



**CROWN  
ENERGY**

**First quarter 2017**  
**CROWN ENERGY AB (PUBL)**

**12 May 2017**

# Crown Energy AB (publ)

## First quarter 2017

The consolidated financial statements of the Crown Energy Group ("Crown Energy", "the Group"), of which Crown Energy AB (publ) with corporate identity number 556804-8598 is the parent company ("the Parent Company"), are hereby presented for the three-month period ended on 31 March 2017.

### FIRST QUARTER – JANUARY–MARCH 2017

- No sales were recognised.
- The operating loss totalled SEK -2,512 thousand (-1,856), consisting primarily of employee benefit expenses and other external costs.
- Loss after tax was SEK -3,524 thousand (-4,073), corresponding to SEK -0.01 per share (-0.07), both before and after dilution.
- Investments in exploration and evaluation assets totalled SEK 1,142 thousand (417).

### KEY EVENTS DURING THE QUARTER

- In February 2017, 363,401,823 newly issued C shares (and 363,401,823 votes) were transferred to YBE Ventures. This gives Yoav Ben-Eli, who controls YBE Ventures, 79.7 per cent of the total number of shares and 28.2 per cent of the votes.
- Otherwise, Crown Energy has focused on the completion and closing of the transaction regarding ESI Group SA.

### CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	2017-01-01 2017-03-31	2016-01-01 2016-03-31	2016-01-01 2016-12-31
GROUP, ALL AMOUNTS IN SEK THOUSAND	Q1	Q1	FULL YEAR
Operating expenses	-2,512	-1,856	-11,125
Operating loss	-2,512	-1,856	-11,125
Net financial items	-1,012	-2,217	8,042
Net loss for the period, after tax	-3,524	-4,073	-3,083
Earnings per share	-0.01	-0.07	-0.04
Equity per share	0.42	2.34	2.34
Change in cash and cash equivalents	-4,702	6,835	26,385
Cash flow from investments in intangible assets	-1,142	-417	-3,106

# CEO statement

## Dear fellow shareholders

2017 has started off as a busy year for Crown Energy. We are deep in the process of completing the acquisition of the ESI group. Already as a result of the issuance of new shares as part of this transaction, our market capitalisation has increased to something in the region of SEK 1.3 billion.

We now expect the ESI acquisition to complete by end of May or in early June and with the issuing of the Prospectus for the transaction.

We all know that we were able to complete the investment into Crown of USD 7.5 million from Cement Fund, and to welcome both Pierre-Emmanuel Weil as our chairman and Jean Benaim as director. We are now starting to benefit from the experience and expertise of these gentlemen in guiding Crown forward towards a much stronger corporate position.

Crown will soon have a position as a unique company in the oil industry whereby growth is stimulated by positive performance in the two areas of business in which we operate and where synergies between these business areas can generate new business for Crown Energy. Crown will be referring to these business areas as 'Energy', which covers our exploration business, and 'Property Development and Services', which provides seamless office, housing and support solutions for companies and organisations mostly operating in the oil or other professional industries.

Long-term relationships supporting property contracts ensure high project profitability. The fact is that most clients are major Western companies and thus good quality tenants, while costs incurred are at more local levels plays a good part in providing a solidly profitable business.

We are now looking forward to completing the transaction and thus incorporating ESI Group and its business into Crown Energy, and we look forward to see this business continue to grow while retaining the same high levels of profitability. The current timetable for this is end May/early June so that we will be able to incorporate ESI and its business in the interim report for the second quarter of 2017.

The long-term plan is for Crown Energy to pay dividends while retaining high growth potential in terms of operations. We are very pleased that the founder of ESI Group Yoav Ben Eli has also joined our Board and brought with him a great list of contacts and breadth of experience in the property services industry.

The incorporation of ESI Group in a listed European company will allow the 'New Crown' to have much better access to the international capital market, which is important to provide the ability for faster growth and further expansion of the business to other markets besides Angola.

Aside from the acquisition of ESI Group, on the oil and gas side, the Company was also able to advance its positions in the Energy business area in the form of exploration licences. Africa Energy submitted an application with the authorities so we can move on to the next phase in South Africa – the phase we have been looking forward to for a long time, as this will be for the drilling of a well in the Licence area. In Iraq, we have now been able to progress on two fronts. As a result of the improving security situation in the region, and we commend the Government and military forces in Iraq for all their efforts. On the ground, our engineering consultants and service provider, Proger, were able to visit various areas in the Governorate and make assessments of surface facilities and equipment. Commercially, we have now had many meetings with the authorities in the region, and we are working towards increasing our activities now that we have the support of Proger to do so.

## BUSINESS DECISIONS THAT AFFECTED THE COMPANY'S PERFORMANCE

As previously announced, we are in the process of acquiring a substantial and well-run company that is profitable and has great growth potential. Having strong cash flow as we progress also increases our ability to develop existing operations in Crown Energy, as the end market for both exploration and development operations and also the property services business consists largely of the same companies and customers, i.e. the oil and gas industry. The 'New Crown' will have greater opportunity for generating future business in both business areas.

## OUTLOOK

The soon to be completed acquisition and effective merger with ESI Group, we allow us to enjoy a whole host of benefits. Crown will be in a better position to access prominent contacts in the oil industry, whilst standing with a much more substantial market capitalisation. The future cash flows which we expect to be receiving should ensure that the Company's existing assets will be developed more swiftly. Increased capital and improvements and growth in our organisation will provide for an exciting continuation of Crown Energy's development efforts.

We are now able to take a more active approach to our assets and look at new transactions from a much stronger position going forward. The stage is being set for a brighter future for the Company.

## FINANCING

The funding raised from the issue of shares to Cement Fund in 2016, plus the warrants exercisable by Cement Fund, and then the cash flow benefits resulting from the acquisition of

ESI Group, means that the Company will continue to have sufficient working and investment capital going forward.

Crown is pleased to be able to carry on focusing its energy capitalising on both existing assets and new deals, and thus creating value for the benefit of you, our shareholders.

*Andreas Forssell*

*CEO Crown Energy AB (publ)*

# Summary of accounts and operations, first quarter 2017

## INCOME STATEMENT

### Operating profit/loss

#### Q1

The Group did not have any revenue in Q1 2017 (2016).

Other external costs totalled SEK -1,216 thousand (-761). The increased costs are partially attributable to travel expenses and investor relations. However, the majority is attributable to exploration activities that have not been capitalised for ongoing projects.

Employee benefit expenses came in at SEK -1,253 thousand (-1,059). The reason for this increase is that one more person, Alan Simonian, was hired by the Company in August 2016.

Depreciation of equipment in Q1 totalled SEK -8 thousand and is at the same level as compared year-on-year.

### Net financial items

#### Q1

Net financial items for Q1 2017 totalled SEK -1,012 thousand (-2,217). Net financial items consist partly of revenues amounting to SEK 156 thousand (0) from interest income on the loan to ESI Group SA. Financial expenses in Q1 2017 amount to SEK -1,168 thousand (-2,217) and consist mainly of exchange rate effects from translation of internal dealings and loans made in foreign currency. In Q1 2016, interest expenses also included interest expenses of SEK 1,055 thousand from the convertible loan.

### Tax

No tax was recognised in the income statement in 2016 or 2017. See Note 9, Deferred tax, for more information.

### Earnings after tax

Loss after tax for Q1 2017 totalled SEK -3,524 thousand (-4,073), corresponding to SEK -0.01 per share (-0.07).

## FINANCIAL POSITION

### Non-current assets

Property, plant, and equipment, in the form of office equipment, totalled SEK 25 thousand (33) after depreciation of SEK -8 thousand (-8) was taken for the period since year-end 2016.

Exploration and evaluation assets totalled SEK 186,535 thousand at 31 March 2017. The net change in exploration and evaluation assets since year-end 2016 was

SEK -835 thousand (-915). The change partially consists of new capital expenditures in the interim period in the amount of SEK 1,142 thousand (1,639) and translation and revaluation effects in the amount of SEK -1,977 thousand (-2,554). The 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 (see Note 5, Exploration and evaluation assets) 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. See Note 5, Exploration and evaluation assets, for a breakdown of changes for the period.

### Current assets

Current receivables amounted to SEK 12,721 thousand, compared to SEK 13,536 thousand on 31 December 2016. The item consists primarily of an external loan to ESI Group SA, which, including interest, amounts to SEK 9,152 thousand (nominal amount USD 1 million). For more information about this, see Note 13, Acquisition of ESI Group.

Cash and cash equivalents at the end of the period totalled SEK 21,838 thousand compared with SEK 26,541 thousand on 31 December 2016. See Note 10, Cash flow, and the section entitled Key events during the reporting period.

### Equity

Equity totalled SEK 191,181 thousand. The increase since year-end 2016 is attributable to issue expenses of SEK 238 thousand attributable to shares issued in December 2016.

### Non-current liabilities

Deferred tax liabilities totalled SEK 15,507 thousand and are attributable to surplus values in exploration and evaluation assets. The change since year-end 2016 is attributable to translation differences because some of the underlying assets were acquired in USD and translated at the closing rate.

Other provisions at 31 March 2017 totalled SEK 3,504 thousand compared with SEK 3,517 thousand at year-end 2016. The change since year-end refers to revaluations to fair value attributable to other remaining provisions. For more information on provisions and reversals for the period, see Note 6, Provisions.

## Current liabilities

Loans from related parties amounted to SEK 5,054 thousand, which is unchanged since year-end 2016. The loan was reclassified from non-current to current in Q4 2016 because the lender called in the loan. At the date of this interim report, the other party is no longer a related party. See Note 2, Transactions with related parties, for more information.

The convertible loans and associated interest were fully repaid in late June 2016. Crown Energy thus does not have any remaining convertible loans.

Other current liabilities amount to SEK 5,873 thousand and consist principally of accounts payable, employee-related tax liabilities and miscellaneous accrued expenses.

## CASH FLOW

### Q1

Cash flow from operating activities for Q1 totalled SEK -3,322 thousand (-2,171). Cash flow from operating activities can vary significantly between quarters and years, which makes it difficult to compare periods.

Cash flow from investing activities for Q1 2016 totalled SEK -1,142 thousand (-417). Investments in exploration assets account for the entire amount.

Net cash flow from financing activities for Q1 totalled SEK -238 thousand (0). Cash flow during the quarter consisted solely of issue expenses. See Note 10, Cash flow, for a detailed specification.

## ALTERNATIVE PERFORMANCE MEASUREMENTS

Crown Energy applies the European Securities and Market Authority's (ESMA) guidelines for Alternative Performance Measurements. The guidelines aim at making alternative Performance Measurements in financial reports more understandable, trustworthy and comparable and thereby enhance their usability. According to these guidelines, an Alternative Performance Measurement is a financial key ratio of past or future earnings development, financial position, financial result or cash flows which are not defined or mentioned in current legislation for financial reporting; IFRS and the Swedish Annual Accounts Act. The guidelines are mandatory for financial reports published after 3 July, 2016. Reconciliations of Alternative Performance Measurements are available on page 12.

## PROJECTS

### Block 2B – South Africa

Following Crown Energy's farm-out to Africa Energy Corp. ("Africa Energy") of a 30.5 per cent participating interest in Block 2B in October 2016, all Government approvals have been received for the finalisation of this transaction. Crown

Energy now holds a 10 per cent equity position and under the farm-out agreement, and Africa Energy will be responsible for all costs associated with the licence's next drilling project, including any well testing. Africa Energy, which owns the other 90 per cent of the licence, has taken over the operatorship from Thombo Petroleum. Africa Energy, our Operator, has continued to work on the licence area to prepare for drilling our first well and to start long lead item procurements for the well. The Operator, formally applied to the authorities to move our joint venture into the next extension period.

### Block P PDA – Equatorial Guinea

Crown Energy continues to liaise with other licence partners, independent oil company Vaalco Energy Inc. from Houston and independent oil company Atlas Petroleum from Lagos, to discuss and review the current situation regarding the licence and to obtain additional information from the licence operator about a possible work programme for the rest of 2017. The operator continues its activities within the licence area and we are awaiting formal communication from the operator concerning firm plans for the remainder of 2017. In the meantime, Crown Energy is also waiting for further information about the operator's strategy. Crown Energy has not incurred any costs for the licence during the periods of inactivity, other than costs for time regarding discussions and reviews of the current situation.

### 3108 Manja – Madagascar

Crown Energy has been looking at options for conducting a technical exploration project on existing structures over the licence area, based on airborne gravimetric/magnetic surveys and in accordance with the licence terms. Crown has continued to speak to service companies in this respect. The opportunity to progress this is improving with the upcoming dry season. Further to meeting the authorities in an annual update meeting in December 2016, the parties agreed to continue to work on finding a suitable industry partner to continue planned projects and take further joint steps in the future.

### Salah ad-Din – Iraq

Crown Energy is constantly tracking developments in Salah ad-Din and in Iraq in general and has a very positive outlook on the improved security situation that we have received regular reports on, and we have been formally advised that the region is freed of insurgents. We are grateful for the brave efforts of the Iraqi forces, the Governorate and the Central Government for all their efforts in this respect. Crown Energy management has continued to hold positive and encouraging meetings with the Salah ad-Din authorities over the past few months to move forward with our contract. Additionally, Crown, as previously announced, has engaged with the Italian engineering company Proger to start to make

preparations to carry our surveys, reviews and active works on the ground in the Governorate.

## KEY EVENTS DURING THE REPORTING PERIOD

### Change in number of shares and votes

In February 2017, 363,401,823 newly issued C shares (and 363,401,823 votes) were transferred to YBE Ventures. The ordinary shares confer ten votes, and the new share class, the C shares, confer only one vote. Shares prior to the issue are ordinary shares. The number of shares after the issue was 455,949,202 and the number of votes was 1,288,875,613.

This gives Yoav Ben-Eli, who controls YBE Ventures, 79.7 per cent of the total number of shares and 28.2 per cent of the votes.

## EVENTS AFTER THE REPORTING PERIOD

Disclosed in Note 14.

## OUTLOOK

### Operations

Crown Energy is well positioned with a balanced portfolio of exciting projects that have great potential for development. We are well equipped with assets located in geologically attractive areas with more reasonable development costs than many other projects around the world.

On 10 November 2016, the Company announced that it had signed an agreement for the acquisition of ESI Group S.A. with a portfolio of cash flow generating property assets in Angola. When this transaction is carried out, which is expected to occur during the first six months of 2017, a new business area will be added to the existing oil and gas exploration area. This assumes that all the terms of the acquisition agreement are met by 30 June 2017. This will expand operations and Crown Energy will have two business areas with very interesting prospects for both business areas. Crown Energy will become a larger and more significant player in the oil and gas industry with positive cash flow and a diversified business, which means reduced risk. We see increased opportunities to capitalise on existing assets through a stronger financial position and stronger customer relationships with several of the world's leading oil and gas companies. The acquired business will also provide increased opportunities for expansion of property and service operations through access to the international capital market as a public company.

There are undoubtedly major challenges at the current oil price levels, but given that both property projects and oil development projects span such long cycles, we are not hesitating to continue believing in our assets and that we will be able to capitalise on them, even in the current oil price

environment. The Company has also worked hard over the past year to position itself in the current market conditions for its oil assets. The Company has an efficient organisation which is presently strongly driven by low costs, but which can still adequately bear investments in both its own assets and interests from external stakeholders. This is precisely what is required of a small listed exploration company in the current market climate.

Crown Energy will continue to focus on activities that create value. This has been demonstrated by acquisition agreements as well as various types of partnerships and new shareholders of the Company.

## Financing and going concern

Since the Group has not generated any revenue or profits, financing has historically been done through new share issues.

There were two directed share issues in 2016, which injected SEK 74 million into the Company before issue expenses. One of the issues, directed to Cement Fund S.ar.l., also involved issuing warrants. At full subscription, these warrants would inject an additional SEK 63 million into the Company. This investment has enabled Crown Energy to continue to take steps forward with the Company's growth and has secured financing for both the short and long term. The investment has and will continue to create opportunities for greater investments of capital and resources in existing projects. The investment also enabled Crown Energy to repay the outstanding convertible loan, including interest.

The interim report was prepared assuming a going concern in view of the Company's existing operations, activities planned for the next 12 months and existing cash and cash equivalents.

Our objective is to deal with all outstanding obligations within the next 12 months, i.e. investments, recurring administration and repayment of loans, using the already completed issues. However, it cannot be ruled out that the Company may need or want to raise capital from existing shareholders for investments beyond those described thus far. This may be done via new share issues, directed share issues or preferential rights issues, or via other offers to existing shareholders or a combination of the above. In addition, financing conditions may change significantly if the transaction for the acquisition of ESI Group S.A. is completed. See Note 13, Acquisition of ESI Group, for more information.

## RISKS AND UNCERTAINTY FACTORS

A detailed description of the Company's risks can be found in Crown Energy's 2016 Annual Report. No pervasive modifications to significant risks and uncertainty factors

were made during the period for the Group or the Parent Company. Following is a summary of some of the major risks.

Operational risks for Crown Energy are mainly linked to exploration licences. There are several risks associated with licence agreements, that is, agreements and permits that are prepared together with local authorities. Among other things, permits may be subject to restrictions and/or withdrawn, or they may be subject to interpretation and disputes. By maintaining a continuous, effective dialogue with local authorities, Crown Energy has as good control as possible over any changes to or new requirements for its licences.

The main risks related to the market and industry are those related to political, social, and economic issues in each country and/or region. Given that Crown Energy is engaged in and may expand its activities in developing countries, the Group can be affected by factors such as political, social, economic, and religious instability, including terrorism, military coercion, war, and general social and political unrest. This instability could have a very negative impact on operations as regards permits and partnerships. Another industry-related risk is the risk that the exploration work never leads to development and production and that the estimated volumes do not correspond with reality. To reduce the risk of misjudging a licence's potential, Crown Energy hires competent persons with good geological backgrounds and always follows established procedures and models for estimating reserves and resources.

Regarding financial risks, Crown Energy estimates that the greatest risk is the fact that oil and gas exploration is a capital-intensive business and funds may need to be raised during a less favourable market situation. Depending on operational developments in general, Crown Energy may need additional capital to acquire assets, to further develop the assets under favourable conditions, or to continue its operating activities. If Crown Energy cannot raise enough funds, the extent of its operations may be limited, which in the long run could result in the Company being unable to implement its long-term exploration plan. Crown Energy works continuously with its capital raising and refinancing.

## MARKNADEN

2017 started with a positive mood for the oil price which moved into the USD 50 – 55 range. In the last few weeks, concerns have been raised again about oversupply resulting in the price softening to below USD 50 for a short time, although the price is now nearer to USD 52. Market sentiment appears to move from a more positive position to a more cautious position every few months, although the trend for the price over the last 12 months remains upward.

OPEC and non-OPEC countries such as Russia are still moving ahead with oil production cuts, and the effects of these reductions in production will still be to maintain oil prices at slightly higher levels. Production from existing oil fields around the world will continue to decline. New oil fields that were previously developed have mostly come on stream now. Fresh exploration and development work is still being carried out by the international oil companies at fairly low levels. On this basis, we do remain of the opinion that overall oil prices will increase gently over the remainder of this year and into 2018.

## PARENT COMPANY

The Parent Company's revenue for full year 2017 totalled SEK 699 thousand (0). The revenue was related to re-invoicing of expenses to subsidiaries.

Interest income amounted to SEK 156 thousand (0) and relates to interest on the loan issued to ESI Group SA.

The Parent Company's profit before tax for Q1 2017 totalled SEK 718 thousand (225).

Current receivables totalled SEK 11,726 thousand (12,499). The item consists primarily of an external loan to ESI Group SA, which, including interest, amounts to SEK 9,152 thousand (nominal amount USD 1 million). For more information about this, see Note 13, Acquisition of ESI Group.

Cash and cash equivalents at 31 March 2017 totalled SEK 20,689 thousand compared with SEK 25,237 thousand at 31 December 2016.

There were 3 persons (2) employed by the Parent Company at the end of the period.

Equity at the end of the period was SEK 216,657 thousand compared with SEK 216,177 thousand at 31 December 2016. The change consists of issue expenses attributable to the share issue in December 2016. For details, see the Parent Company's statement of changes in equity on page 16.

As mentioned previously, the Company repaid the entire convertible loan and associated interest in late June 2016. As a result, there are no longer any convertible loans. See Note 8, Convertible loans, for more information.

Loans from related parties amounted to SEK 5,054 thousand, a net decrease of SEK 1,650 thousand since 31 December 2015 because of repayments. The loan was reclassified from non-current to current in Q4 2016 because the lender called in the loan.



# Condensed consolidated income statement

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-01-01	2016-01-01	2016-01-01
		2017-03-31	2016-03-31	2016-12-31
Revenue		-	-	-
Other operating income		-	-	-
Other external costs		-1,216	-761	-6,090
Employee benefit expenses		-1,253	-1,059	-4,863
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets		-8	-8	-33
Other operating expenses		-35	-28	-139
<b>Operating loss</b>		<b>-2,512</b>	<b>-1,856</b>	<b>-11,125</b>
Financial income		156	-	10,305
Financial expenses		-1,168	-2,217	-2,263
<b>Earnings before tax</b>		<b>-3,524</b>	<b>-4,073</b>	<b>-3,083</b>
Income tax	9	-	-	-
<b>Net loss for the period</b>		<b>-3,524</b>	<b>-4,073</b>	<b>-3,083</b>
<b>Earnings per share and share related data</b>				
Average number of basic shares, thousands	4	455,949	55,547	86,276
Average number of diluted shares, thousands	4	455,949	55,547	86,276
Basic earnings per share, SEK	4	-0.01	-0.07	-0.04
Diluted earnings per share, SEK	4	-0.01	-0.07	-0.04

# Condensed consolidated statement of comprehensive income

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-01-01	2016-01-01	2016-01-01
		2017-03-31	2016-03-31	2016-12-31
<b>Net loss for the period</b>		<b>-3,524</b>	<b>-4,073</b>	<b>-3,083</b>
<b>Other comprehensive income</b>				
Translation differences		-740	-1,003	3,371
<b>Total items that can be reclassified to profit or loss</b>		<b>-740</b>	<b>-1,003</b>	<b>3,371</b>
<b>Other comprehensive income, net of tax</b>		<b>-740</b>	<b>-1,003</b>	<b>3,371</b>
<b>Total comprehensive income for the year</b>		<b>-4,264</b>	<b>-5,076</b>	<b>288</b>
<b>Total comprehensive income attributable to:</b>				
Parent Company shareholders		-4,264	-5,076	288
<b>Comprehensive income for the period</b>		<b>-4,264</b>	<b>-5,076</b>	<b>288</b>

# Condensed consolidated statement of financial position

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-03-31	2016-03-31	2016-12-31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Equipment, tools, fixtures, and fittings	11	25	58	33
Exploration and evaluation assets	5, 11	186,535	175,530	187,370
<b>Total non-current assets</b>		<b>186,560</b>	<b>175,588</b>	<b>187,403</b>
<b>Current assets</b>				
Other receivables	7	12,721	1,060	13,536
Cash and cash equivalents		21,838	6,964	26,541
<b>Total current assets</b>		<b>34,559</b>	<b>8,024</b>	<b>40,077</b>
<b>TOTAL ASSETS</b>		<b>221,119</b>	<b>183,612</b>	<b>227,480</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to Parent Company shareholders</b>				
Share capital		13,405	1,794	13,405
Other contributed capital		236,484	192,828	236,722
Reserves		11,744	8,110	12,484
Accumulated earnings		-66,928	-63,845	-63,845
Net loss for the period		-3,524	-4,073	-3,083
<b>Total equity</b>		<b>191,181</b>	<b>134,814</b>	<b>195,683</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans from related parties	2, 8	-	6,404	-
Deferred tax liabilities	9	15,507	14,142	15,791
Other provisions	6, 7	3,504	9,219	3,517
<b>Total non-current liabilities</b>		<b>19,011</b>	<b>29,765</b>	<b>19,308</b>
<b>Current liabilities</b>				
Loans from related parties	2, 8	5,054	-	5,054
Convertible loans	7, 8	-	11,959	-
Other current liabilities	7	5,873	7,074	7,435
<b>Total current liabilities</b>		<b>10,927</b>	<b>19,033</b>	<b>12,489</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>221,119</b>	<b>183,612</b>	<b>227,480</b>

# Condensed consolidated statement of changes in equity

ALL AMOUNTS IN SEK THOUSAND	2017-03-31	2016-03-31	2016-12-31
<b>Opening equity</b>	<b>195,683</b>	<b>130,177</b>	<b>130,177</b>
Net loss for the period	-3,524	-4,073	-3,083
Other comprehensive income, net of tax	-740	-1,003	3,371
<b>Comprehensive income for the period</b>	<b>-4,264</b>	<b>-5,076</b>	<b>288</b>
Transactions with shareholders:			
Conversions, KV1 2013/2016	0	0	0
Directed issue, January 2016 1)	-	11,000	11,000
Directed issue, June 2016 2)	-	-	63,000
Shares	-	-	44,100
Warrants	-	-	18,900
Issue expenses 3)	-238	-1,287	-8,782
<b>Closing equity</b>	<b>191,181</b>	<b>134,814</b>	<b>195,683</b>
<b>Attributable to:</b>			
Parent Company shareholders	191,181	134,814	195,683
<b>Total equity</b>	<b>191,181</b>	<b>134,814</b>	<b>195,683</b>

1) The conversion amounts are less than SEK 1 thousand.

2) The issue price for 1 unit (consisting of one [1] share and one [1] warrant) was SEK 2. There was no allocation made between the value of shares and warrants in the acquisition agreement with Cement Fund. In accordance with applicable accounting regulations, there was an allocation made in equity between shares and warrants, based on an option valuation calculated under Black & Scholes. Each warrant was valued at SEK 0.60.

3) Deferred taxes on issue expenses were not recognised.

# Condensed consolidated statement of cash flows

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-01-01 2017-03-31	2016-01-01 2016-03-31	2016-01-01 2016-12-31
<b>Cash flow from operating activities</b>		<b>-3,322</b>	<b>-2,161</b>	<b>-11,202</b>
<b>Cash flow from investing activities</b>	10	<b>-1,142</b>	<b>-417</b>	<b>-12,203</b>
<b>Cash flow from financing activities</b>	10	<b>-238</b>	<b>9,413</b>	<b>49,790</b>
<b>Cash flow for the period</b>		<b>-4,702</b>	<b>6,835</b>	<b>26,385</b>
Cash and cash equivalents at start of period		26,541	156	156
Cash flow for the period		-4,702	6,835	26,385
Exchange gains/losses on cash and cash equivalents		-1	-27	-
<b>Cash and cash equivalents at end of period</b>		<b>21,838</b>	<b>6,964</b>	<b>26,541</b>

# Consolidated key ratios

For definitions of key ratios, see pages 25-26.

## QUARTERLY SUMMARY – GROUP

Quarterly summary of the last eight quarters:

ALL AMOUNTS IN SEK THOUSAND UNLESS OTHERWISE STATED	NOTE	2017-01-01	2016-10-01	2016-07-01	2016-04-01	2016-01-01	2015-10-01	2015-07-01	2015-04-01	2017-01-01
		2017-03-31	2016-12-31	2016-09-30	2016-06-30	2016-03-31	2015-12-31	2015-09-30	2015-06-30	2015-03-31
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Earnings</b>										
Other operating income		–	64	46	–	–	140	–	–	–
Operating loss		-2,512	-4,872	-1,907	-2,490	-1,856	-2,361	-1,975	-2,517	-1,791
Net loss for the period, after tax		-3,524	-2,451	-1,283	4,724	-4,073	-3,733	-2,418	-6,599	-2,827
<b>Financial position</b>										
Equity/assets ratio, %		86.5%	86.0%	86.5%	84.2%	73.4%	73.4%	74.5%	74.9%	31.2%
Net debt/equity ratio, times		-0.11	-0.18	-0.22	-0.27	0.04	0.08	0.06	0.07	1.01
Total assets		221,119	227,480	226,701	233,956	183,612	177,458	179,947	174,871	187,813
Equity		191,181	195,683	196,202	196,927	134,814	130,177	134,139	131,044	58,521
Cash flow from investments		-1,142	-10,759	-241	-786	-417	-722	-2,436	-3,816	-21,721
<b>Ratios per share</b>										
Number of basic shares outstanding, thousands	4	455,949	455,949	92,547	92,547	61,047	55,547	55,547	54,072	28,243
Number of diluted shares outstanding, thousands	4	455,949	455,949	92,547	92,547	61,047	55,547	55,547	54,072	28,243
Average number of shares, thousands	4	455,949	132,048	92,547	61,394	58,236	55,547	55,419	40,405	28,218
Average number of diluted shares, thousands	4	455,949	132,048	92,547	61,394	58,236	55,547	55,419	40,405	28,218
Basic earnings per share, SEK	4	-0.01	-0.02	-0.01	0.08	-0.07	-0.07	-0.04	-0.16	-0.10
Diluted earnings per share, SEK	4	-0.01	-0.02	-0.01	0.08	-0.07	-0.07	-0.04	-0.16	-0.10
Equity per share, SEK		0.42	0.43	2.12	2.13	2.21	2.34	2.41	2.42	2.07
<b>Employees</b>										
Average number of employees		3.0	3.0	2.7	2.0	2.0	2.0	2.0	3.0	3.0

## YEARLY SUMMARY – GROUP

Yearly summary of the past six years (including the year in review):

ALL AMOUNTS IN SEK THOUSAND UNLESS OTHERWISE STATED	NOTE	2016-01-01	2015-01-01	2014-01-01	2013-01-01	2012-01-01	2011-01-01
		2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
		FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR
<b>Earnings</b>							
Other operating income		–	73	–	–	–	342
Operating loss		-11,125	-8,644	-9,448	-9,271	-9,300	-3,158
Net loss for the period, after tax		-3,083	-15,577	-21,115	-14,399	-9,710	-3,042
<b>Financial position</b>							
Equity/assets ratio, %		86.0%	73.4%	38.3%	51.3%	71.9%	2.4%
Net debt/equity ratio, times		-0.18	0.08	0.08	-0.02	n/a	n/a
Total assets		227,480	177,458	149,083	134,211	77,133	51,958
Equity		195,683	130,177	57,090	68,843	55,434	1,247
Cash flow from investments		-12,203	-28,695	-3,830	-2,664	-11,791	-17,974
<b>Ratios per share</b>							
Number of basic shares outstanding, thousands	4	455,949	55,547	28,143	27,598	25,755	17,031
Number of diluted shares outstanding, thousands	4	455,949	55,547	28,143	27,598	25,755	17,031
Average number of shares, thousands	4	86,276	45,001	27,969	25,917	20,929	3,906
Average number of diluted shares, thousands	4	86,276	45,001	27,969	25,917	20,929	3,906
Basic earnings per share, SEK	4	-0.04	-0.35	-0.75	-0.56	-0.46	-0.78
Diluted earnings per share, SEK	4	-0.04	-0.35	-0.75	-0.56	-0.46	-0.78
Equity per share, SEK		0.43	2.34	2.03	2.49	2.15	0.07
<b>Employees</b>							
Average number of employees		2.6	2.5	3.0	3.0	2.0	0.0

## ALTERNATIVE PERFORMANCE MEASUREMENTS – KEY FIGURES NOT DEFINED ACCORDING TO IFRS

A number of the financial descriptions and measures in this interim report provide information about development and status of financial and per share measurements that are not defined in accordance with IFRS (International Financial Reporting Standards). Adjoining alternative financial measurements provides useful supplementary information to investors. Since not all companies calculate financial measurements in the same manner these are not always comparable to measurements used by other companies. Hence, these financial measures should not be seen as a substitute for measures defined by IFRS. The table below presents measures, along with their reconciliations, which are not defined according to the IFRS. The definitions of these measures appear on page 25-26.

ALL AMOUNTS IN SEK THOUSAND UNLESS OTHERWISE STATED	2017-01-01	2016-01-01	2016-01-01
	2017-03-31	2016-03-31	2016-12-31
	Q1	Q1	FULL YEAR
Total assets	221,119	183,612	227,480
Equity	191,181	134,814	195,683
<b>Equity/assets ratio, %</b>	86.5%	73.4%	86.0%
Interest bearing current receivables (less)	8,933	–	9,097
Interest bearing current liabilities	–	11,959	–
Cash and cash equivalents (less)	21,838	6,964	26,541
Equity	191,181	134,814	195,683
<b>Net debt/equity ratio, times</b>	-0.16	0.04	-0.18
Equity	191,181	134,814	195,683
Number of basic shares outstanding, thousands	455,949	61,047	455,949
<b>Equity per share, SEK</b>	0.42	2.21	0.43

# Condensed Parent Company income statement

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-01-01	2016-01-01	2016-01-01
		2017-03-31	2016-03-31	2016-12-31
Revenue	2	699	–	395
Other operating income		–	–	–
Other external costs		-1,663	-534	-3,812
Employee benefit expenses		-1,253	-1,058	-4,863
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets		-8	-8	-33
Other operating expenses		-28	-25	-127
<b>Operating loss</b>		<b>-2,253</b>	<b>-1,625</b>	<b>-8,440</b>
Interest income and similar items		156	0	387
Interest income, intercompany	2	3,078	3,024	12,205
Interest expenses and similar items		-263	-1,174	
<b>Earnings before tax</b>		<b>718</b>	<b>225</b>	<b>4,152</b>
Tax	9	–	–	–
<b>Net profit for the period</b>		<b>718</b>	<b>225</b>	<b>4,152</b>

# Condensed Parent Company statement of comprehensive income

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-01-01	2016-01-01	2016-01-01
		2017-03-31	2016-03-31	2016-12-31
<b>Net profit for the period</b>		<b>718</b>	<b>225</b>	<b>4,152</b>
<b>Other comprehensive income</b>				
<i>Total items that can be reclassified as profit or loss</i>		–	–	–
<b>Other comprehensive income, net of tax</b>		–	–	–
<b>Total comprehensive income</b>		<b>718</b>	<b>225</b>	<b>4,152</b>

# Condensed Parent Company balance sheet

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-03-31	2016-03-31	2016-12-31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Participations in Group companies		20,704	20,204	20,704
Property, plant, and equipment		25	58	33
Receivables from Group companies		170,330	21,244	165,988
<b>Total non-current assets</b>		<b>191,059</b>	<b>41,506</b>	<b>186,725</b>
<b>Current assets</b>				
Receivables from Group companies		–	132,590	–
Current receivables	7	11,726	1,044	12,499
Cash and bank balances		20,689	5,369	25,237
<b>Total current assets</b>		<b>32,415</b>	<b>139,003</b>	<b>37,736</b>
<b>TOTAL ASSETS</b>		<b>223,474</b>	<b>180,509</b>	<b>224,461</b>
<b>EQUITY</b>				
<b>Equity</b>				
<b>Restricted equity</b>				
Share capital		13,405	1,794	13,405
<b>Total restricted equity</b>		<b>13,405</b>	<b>1,794</b>	<b>13,405</b>
<b>Non-restricted equity</b>				
Share premium reserve		236,484	188,828	232,722
Accumulated earnings		-33,950	-32,409	-32,409
Net profit for the year		718	225	2,459
<b>Total non-restricted equity</b>		<b>203,252</b>	<b>156,644</b>	<b>202,772</b>
<b>Total equity</b>		<b>216,657</b>	<b>158,438</b>	<b>216,177</b>
<b>Non-current liabilities</b>				
Loans from related parties	2, 7	–	6,404	–
<b>Total non-current liabilities</b>		<b>–</b>	<b>6,404</b>	<b>–</b>
<b>Current liabilities</b>				
Loans from related parties	2, 7	5,054	–	5,054
Convertible loans	8	–	11,959	–
Other current liabilities	7	1,763	3,708	3,230
<b>Total current liabilities</b>		<b>6,817</b>	<b>15,667</b>	<b>8,284</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>223,474</b>	<b>180,509</b>	<b>224,461</b>

# Parent Company – Condensed statement of changes in equity

ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-03-31	2016-03-31	2015-12-31
<b>Opening equity</b>		<b>216,177</b>	<b>148,500</b>	<b>148,500</b>
Net profit for the period		718	225	2,459
Other comprehensive income for the period		–	–	–
<b>Comprehensive income for the period</b>		<b>718</b>	<b>225</b>	<b>2,459</b>
Conversions, KV1 2013/2016 1)		0	0	0
Directed issue, January 2016		–	11,000	11,000
Directed issue, June 2016 2)		–	–	63,000
Shares		–	–	44,100
Warrants		–	–	18,900
Issue expenses 3)		-238	-1,287	-8,782
<b>Closing equity</b>		<b>216,657</b>	<b>158,438</b>	<b>216,177</b>

1) The conversion amounts are less than SEK 1 thousand.

2) The issue price for 1 unit (consisting of one [1] share and one [1] warrant) was SEK 2. There was no allocation made between the value of shares and warrants in the acquisition agreement with Cement Fund. In accordance with applicable accounting regulations, there was an allocation made in equity between shares and warrants, based on an option valuation calculated under Black & Scholes. Each warrant was valued at SEK 0.60.

3) Deferred taxes on issue expenses were not recognised.

## Notes

### NOTE 1 GENERAL INFORMATION, ACCOUNTING POLICIES

#### General information

Crown Energy AB (publ), corporate identity number 556804-8598, with subsidiaries, is an international oil and gas group focused on exploration opportunities with high potential for recoverable oil and gas reserves in underexploited areas. The Group focuses on Equatorial Guinea (Block P), South Africa (Block 2B), Madagascar (3108 Manja), and Salah ad-Din in Iraq.

The Parent Company is a limited company registered in Sweden and domiciled in Stockholm. The Parent Company is listed on NGM Equity.

The street address of the main office is Norlandsgatan 18, 111 43 Stockholm.

#### Accounting policies

This interim report was prepared pursuant to IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act, and RFR 1 Supplementary Accounting Regulations for Groups. As with the 2016 annual accounts, the consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities.

The same accounting policies were used during the period as were used for the 2016 financial year and as described in the 2016 Annual Report. No new or revised standards, interpretations, or amendments adopted by the EU had an effect on the Group's earnings or position.

This interim report does not contain all the information and disclosures contained in the Annual Report, so the interim report should be read alongside the 2016 Annual Report.

#### Seasonal variations

We estimate that there are not any significant seasonal variations in the exploration industry or for Crown Energy as an individual company.



## NOTE 2 TRANSACTIONS WITH RELATED PARTIES

### Purchases and sales within the Group

Of the Parent Company's revenue in Q1 2017, 100 per cent (100) consists of re-invoicing to other companies within the Group. Of the Parent Company's total interest income in Q1 2017, 95 per cent (100) relates to other companies within the Group.

### Loans from related parties

The Parent Company holds interest-free loans from former CEO and shareholder Ulrik Jansson. Ulrik Jansson raised these loans on an ongoing basis privately and via companies. A loan of SEK 5,054 thousand remains to be paid as at 31 March 2017. No changes have occurred since year-end 2016. Because of the loan being called in, it was reclassified as current as of the last quarter of 2016.

At the date of this interim report Ulrik Jansson is no longer a shareholder in the Company.

### 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 work performed. Peter Mikkelsen invoiced a total of GBP 3.5 thousand (2.5) in Q1 2017, which is equivalent to SEK 41 thousand at an average exchange rate for Q1 2017.

Crown Energy also purchases technical consulting services from Simco Petroleum Ltd. (Simco). Alan Simonian, Board member and Company employee, currently owns 33 per cent of Simco and sits on Simco's board. Services from Simco are purchased on normal commercial terms. Services were purchased in Q1 2017 in the amount of USD 30 thousand (30), which is equivalent to SEK 268 thousand calculated using an average rate for the quarter.

### 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 SA. The loan amounted to USD 1 million and carries interest of 7 per cent per annum. ESI Group SA is controlled by Yoav Ben-Eli via his company YBE Ventures Ltd. Yoav Ben-Eli is now a shareholder (via YBE Ventures Ltd) and Board member of Crown Energy AB. For more information, see Note 13, Acquisition of ESI Group.

## NOTE 3 OWNERSHIP STRUCTURE

The number of shares registered in Crown Energy AB's share register as of publication of this report is 455,949,202 with a quotient value of SEK 0.03 per share.

The total number of shares in the Company at 31 March 2017 and known changes thereafter amount to 455,949,202, of which 92,547,379 are ordinary shares and 363,401,823 are C shares. Ordinary shares confer ten (10) votes and class C shares confer one (1) vote. Shares prior to the issue are ordinary shares. The total number of votes on publication of this report is 1,288,875,613.

The Company's ordinary share is listed on NGM Equity, but the C share is not. This means that 20.3 per cent of issued shares are listed on NGM Equity and 79.7 per cent are unlisted. At 31 March 2017 and known changes thereafter, the five largest shareholders together owned 93.5 per cent of the total share capital and 76.6 per cent of the votes. See the shareholder list below:

SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF SHARES (%)	NUMBER OF VOTES	PERCENTAGE OF VOTES (%)
Yoav Ben-Eli, via company (C shares) 1)	363,401,823	79.7%	363,401,823	28.2%
Cement Fund SCSp	31,500,000	6.9%	31,500,000	24.4%
Veronique Salik	14,519,404	3.2%	145,194,040	11.3%
Andreas Forssell, privately and via companies	8,404,609	1.8%	84,046,090	6.5%
Comtrack Ventures Ltd	7,933,156	1.7%	79,331,560	6.2%
Other shareholders	30,190,210	6.5%	301,902,100	23.4%
<b>Total number of shares</b>	<b>455,949,202</b>	<b>100.0%</b>	<b>1,288,875,613</b>	<b>100.0%</b>

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

## NOTE 4 EARNINGS PER SHARE AND NUMBER OF SHARES

The Company's **Earnings per share** key ratio is calculated as: Earnings after tax divided by average number of shares for the period. This ratio is calculated both with and without dilutive effects.

### Dilutive effect

The Parent Company had 31,500,000 warrants issued to its largest owner Cement Fund SCSp at 31 March 2017. The warrants can be converted into an equivalent number of ordinary shares upon conversion. If Cement Fund SCSp opts to exercise its warrants and subscribe for additional shares, Cement Fund SCSp may then hold a total of 12.9 per cent of the shares and 48.9 per cent of the votes in Crown Energy (based on the number of shares and votes at publication of this interim report). Subscriptions for new shares by exercising warrants will be permitted during the period from 24 May 2016 until 24 May 2018. The issue price is SEK 2 per share. Warrants only have a dilutive effect when the average share price exceeds the issue price of the warrants and when conversion results in a lower gain or higher loss per share. The share price exceeded the issue price during the quarter, but a dilution would result in a lower loss per share.

### Earnings per share and number of shares

The number of outstanding shares at 31 March 2017 totalled 455,949,202. The average number of shares during the quarter amounts to 455,949,202. As mentioned above, there is no dilutive effect.

Earnings before tax for Q1 2017 amounted to SEK -3,524 thousand, which puts earnings per share at 31 March 2017 at SEK -0.01 (both before and after dilution).

## NOTE 5 EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets comprise the acquisition of rights and other exploration expenses. No depreciation is taken during the exploration and development phase. All the Group's exploration and evaluation assets are classified as intangible assets.

Revaluation effects are attributable to the acquisition of Amicoh Resources Ltd (which was made in USD) and the fact that these assets are translated using the closing rate. The revaluation effect that arises is recognised directly in the currency translation reserve in other comprehensive income. Translation differences are due to certain subsidiaries having the USD as their functional currency.

GROUP, ALL AMOUNTS IN SEK THOUSAND	NOTE	2017-01-01	2016-01-01	2016-01-01
		2017-03-31	2016-03-31	2016-12-31
Opening carrying amount		187,370	176,445	182,943
Capital expenditures for the period		1,142	1,639	1,733
Reimbursement, farm-out		-	-	-2,808
Increase through acquisition of assets	12	-	-	-
Translation and revaluation effects		-1,977	-2,554	5,502
<b>Closing accumulated cost of acquisition</b>		<b>186,535</b>	<b>175,530</b>	<b>187,370</b>

## NOTE 6 PROVISIONS

Following is a summary of the Group's provisions:

GROUP, ALL AMOUNTS IN SEK THOUSAND	2017-03-31	2016-03-31	2015-12-31
Acquisition of Amicoh Resources Ltd			
<i>Additional consideration, commercial discovery</i>	3,504	3,015	3,517
<i>Additional consideration, warrants</i>	-	0	-
Acquisition of Crown Energy Iraq			
<i>Provision for buy-back option</i>	-	6,204	-
<b>Closing balance</b>	<b>3,504</b>	<b>9,219</b>	<b>3,517</b>

### Provisions related to the acquisition of Amicoh Resources Ltd

In connection with the acquisition of subsidiary Amicoh Resources Ltd. in 2011, an additional consideration of up to USD 4,000 thousand was agreed upon in the event of a commercial discovery on Madagascar. This additional consideration is recognised at 31 March 2017 as a provision at a value of SEK 3,504 thousand (3,517) after present value calculations.

For more information on the provision, see the 2016 Annual Report. No changes have occurred in Crown Energy's assessments of the provision since 31 December 2016.

## Provision related to acquisition of Crown Energy Iraq AB

The share transfer agreement that was signed with the sellers of Crown Energy Iraq AB ("Crown Energy Iraq") included an option to buy back Crown Energy Iraq shares. The buy-back option enabled the sellers of Crown Energy Iraq to buy back 250 shares in the sold company within 30 months of the takeover date. With Crown Energy Iraq's current 1,000 shares, the sellers would have had the right to buy back 25 per cent of the company's shares. In conjunction with the acquisition, an assumption was made that the option would be exercised, and a provision was therefore made in the amount of SEK 6,204 thousand. However, the option period expired in May 2016 without any share subscriptions. Therefore, a provision is no longer recognised in the balance sheet. Given that the provision was a financial liability, the reversal was recognised in the income statement as financial income in the amount of SEK 6,204 thousand.

## NOTE 7 RECOGNITION OF FINANCIAL INSTRUMENTS

### Carrying amount and fair value

The carrying amounts of other receivables, cash and cash equivalents, accounts payable, and other current liabilities are a reasonable approximation of their fair value.

The fair value of financial liabilities is calculated for disclosure purposes by discounting the future contractual cash flow at the current market interest rate available to the Group for similar financial instruments. The present value of loans from related parties, corresponding to estimated fair value at 31 March 2017, was estimated at SEK 4,814 thousand, which is based on an interest rate of 5 per cent if the loan had been taken out on market conditions.

The fair value of financial instruments not traded in an active market is determined using discounted cash flows.

### Financial instruments measured at fair value

Crown Energy classifies fair value measurement using a fair value hierarchy (three levels) that reflects the reliability of the inputs used in making the measurements in compliance with IFRS 13 Fair Value Measurement. In accordance with IFRS 13, financial instruments require disclosures about fair value measurement by level. The following table shows the financial items recognised at fair value via the income statement, divided into the three levels:

GROUP, ALL AMOUNTS IN SEK THOUSAND				
2017-03-31	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Total assets</b>	-	-	-	-
<b>Liabilities</b>				
Financial liabilities measured at fair value via income statement:				
<i>Provision for additional consideration, commercial discovery</i>	-	-	3,504	3,504
<b>Total liabilities</b>	-	-	<b>3,504</b>	<b>3,504</b>

Provisions were recognised for contracted additional consideration in conjunction with the acquisition of subsidiary Amicoh Resources Ltd (see Note 6, Provisions). No changes have occurred in Crown Energy's assessments of fair value measurement applicable to provisions since 31 December 2016. The period's total net effect due to revaluation to fair value was SEK 13 thousand (31) and was recognised in the income statement as (unrealised) financial income or expense.

## NOTE 8 CONVERTIBLE LOANS

Crown Energy (Parent Company) had two outstanding convertible loan series until May 2015: KV1 2013/2016 and KV2 2014/2016. Convertibles valued at SEK 66,432 thousand were bought back in April 2015, which corresponded to about 85 per cent of the previous total convertible debt. The convertibles holders who chose not to sell their convertibles as offered remained under the original terms of the convertible and these convertibles continued to be traded on NGM Equity as before. The nominal amount of these convertibles totalled SEK 12,211 thousand after the buy-back. The KV2 2014/2016 convertible series was bought back in its entirety.

An interest payment for the remaining convertible loan matured on 29 April 2016 and the convertible loan matured for final payment on 2 May 2016. The repayment was postponed due to the issue in progress. A payment of a nominal amount of SEK 12,211 thousand and interest was made on 29 June for the convertible loan in accordance with the convertible terms and conditions as well as additional interest of 18 per cent (per year) from the maturity date until 30 June 2016 (on the nominal amount of the convertibles at 2 May 2016 and on the interest overdue at 29 April 2016). Following this repayment, Crown Energy no longer has any outstanding convertible loans.

## Carrying amounts

Classification of the convertible loans during the comparison periods was as follows below.

CURRENT BORROWINGS			
GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2017-03-31	2016-03-31	2016-12-31
Convertible loans:			
KV1 2013/2016	–	11,959	–
KV2 2014/2016	–	–	–
<b>Total</b>	<b>–</b>	<b>11,959</b>	<b>–</b>

Changes for the period:

GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2017-03-31	2016-03-31	2016-12-31
<b>At 1 January</b>	<b>–</b>	<b>12,125</b>	<b>12,125</b>
Conversion 31 March 2016 1)	–	0	0
Interest expenses Jan-April 2016	–	1,055	-1
Repayment liabilities and interest	–	–	-12,124
<b>Liability at end of period</b>	<b>–</b>	<b>13,180</b>	<b>–</b>
<b>The liability consists of the following components:</b>			
Convertible loans	–	11,959	–
Accrued interest	–	1,221	–
<b>Liability at end of period</b>	<b>–</b>	<b>13,180</b>	<b>–</b>

1) The conversions in March 2016 corresponded to amounts below SEK 1 thousand and only referred to conversion of six (6) convertibles to six (6) shares.

## NOTE 9 DEFERRED TAX

A deferred tax liability was recognised and is related to the surplus values of exploration and evaluation assets and to temporary differences resulting from the measurement of the convertible loan at amortised cost.

Crown Energy has unused tax losses and historically has not capitalised a deferred tax asset relating to them as a precaution and in view of uncertainty in the Company's ability to generate future taxable profits. However, Crown Energy has now chosen to offset the loss against the deferred tax liability related to measurement of the convertible loan. A deferred tax asset is recognised at the same amount as the deferred tax liability. The deferred tax liability and asset were offset in the balance sheet. There was no further capitalisation of the tax loss in 2017 and 2016, so no deferred tax was recognised in the income statement.

## NOTE 10 CASH FLOW

Financing and investing activities are specified as follows:

### Investing activities

GROUP, ALL AMOUNTS IN SEK THOUSAND	2017-01-01 2017-03-31	2016-01-01 2016-03-31	2016-01-01 2016-12-31
Expenditures on exploration and evaluation assets	-1,142	-417	-3,106
Short-term external lending	–	–	-9,097
<b>Total cash flow from investing activities</b>	<b>-1,142</b>	<b>-417</b>	<b>-12,203</b>

## Financing activities

	2017-01-01	2016-01-01	2016-01-01
GROUP, ALL AMOUNTS IN SEK THOUSAND	2017-03-31	2016-03-31	2016-12-31
Directed issues	–	11,000	74,000
Issue expenses	-238	-1,287	-8,743
Interest payment convertible loans	–	–	-1,606
Repayment convertible loans	–	–	-12,211
Repayment of loans from related parties	–	-300	-1,650
<b>Total net cash flow from financing activities</b>	<b>-238</b>	<b>9,413</b>	<b>49,790</b>

## NOTE 11 SEGMENTS

It is estimated that the Group currently has only one segment. Since the Group does not have any income either, only information on non-current assets distributed across geographic areas is provided. Following is a summary of the Group's carrying amounts of non-current assets distributed across geographic areas.

GROUP, ALL AMOUNTS IN SEK THOUSAND GEOGRAPHIC AREAS	EQUIPMENT, TOOLS, FIXTURES, AND FITTINGS			EXPLORATION AND EVALUATION ASSETS			TOTAL NON-CURRENT ASSETS		
	2017-03-31	2016-03-31	2016-12-31	2017-03-31	2016-03-31	2016-12-31	2017-03-31	2016-03-31	2016-12-31
Sweden	25	58	33	–	–	–	25	58	33
Equatorial Guinea	–	–	–	4,946	4,851	4,933	4,946	4,851	4,933
Madagascar	–	–	–	87,453	78,636	88,848	87,453	78,636	88,848
Iraq	–	–	–	33,049	31,326	32,148	33,049	31,326	32,148
South Africa	–	–	–	61,087	60,717	61,441	61,087	60,717	61,441
<b>Total</b>	<b>25</b>	<b>58</b>	<b>33</b>	<b>186,535</b>	<b>175,530</b>	<b>187,370</b>	<b>186,560</b>	<b>175,588</b>	<b>187,403</b>

## NOTE 12 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets in previous years referred to a bank guarantee of SEK 50 thousand with Euroclear Sweden AB as beneficiary. This expired in Q4 2016.

Contingent liabilities refer to the additional consideration for Simbo Petroleum No.2 Ltd and were recognised in the Group at the maximum amount that may be paid at the time of settlement. For more information on the additional consideration, see the 2016 Annual Report. No changes to the assessment of the contingent liabilities have been made since 31 December 2016.

Following is a summary of pledged assets and contingent liabilities:

GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-12-31	2015-12-31
Pledged assets		
<i>Bank guarantee</i>	–	50
Contingent liabilities		
<i>Additional consideration Block 2B</i>	102,813	102,813
<b>Total pledged assets and contingent liabilities</b>	<b>102,813</b>	<b>102,863</b>

PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2016-12-31	2015-12-31
Pledged assets		
<i>Bank guarantee</i>	–	50
<b>Total pledged assets and contingent liabilities</b>	<b>–</b>	<b>50</b>

## NOTE 13 ACQUISITION OF ESI GROUP

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 ("ESI Group").

The acquisition agreement regulates that a business which to date has been run entirely in an Angolan owner structure will be fully or partially transferred to a newly formed group for which ESI Group is the parent company. This business transfer, called a carve-out, is a condition that must be met before the ESI Group shares can be taken over.

Private individual Yoav Ben-Eli owns 100 per cent of YBE Ventures Ltd, the counterpart.

The acquisition is described in more detail below.

### ESI Group - A newly formed group

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

ESI Angola 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 includes 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, Crown Energy is acquiring 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 will be carved-out to YBE Imobiliária. When all functions and assets have been transferred in accordance with the acquisition agreement, the transaction (takeover of shares) can be completed. Crown Energy then becomes the owner of ESI Group, including its subsidiary YBE Imobiliária and its operations.

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. 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 (see description below) of shares and votes in Crown Energy AB. The service agreement will naturally be entered on normal commercial terms.

After the transaction is completed, Crown Energy will consist of two business areas: Energy and Property Development & 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.

### Terms of the acquisition agreement

The acquisition is a reverse acquisition. Crown Energy will take over the operations described above (shares in ESI Group) and payment will be made with newly issued shares.

The transaction takes place in two stages.

#### 1) Discounted issue of C shares

The extraordinary general meeting decides on a discounted issue and that Crown Energy shall provide a new class of shares: C shares. Shares prior to the issue are ordinary shares. The ordinary shares confer ten votes, C shares only one vote. ESI Group's current owner, YBE Ventures, is given the right to subscribe for C shares. The subscription proceeds of all C shares shall be a total of SEK 1.

#### 2) Takeover – conversion of C shares to ordinary shares

Once all assets are transferred, a final settlement will determine the final purchase price and a maximum of 363,401,823 C shares can be converted into an equal number of ordinary shares. In the acquisition agreement, the shares are assigned a value of SEK 2.50 per share and the number of exchanged shares will depend on the final statement. Any remaining C shares will be cancelled. If all assets are not transferred by 30 June 2017, the purchase price will be reduced, and thus the number of shares that can be converted from C shares into ordinary shares, by the corresponding price for each asset that was not transferred. (Price per asset is specified and agreed upon in the acquisition agreement.)

The main terms of the acquisition agreement are summarised below.

- The acquisition is subject to shareholder approval of the issue of the new C shares and approval of the ability to convert C shares into ordinary shares. The new share class has 1/10 of the voting rights of the original ordinary shares.

- ESI Group's current owner, YBE Ventures, is given the right to subscribe for C shares.
- Crown Energy shall loan USD 1 million to the ESI Group. The purpose of the loan is for ESI Group to capitalise YBE Immobiliaria. This capitalisation is required by Angolan tax legislation for international investors.
- Assets (property and contracts) shall have been transferred to YBE Immobiliaria by 30 June 2017. Regardless of the takeover date, revenue from the assets will accrue to Crown Energy as of 1 January 2017.
- The C shares will be converted into ordinary shares proportionate to the transferred assets as of the closing date.
- C shares may be cancelled in whole or in part by Crown Energy if the terms for the transfer of assets are not deemed to be met.
- Converted C shares can only be traded on NGM Equity subject to the Swedish Financial Supervisory Authority's approval of a prospectus.

## Timetable and process for completion

Before the acquisition agreement was entered, the seller requested and received an exemption from the mandatory bid from the Swedish Securities Council. The reason for the exemption is that the seller does not have the liquid assets required for submitting a bid for the remainder of the shares.

The acquisition and the issue of C shares were approved by an extraordinary general meeting on 12 December 2016. YBE Ventures subscribed for the shares directly in connection with the meeting. The shares were transferred to YBE Ventures in February 2017.

In December 2016, Crown Energy AB, in accordance with the acquisition agreement, provided a short-term loan to ESI Group SA, which carries an annual interest rate of 7 per cent. With this loan, YBE Immobiliaria could be capitalised and registered in Angola and the process of transferring assets and contracts could begin.

On 13 April 2017, Crown Energy announced in a press release that all approvals from local authorities in Angola had been obtained and all YBE Imobiliária registration requirements had been carried out. The formal approvals were essential to being able to transfer assets from ESI Angola to YBE Imobiliaria, thus completing the transaction.

The transaction is expected to be completed in Q2 2017, but Crown Energy is entitled to recoup the income from property assets from 1 January 2017.

As the transaction is expected to be completed in Q2 2017, a prospectus is required for new ordinary shares to be traded on NGM Equity. It will be published in Q2 2017. The prospectus, which must be approved by the Swedish Financial Supervisory Authority, will contain the first public financial information for Crown Energy/ESI Group. The prospectus is expected to be published in May or June. The first interim financial information report for Crown Energy/ESI Group will be the interim report for the period January to June 2017, which will be published on 11 August 2017.

In connection with the press release on 13 April 2017, Crown Energy also announced that during the transition period from the announcement in November up until the Extraordinary General Meeting in December 2016, ESI Group received requests from certain tenants on acquiring parts of one of the properties that ESI Group owns, namely Ponticelli. The parties agreed to proceed with the sale transaction for this part of the property, which accounted for approximately 30 per cent of the total value of this asset. The sale could be completed and the profit was used in turn to pay off ESI Group's existing loan of approximately USD 4 million on the larger so-called C-view building. The transaction gave the positive effect that there are no longer any liabilities in ESI Group's asset portfolio.

## Accounting of the acquisition

Since the company has not been taken over yet, the acquisition did not affect the Q1 2017 accounts, except for the loan, including interest, which was provided to ESI Group.

The acquisition will be classified as a reverse acquisition because it gives Crown Energy a new principal owner. This means that IFRS 3 Business Combinations will be observed for accounting and presentation of the acquisition within the Group.

## NOTE 14 EVENTS AFTER THE END OF THE REPORTING PERIOD

### Successful sale of assets and repayment of loans

In conjunction with a press release on 13 April 2017, with an update on how the ESI Group transaction is going, Crown Energy could also announce that parts of a property were 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. The transaction gave the positive effect 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.

### Consultancy agreement with Proger

On 19 April 2017, Crown Energy announced that it had signed a consultancy agreement with Proger S.p.A., an internationally recognised Italian engineering and consulting company. Proger will carry out a wide range of technical services and business support for our Iraq project.

---

The Board and CEO hereby certify that this interim report gives a fair overview of the Parent Company's and Group's operations, position, and earnings, and describes significant risks and uncertainty factors to which the Group and its companies are exposed.

This interim report was not reviewed by the Company's auditors.

Stockholm, 12 May 2017

Pierre-Emmanuel Weil	Yoav Ben-Eli	Jean Benaim	Alan Simonian	Andreas Forssell
Chairman of the Board	Board member	Board member	Board member	CEO

## REPORTING DATES

- |                          |                         |
|--------------------------|-------------------------|
| ➤ 2017 AGM               | Friday 12 May 2017      |
| ➤ 2017 Six-Month Report  | Friday 11 August 2017   |
| ➤ 2017 Nine-Month Report | Friday 10 November 2017 |

## PUBLICATION PURSUANT TO SWEDISH LAW

This information constitutes such information as Crown Energy AB (publ) is required to disclose under the EU Market Abuse Regulation and the Securities Markets Act. The information was released for publication on 12 May 2017 at 8:30 CET.

## FINANCIAL INFORMATION

All financial information is posted at [www.crownenergy.se](http://www.crownenergy.se) as soon as it is released. Shareholders, other players in the stock market, and the public are free to subscribe to the Company's press releases and financial reports through Cision's news service, at <http://news.cision.com/se/crown-energy>.

## FOR ADDITIONAL INFORMATION, CONTACT

Andreas Forssell, CEO                      +46 (0)8 400 207 20

## ADDRESS:

Crown Energy AB (publ)  
Norrandsgatan 18  
SE-111 43 Stockholm, Sweden  
[www.crownenergy.se](http://www.crownenergy.se)



# This is Crown Energy

## GENERAL INFORMATION

Crown Energy is an international oil and gas company engaged in oil and gas exploration and production in underexplored areas. 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 several 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 because of additional prospects within the licence area.
- Madagascar – Onshore exploration licence on the western side 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 several structures with potential for further discoveries.

## BUSINESS CONCEPT

Through exploration and reprocessing, Crown Energy develops oil and gas projects in underexplored areas, initially in Africa. Value is created by finding and developing assets in early stages and then introducing larger oil and gas industry players to the projects for further development and production.

## GOALS

Crown Energy's goals are to become an independent oil and gas player with a significant reserve and resource base and to maintain a balanced portfolio of development and exploration assets.

## STRATEGY

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

- Crown Energy will benefit from its own and other player's experiences in order to carefully select exploration areas where the chance of oil and gas discoveries is high.
- Crown Energy will seek good risk diversification, geographical as well as geological, and pursue farm-out opportunities as exit strategies to capitalise as much as possible on its assets.
- Crown Energy intends to run multiple parallel projects in order to diversify.

## VISION

Crown Energy's vision is to eventually become a major, profitable player in the international oil market.

## BUSINESS MODEL

To effectively manage and develop Crown Energy, focus will be concentrated on these factors: asset strategy, costs, experience, and expertise. 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. Crown Energy has offices in Stockholm and London and its organisation is made up of individuals with long-standing experience and a high level of expertise in the oil and gas industry.

Value is created by finding and developing assets in early stages and then introducing larger oil and gas industry players to the projects for further development and production.

## MORE INFORMATION

See the 2016 Annual Report and website, [www.crownenergy.se](http://www.crownenergy.se)

# Glossary and definitions

## GLOSSARY – CONCEPTS AND MEASUREMENTS 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 grant 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 a possible hydrocarbon accumulation has been identified.

### 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 bedrock. 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 help identify hydrocarbons accumulations.

## DEFINITIONS OF KEY RATIOS

### Financial position

Equity, SEK  
Equity at end of period.

Equity/assets ratio, %  
Equity including the minority as a percentage of total assets.

Net debt/equity ratio  
Interest-bearing net debt divided by equity, where interest-bearing net debt is interest-bearing liabilities less interest-bearing current receivables and cash and cash equivalents.

Investments  
Net investments in non-current assets during the period.  
Investments in non-current assets for the period less sales and disposals for the period.

## **Per share data**

Total number of shares outstanding  
Number of shares outstanding at end of period.

Weighted average number of shares  
Weighted number of shares outstanding during the year.

Equity per share, SEK  
Equity at end of period divided by number of shares at end of period.

Earnings per share, SEK  
Earnings after tax divided by average number of shares for the period.

## **Employees**

Average number of employees  
Average number of employees during the period.