Convening of a general meeting

Notice of a general meeting of shareholders shall be published in the Official Swedish Gazette as well as on the company's website. An announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

§ 12 Notice to attend at general meetings

Right to attend in a general meeting is a shareholder that has been recorded in the share register in the way prescribed in Ch. 7 Sec. 28 § 3 the Swedish Companies Act and given notice to the company not later than on the day mentioned in the notice convening the meeting. This day may not be a Sunday, any other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not be earlier than the fifth business day before the Meeting.

A shareholder attending a general meeting may be accompanied by advisers, no more than two, only if the shareholder has given the company notice of his intentions to bring an adviser in accordance with the section above.

§ 13 Annual general meeting

The annual general meeting shall be held annually within six (6) months after the end of the financial year. At the annual general meeting, the following matters shall be considered:

1. Election of chairman of the meeting.
2. Appointment of the keeper of the minutes.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or more persons to certify the minutes.
6. Examination of whether the meeting has been properly convened.
7. Presentation of the annual report and the auditors' report and the group annual report and the group auditor's report.
8. Resolution
   (a) regarding adoption of income statement and balance sheet and the group income statement and the group balance sheet,
   (b) decision regarding the profit or loss of the company in accordance with the adopted balance sheet, and
   (c) discharge from liability of the board of directors and the managing director.
9. Determination of the number of directors and any deputy directors, and if applicable, auditors and any deputies.
10. Determination of fees to the board of directors and to the auditors.
11. Election of the board of directors and any deputy directors and, if applicable, auditors and any deputies.
12. Any other matter to be dealt with by the meeting according to the Swedish Companies Act or the articles of association.

§ 14 Financial year

The fiscal year of the company shall be 0101-1231.

§ 15 Central Securities Depository registration

A shareholder or nominee that is registered in the share register and a CSD register on the record date, in accordance with Ch. 4 the Central Securities Depositories and Financial Instruments Accounts Act (SFS 1998:1479), or registered in a CSD account pursuant to Ch. 4 Sec. 18 first § item 6-8 of the aforementioned act, is deemed to have the right to exercise the rights stipulated in Ch. 4 Sec. 39 the Swedish Companies Act (SFS 2005:551).

§ 16 Post-sale purchase right

If title to a C share has been transferred to a new owner, the share shall immediately be offered to the other shareholders for pre-emption through a written notification to the board of directors of the company. In this connection, the acquisition of the C share must be verified and if the share has been transferred by way of purchase, information must be provided regarding the purchase price.

The pre-emption offer may comprise fewer than all C shares covered by offer.

Where a C share has been offered for pre-emption, the board of directors shall notify all shareholders immediately and in writing, requesting those wishing to exercise their right of pre-emption to give notice in writing to the company within two months from the board of directors' receipt of the notice of the transfer of the share.

Should several persons register for pre-emption, the priority right between them shall be decided by the drawing of lots, executed by the notary public, provided however that if several C-shares have been offered for pre-emption at the same time, the shares shall in the first place, and to the extent possible, be distributed among those who wish to exercise their right of pre-emption pro rata to their previous shareholdings.

The amount to be paid for each pre-empted C share shall be SEK 1/363,401,823 . The purpose of the size of the amount to be paid for each pre-empted C shares is to reduce the transferability of the C share.

No other terms shall apply for the right of pre-emption.

Also other disputes than regarding the pre-emption price will be decided in accordance with the applicable act on arbitration.

If the purchaser and the person who has requested the right of pre-emption cannot agree on the pre-emption, the person who has requested the right of pre-emption shall, in writing, initiate arbitration within two months from the day the request to exercise the right of pre-emption was made to the company.

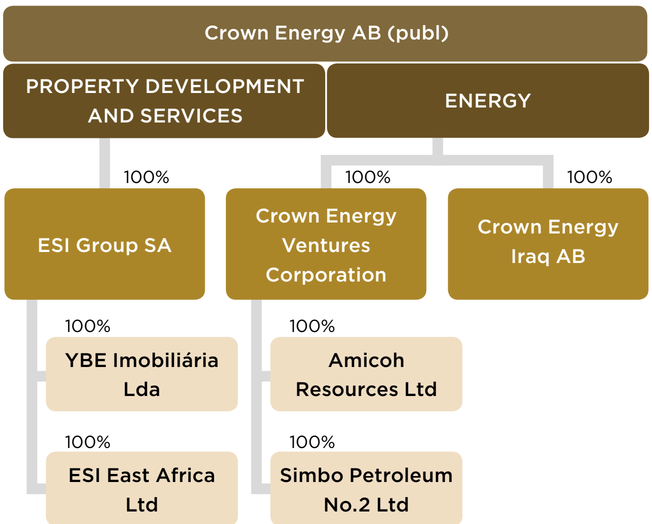
If no shareholder declares its intent to exercise its right of pre-emption within the prescribed time period, or if the price for the pre-empted share has not been paid within one month after the later of (a) when the time to exercise pre-emption has expired or (b) when the price was duly determined, the person who offered the C shares for pre-emption is entitled to be registered as shareholder.

These articles of association have been adopted at the extra general meeting on 12 December 2016.

Legal considerations and supplementary information

LEGAL STRUCTURE

Crown Energy is a Swedish public limited liability company, established in Sweden, and registered with the Swedish Companies Registration Office on 14 April 2010. The Company's corporate reg. no. is 556804-8598 and its domicile is in Stockholm, Sweden. The Company conducts its operations in accordance with the Swedish Companies Act (2005:551). An illustration of the Company's legal group structure is provided below:



DISPUTES AND LEGAL PROCESSES

Crown Energy is not and has not been party to any legal or arbitration proceedings during the past twelve months that have recently had or could have a significant impact on Crown Energy's financial position or profitability, including not yet determined matters or such matters that the Company is aware may arise.

TRANSACTIONS WITH RELATED PARTIES

Related parties are all subsidiaries within the Group, along with senior executives in the Group, i.e. the Board of Directors and senior executives of the Group and their family members. Transactions with related parties refer to these persons' transactions with the Group. The governing principles for what constitutes a related-party transaction are detailed in the regulatory framework IAS 24.

Purchase of services

Peter Mikkelsen works in his management position under a consultancy agreement. His services are purchased on normal commercial terms and he invoices regularly for services rendered. Peter Mikkelsen invoiced for a total of GBP 4.7 thousand in 2017.

Crown Energy also purchases technical consulting services from Simco Petroleum Ltd. ("**Simco**"). Alan Simonian, a board member and an employee of Crown Energy, currently owns 33 per cent of Simco. Services from Simco are purchased on normal commercial terms. Simco has invoiced a total of USD 60 thousand during 2017. Since the Reverse Acquisition took place on 30 June 2017, invoiced costs have not affected the joint new group's income statement during the period. Certain invoiced costs are included in the exploration costs capitalised in the balance sheet in 2017.

Receivables from ESI Angola

According to the acquisition agreement for ESI Group, all financial rights and obligations from properties and leases would accrue to YBE Imobiliária as of 1 January 2017. Owing mainly to prepaid rent in 2016 for 2017, this resulted in YBE Imobiliária Lda acquiring a receivable from ESI Angola Lda. At 30 June 2017, the receivable amounted to the equivalent of SEK 22,855 thousand and carries a marketable interest rate. ESI Angola Lda is controlled by Crown Energy's largest shareholder and board member Yoav Ben-Eli.

Other transactions

In December 2016, Crown Energy AB provided a short-term loan to ESI Group SA as part of the ongoing acquisition of ESI Group. The loan amounted to USD 1 million and carries an interest rate of 7 per cent per annum. ESI Group is controlled by Crown Energy's largest shareholder and board member Yoav Ben-Eli. The income statement for 1 January–30 June includes interest expenses for this loan, i.e. for the period up until the takeover date. In the balance sheet the loan is charged against the corresponding receivable with Crown Energy AB.

Besides the remuneration to the Board of Directors and senior executives described in the section "*Board of Directors, senior executives, and auditor*", and the transactions detailed above, no other transactions between board members or other related persons and subsidiaries have occurred during the 2015 and 2016 financial years, and for the subsequent period up until the date of the Prospectus.

MATERIAL AGREEMENTS

Acquisition agreement, ESI Group SA

On 9 November 2016, Crown Energy entered into an agreement with YBE Ventures to acquire all shares in ESI Group. The shares were taken in possession on 30 June 2017. The consideration was set at SEK 883,170 thousand via a supplementary agreement on 23 August 2017. The consideration was initially paid by the Company via a directed issue of 363,401,823 class C shares to YBE Ventures in December 2016. According to the terms of the acquisition agreement, and based on the established consideration, 353,267,971 of these class C shares were converted into ordinary shares in the Company on 10 October 2017. The remaining class C shares were redeemed by the Company on 10 October 2017, whereby the share capital decreased with approximately SEK 297,930.86 and the redemption price amounted to SEK 0.028.

ESI Group owns all shares in the newly formed Angolan company YBE Imobiliária and the Mauritian company ESI East Africa (a shell company at the date of the Prospectus). The operations that were historically conducted in a private company in Angola, ESI Angola, were transferred, in accordance with the acquisition agreement, to YBE Imobiliária before Crown Energy took possession of the ESI Group shares.

Acquisition agreement and supplementary agreement regarding Manja Block 3108 (Madagascar) – Amicoh Resources Limited

Crown Energy Ventures Corporation in its capacity as buyer and a British Virgin Island company as seller entered into an agreement on 5 August 2011, and a supplementary agreement in November 2011, regarding the acquisition of all shares in Amicoh Resources Limited, also a British Virgin Island company. Crown Energy Ventures Corporation paid the seller an initial consideration in connection with the completion of the acquisition. An additional consideration of USD 4,000 thousand may be paid in cash to the seller, depending on whether the project is found to contain commercial discoveries.

The Company guarantees fulfilment of Amicoh Resources Limited's obligations under the agreement.

Acquisition agreement regarding part of Block P (Equatorial Guinea) – Crown Energy Ventures Ltd

Crown Energy Ventures Corporation in its capacity as buyer and a Norwegian company as seller entered into an acquisition agreement on 4 October 2011 regarding part of Block P – Offshore Rio Múni, Equatorial Guinea. Through the agreement, Crown Energy Ventures Corporation acquired the seller's (i) 5 per cent Participating Interest and 6.25 per cent Paying Interest, both concepts in accordance with the definitions in a joint operating agreement dated 9 August 2004 regarding Block P, and (ii) rights and obligations under a production sharing contract dated 3 April 2003 regarding Block P. The acquisition of Block P was completed in October 2012.

The acquisition agreement includes several additional considerations based on developments regarding the licence. The maximum additional consideration amounts to USD 9,600 thousand and is broken down as follows:

- **JOA Plan of Development Payment** – an additional consideration of USD 800 thousand falls due for payment in the event that all parties in the partnership approve a plan of development.
- **Development Payment** – an additional consideration of USD 1,600 thousand falls due for payment upon approval by authorities of the above-mentioned plan of development.
- **Production Payment** – an additional consideration of USD 3,200 thousand falls due for payment on first production.
- In the event that oil prices exceed USD 150 per barrel for a continuous period of 90 days during the first three production years, an additional consideration of USD 4,000 thousand is payable.

The buyer is entitled to choose between consideration in cash and a performance-based consideration in the form of newly issued shares in the Company.

The Company guarantees fulfilment of Crown Energy Ventures Corporation's obligations under the agreement.

Acquisition of Salah ad-Din (Iraq) – Crown Energy AB

On 18 November 2013, Crown Energy took possession of the Swedish limited liability company Crown Energy Iraq AB ("**Crown Iraq**"), previously Tigris Oil Sweden AB. The consideration consisted of newly issued Crown Energy shares via a non-cash issue. In addition to the newly issued shares, T Intressenter AB ("**TIAB**") also obtained a call option, which for a limited period entitled TIAB to buy back 250 shares in Crown Iraq. At takeover, this corresponded to 25 per cent of all shares in Crown Iraq. As an additional part of the agreement, a consortium agreement was signed with TIAB regarding board representation and management of Crown Iraq. According to the agreement, this would continue until September 2018. TIAB's call option expired in May 2016 and at the same time the consortium agreement was (mutually) cancelled. This means that there are no outstanding options in Crown Iraq, and Crown Energy is the sole owner of all shares in Crown Iraq. Therefore, the previous provision of SEK 6,204 thousand is no longer recognised in Crown Energy's balance sheet.

Earn-out agreement regarding Block 2B (South Africa) – Crown Energy Ventures Ltd

A separate agreement was signed in addition to the purchase agreement in connection with the acquisition of Simbo Petroleum No. 2 Ltd ("**Simbo No.2**"), which owns the interest in Block 2B. This agreement stipulates that additional consideration will be paid in the event that the licence results in production. This agreement was renegotiated in 2015 and 2016. The additional consideration will be paid to the sellers of Simbo No.2. The first payment is due upon the start of production. The amount of the payment depends on the oil price at the time of initial production. If oil prices are below USD 50 (minimum) at the start of production, the total payment will be SEK 66,828 thousand. The maximum additional consideration is SEK 102,813 thousand, provided that oil prices are and remain over USD 65. The payments will be made in instalments based on a share of Crown Energy's net revenue from the production.

The Company guarantees fulfilment of Crown Energy Ventures Corporation's obligations under the agreement.

PERMIT, LICENCES AND JOINT OPERATING AGREEMENTS

At the date of the Prospectus, Crown Energy holds four licences.

Salah ad-Din – Iraq

The Company has entered the following agreements regarding this licence:

- Production sharing contract for oil and gas has been concluded with the province of Salah ad-Din in Iraq.

Crown Energy is the operator and holds an exclusive right to perform work within the licensed area. There are no other external partners in the license and therefore there is no joint operating agreement. However, the province of Salah ad-Din may receive a share up to 40 per cent depending on certain contractual obligations. Refer to section "*Business overview*" for a further description.

Block P (PDA) – Equatorial Guinea

The Company has entered the following agreements regarding this licence:

- Production sharing contract for oil and gas
- Joint operating agreement with other partners in the licence. These are: GEPetrol (58.4 per cent) operator, Vaalco (31 per cent), Atlas Petroleum (Int.) Ltd. (5.6 per cent). Crown Energy's share is 5 per cent.

Block 2B – South Africa

The Company has entered the following agreements regarding this licence:

- Production sharing contract for oil and gas
- Joint operating agreement with other partners in the licence. These are: Africa Energy (90 per cent). Crown Energy's share is 40.5 per cent.
- In December 2015, Simbo Petroleum No.2 Ltd (group company Crown Energy) entered into a farm-out agreement with Africa Energy Corp. The agreement left Crown Energy with 10 per cent of the previous total share of 40.5 per cent, in exchange for Africa Energy paying for future drilling of the AJ prospect. Africa Energy also acquired the other partners' shares in the licence. As a result, Africa Energy also became the operator. In autumn 2016, the acquisition was approved by authorities in South Africa and following approval, Africa Energy holds 90 per cent and Crown Energy 10 per cent of the licence.

3108 Manja – Madagascar

The Company has entered the following agreements regarding this licence:

- Production sharing contract for oil and gas

Since Crown Energy holds 100 per cent of the licence, there is no joint operating agreement with other partners. Crown Energy is the operator.

INSURANCE

Crown Energy has the standard level of insurance cover for the industry and the Board of Directors believes that the Group's current insurance cover is satisfactory with respect to the nature and scope of the business.

INTELLECTUAL PROPERTY RIGHTS

Crown Energy is the owner of the domain names crownenergy.se and crownenergy.org, but in addition to this does not own any intellectual property rights besides those described under the section *"Material agreements"* above.

DOCUMENTATION AVAILABLE FOR INSPECTION

Annual reports and other information for certain domestic legal entities are submitted to the Swedish Companies Registration Office in accordance with Swedish rules and regulations. Note that there is no guarantee that the information contained in these documents provides any indication of Crown Energy's published earnings in all respects. Crown Energy also publishes annual reports, year-end reports, interim reports, press releases, and other information on its website, www.crownenergy.se.

In addition to the above, the following information is made available on the Company's website and at its head office, unless otherwise stated:

(i) Crown Energy's articles of association;
(ii) The Company's historical financial information covered by the Prospectus and its subsidiaries[1];
(iii) The Prospectus;
(iv) CPR issued by Bill Dunmore, Dunmore Consulting, dated 28 September 2017; and
(v) Valuation statement on the Company's property portfolio dated 26 June 2017.

[1] Subsidiaries' annual reports are only available at the Company's head office.

Documents incorporated by reference

Investors should read all the information incorporated into the Prospectus by reference and the information to which reference is made should be read as part of the Prospectus. The information stated below as part of the following documents should be considered incorporated into the Prospectus by reference. Copies of the Prospectus and the documents incorporated by reference may be obtained from Crown Energy electronically via Crown Energy's website, www.crownenergy.se, or from the Company in paper format at the Company's head office. The Company's address can be found at the end of the Prospectus.

INCORPORATED DOCUMENTS	PAGE REFERENCE
Crown Energy's interim report for 1 January–30 June 2017	Consolidated statement of comprehensive income, p. 14 Consolidated statement of financial position, p. 17 Consolidated statement of changes in equity, p. 20 Condensed consolidated statement of cash flows, p. 21 Notes, p. 32-43 (except for Note 8 p. 42-43)
Auditor's report from Crown Energy's audited 2016 Annual Report.	p. 82-84
Auditor's report from Crown Energy's audited 2015 Annual Report.	p. 79
Competent Persons Report prepared by Dunmore Consulting on behalf of the Company.	In its entirety

Those parts of the documents that have not been incorporated by reference are either deemed not relevant to investors or can be found elsewhere in the Prospectus.

Tax considerations in Sweden

Below is a summary of certain Swedish tax issues related to the admission for trading of the shares in the Company on NGM Equity for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide general information only regarding the shares in the Company as from the admission for trading on NGM Equity.

The summary does not cover:

- *situations where shares are held as current assets in business operations,*
- *situations where shares are held by a limited partnership or a partnership,*
- *the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes),*
- *the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares,*
- *the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. investeraravdrag),*
- *foreign companies conducting business through a permanent establishment in Sweden, or*
- *foreign companies that have been Swedish companies.*

Further, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder to some extent depend on the holder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the admission for trading of the shares in the Company on NGM Equity, including the applicability and effect of foreign tax legislation (including regulations) and provisions in tax treaties for the avoidance of double taxation.

PRIVATE INDIVIDUALS

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains is taxed in the capital income category. The tax rate in the capital income category is 30%.

Capital gains or losses equal the difference between the proceeds, after reduction for sales costs, and the purchase price. The aggregate purchase price for all shares of the same kind and class is divided on the number of shares. As an alternative rule, applicable on listed shares, the purchase price may be calculated to 20% of the proceeds, after reduction for sales costs.

Capital losses on listed shares may be fully offset against taxable capital gains the same year on shares, as well as on listed securities taxed as shares (however not mutual funds (Sw. värdepappersfonder), or hedge funds (Sw. specialfonder) or funds containing Swedish receivables only (Sw. räntefonder)). Capital losses not absorbed by these set-off rules are deductible at 70% in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30% of the net loss that does not exceed SEK 100,000 and 21% of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30% is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

Private individuals who own shares through investment savings account (Sw. investeringssparkonto) are not taxed on capital gains on sale or dividends on such shares. Consequently, losses are not deductible. Tax is levied on a standard income, based on an assessed capital value of the investment savings account multiplied with the government loan interest, regardless of whether the investment savings account bears profit or loss. The tax is based on a standard income by multiplying the capital value with the government loan interest increased with 0.75 percentage points. However, the standard income shall be at least 1.25% of the capital base.

LIMITED LIABILITY COMPANIES

For limited liability companies (Sw. aktiebolag) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 22%.

Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilized during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from taxable capital gains on shares and other securities taxed as shares realised by another legal entity within the same company group, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this for a tax year having the same income tax return filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same income tax return filing date). Special tax rules may apply to certain categories of companies or certain legal persons, e.g. investment companies.

SHAREHOLDERS WITH LIMITED TAX LIABILITY IN SWEDEN

For shareholders not resident in Sweden for tax purposes that receive dividends on shares in a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The tax rate is 30%. The tax rate is, however, generally reduced through tax treaties for the avoidance of double taxation. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

Shareholders not resident in Sweden for tax purposes – and which are not conducting business through a permanent establishment in Sweden – are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the Company, if they have been residents of Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or the ten (10) calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties for the avoidance of double taxation.

Definitions and concepts

CONCEPTS AND MEASURES RELATED TO THE OIL INDUSTRY

Block/Concession/Licence	A country's exploration and production area is divided into different geographic blocks. Agreements are entered with the host country, which grants the company the right to explore and produce oil and gas within the specified area in exchange for the company paying a licence fee and royalties on production.
Farm-in	Farm-in means that a company reaches an agreement with another company concerning the financing of part or all of the other company's project in return for a participating interest in the project.
Farm-out	Farm-out means that a company reaches an agreement with a partner that bears the cost of part or all of a project in return for a participating interest in the project.
Mboe/Mmboe	Thousand barrels of oil equivalents/Million barrels of oil equivalents.
Onshore	Refers to operations on land.
Offshore	Refers to operations at sea.
Operator	A company that has the right to explore for oil in an area and to pursue production at an oil discovery. Small operators often let other companies buy working interests in their rights to reduce the risk and share costs.
Prospect	A geographic exploration area in which commercial quantities of oil or gas have been established.
Exploration	Identification and investigation of areas that may contain oil or natural gas reserves.
Reserves and resources	Oil assets are divided into reserves and resources. The difference is in how far the oil company has come in working with the licence, if the discoveries are of a commercial nature, etc. In short, resources are considered reserves when they are deemed commercially recoverable and a development plan has been approved by the local licensing authority. Reserves are divided into proven, probable, and possible. Resources are divided into contingent and prospective categories. Crown Energy calculates reserves and resources in accordance with the Society of Petroleum Engineers Petroleum Resources Management System of 2007.
Reservoirs	Accumulated oil or gas in a porous type of rock with good porosity, such as sandstone or limestone.
Seismic data	Seismic surveys are conducted to describe geological structures in the rock structure. Sound signals (blasts) are sent from the surface of the ground or the sea and the reflections are captured by special measuring instruments. Used to localise hydrocarbons among other things.

Addresses

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