

Progress in the South African Block 2B license: Crown Energy's partner Africa Energy signs two farmout agreements

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Crown Energy AB ("Crown Energy" or "The Company") are pleased to inform, that on February 25 2020, Africa Energy Corp ("Africa Energy"), our partner and also the operator of Block 2B offshore South Africa, announced the execution of two farmout agreements whereby Africa Energy will transfer an aggregate 62.5 per cent participating interest in the Exploration Right for Block 2B in consideration for a carry through the next exploration well, Gazania-1, which is expected to spud by the end of 2020. Africa Energy will retain a 27.5 per cent participating interest in Block 2B.

Andreas Forssell, Crown Energy's CEO comments:

"We are very pleased with the farmout that our partner Africa Energy has now concluded. The licence will now see some further operational progress with the intent of drilling a well later this year. This is what we have been waiting for since we farmed out to Africa Energy some years ago. We believed then that they would be a good farm-in partner for us and that they would be able to carry out the necessary technical works and also to find the proper partners and financing to take us into the operational drilling phase of the licence. The Africa Energy farmout announced today also demonstrates that our own farmout with Africa Energy back in December 2015 was fair and competitive. We are very pleased to be financially carried for the coming exploration well and we look much forward to all the activities going forward, and are confident that the new operator on the licence, Azinam, will make use of their long-term experience and skills to operate the licence and take us through the spudding of the Gazania-1 well and beyond."

Under the terms of the two farmout agreements entered into with Azinam Limited ("Azinam") and Panoro Energy ASA ("Panoro"), Africa Energy will farmout 50 respectively 12.5 per cent of their participating interest and transfer the operatorship in Block 2B to Azinam.

Azinam is a private Southern Africa-focused oil and gas exploration company backed by Seacrest Capital. Azinam is part of a group of upstream oil and gas companies with extensive operating experience, including drilling multiple wells in the North Sea and oil production. Panoro is an Africa-focused independent oil and gas exploration and production company listed on the Oslo Stock Exchange.

Block 2B is located in the Orange Basin and covers 3,604 square kilometers off the west coast of South Africa 300 kilometers north of Cape Town with water depths ranging from 50 to 200 meters. Oil was discovered and tested by Soekor in the A-J1 borehole drilled in 1988. The well was tested and flowed 191 barrels of oil per day. Significant prospectivity has been identified over the entire A-J graben area using 686 square kilometres of 3D seismic data from 2013.

Crown Energy owns a 10 per cent interest in Block 2B. In 2015, Crown Energy entered into a farm-out agreement with Africa Energy in December 2015, in which Crown Energy's 10 per cent share is financed for the next well drilling and additional costs for well testing.

For more information on Africa Energy and their farm-outs, please see Africa Energy's webpage: www.africaenergy.com

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MORE INFORMATION

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