



Crown Energy AB: Interim report, January-March 2017

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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.

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

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 on behalf of the contact person listed below at 8:30 CET.

MORE INFORMATION

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ABOUT CROWN ENERGY

Crown Energy is an international oil and gas company engaged in exploration in Africa and Middle East. Growth is created by developing assets in early stages and then maximizing value by introducing appropriate industry partners in the development and production stages. For more information please visit www.crownenergy.se