CROWN ENERGY

ANNUAL REPORT 2015

CROWN ENERGY AB (PUBL)

Contents

This English Annual Report is a translation of the Swedish Annual Report for 2015. If any discrepancies exist in the translation, the Swedish language shall prevail. The translated English Annual Report has not been audited by the Company's auditors.

2015 IN BRIEF

Crown Energy AB (publ) with its subsidiaries ("Crown Energy", the "Company", or the "Group") is an international oil and gas group. Crown Energy focuses on exploration opportunities with great potential for recoverable reserves of oil and gas in underexplored areas. The Group has operations in Equatorial Guinea, South Africa, Madagascar, and Iraq. The Parent Company's commercial domicile is Stockholm, Sweden, and the Company's share is traded on NGM Equity.

Q1

- In Q1 2015, the Company took over the shares of Simbo Petroleum No.2 Ltd, which owns 40.5% of Block 2B in South Africa.

Q2

- In April 2015, the Board resolved on a major refinancing package. The refinancing consisted of two directed offset issues and a preferential rights issue to all shareholders to compensate for the two directed issues. The AGM approved all of these issues on 13 May 2015.

  One of the offset issues resulted in Crown Energy buying back the outstanding convertibles in exchange for shares. A total of 21,924,830 shares were issued to those who sold back convertibles to Crown Energy and this reduced the Company's debt by SEK 66,432 thousand. The issue price was SEK 3.03 per share and included accrued convertible interest (issue price corresponding to SEK 3.33 per share not including accrued interest).

  The second offset issue was for a total of 3,903,903 shares issued to the sellers of Simbo Petroleum No.2 Ltd, reducing the Company's debt by SEK 13 million. The issue price was SEK 3.33 per share.

- Asset reports were updated in May and June 2015. The update incorporates Iraq into the report, which significantly increased the Company's oil assets. In addition, the A-J1 discovery under the South African licence was upgraded from 8 million barrels of prospective resources to 37 million barrels of contingent resources.

- In June, the preferential rights issue mentioned above (the "to be fair issue") was conducted, raising a total of SEK 4,913 thousand in cash and cash equivalents for Crown Energy. The issue increased the number of shares by 1,475,229. As in the other issues, the issue price was SEK 3.33 per share.

Q3

- In July, Andreas Forssell was appointed the new CEO of Crown Energy AB after Ulrik Jansson left his post as CEO and board member. Jenny Björk was appointed CFO.

Q4

- In October, Crown Energy agreed with OMNIS, the oil and gas authority in Madagascar, to extend the Manja licence by four years. The agreement was subject to final approval from the oil ministry in Madagascar, which was received in March 2016.

- A farm-out agreement was signed with Africa Energy Corp in December for Block 2B in South Africa. Under the agreement, Africa Energy fully finances future exploration/appraisal wells in the AJ basin and subsequent testing of the well in exchange for 30.5 % of Crown Energy's total 40.5 % stake in the licence. This leaves Crown Energy with a 10 % share. The transaction is subject to regulatory approval in South Africa.

- The Board resolved on a directed issue of new shares to a small number of investors in December 2015 for a total of SEK 11 million. An extraordinary general meeting approved the resolution on 26 January 2016.

CEO's statement

Dear shareholders and investors,

CONSOLIDATION AND TRANSACTIONS

2015 was a very eventful year for Crown Energy in a world where the global market price for crude oil has been challenging to say the least. We acquired the company holding shares in licence block 2B in South Africa over the year and farmed out this asset to Lundin company Africa Energy in a transaction with exciting ramifications for Crown Energy. We have also taken several measures to consolidate the Company, including strengthening the balance sheet by converting existing outstanding convertible loans, and several other measures to minimise costs. In addition, we continued to focus the Company's activities on making transactions.

The undersigned also took office as CEO of the Company during the year. One dose of staying the course and another dose of innovation should ensure that Crown Energy's journey will remain an exciting one. We are constantly adapting to current market conditions and working on finding more interesting transactions involving our assets. We are also assessing options for creating a cash flow-generating segment in the future.

The oil price is slowing down the oil industry in general, but creates scope for new transactions as well. The price collapse began in 2014 and initially put a major check on transactions within the industry. But we have been able to see some light at the end of the tunnel on the basis of a couple of transactions that directly or indirectly affected us. One example is Maersk, which farmed in Africa Oil's assets in a major transaction announced in Q4 last year. But our transaction with Africa Energy in block 2B is a sign that, in any case, several transactions between oil industry companies are starting to be made again.

BUSINESS DECISIONS THAT AFFECTED THE COMPANY'S PERFORMANCE

Since Q3, we have worked hard to take a second look at Crown Energy's existing business model. We need to adapt to the current climate, and assess and be prepared to be capable of operating both in the event of lower oil prices and if they are back on the rise. As a result, we are assessing options for incorporating cash flow-generating operations as well as continuing improvements to find farm-in partners for existing assets. The activities undertaken with respect to our capital structure in Q2, the farm-out in Q4 and finally the capitalisation now in the new year enabled us to continue our efforts to take the next step in strengthening the Company's financial position going forward. It will be extremely important to have a strong financial position in these times of continuing oil price uncertainty. We want to have our place in the market, where the appetite from major oil companies has been low over the past one to two-year period, but where we are now seeing signs of some changes in attitude. It is too soon to call it a trend reversal, but we expect an increase in the level of activity in 2016 and we want to be prepared for both purchases and sales. We will be on the scene when things get moving again, as we have positioned ourselves accordingly now. Our agreement with a new large investor, which is decribed below, is an example of such activities.

OUTLOOK

Crown Energy is well positioned with a balanced portfolio of exciting projects that have great potential for development. We have continued our change process with cost cuts on things that are not absolutely necessary, but we are also picking up the pace in areas which may lead to new financiers or partners. In our contact with companies in our sphere of influence, we are now seeing a clear change in the view of the future, mainly on the oil price trend. Many people we are talking to forecast an oil price upswing in 2016 or early 2017. For that reason, there are several stakeholders who think that interesting investments can be made in oil and gas at this time. Our agreement regarding a larger investment, via a share issue, described in Financing below, is a clear sign of such an investment.

If you speculate that we are at or close to bottom when it comes to oil prices, you can get good prices on transactions. We are noticing a major change in attitude across the industry at the moment. We continue to be well equipped with assets located in geologically attractive areas with more reasonable development costs than many other projects around the world.

FINANCING

We raised capital in the first quarter of this year, and our immediate capital needs are therefore met. In addition to that share issue, the Company has entered a new agreement for a larger private placement from international investors, Cement Fund SCSp. In a first stage, it is suggested that the investor will subscribe for a total of 31.5 million new shares, which provides the Company with SEK 63 million in cash. In addition to this investment, the investor also receives warrants, in order to during a period of time, be able to subscribe for additional shares that may be adding SEK 63 million in cash. The Board proposes that the shareholders of Crown Energy approve the private placement at the Annual General Meeting 2016. If the shareholders vote for this and the conditions required in connection with the transaction are fulfilled, the investment will represent a major step forward in the Company's development and will ensure not only short- and long-term funding, including funds to fully repay the outstanding convertible loan, including interest (KV1 2013/2016) maturing April 30, 2016, but also will create opportunities for the Company to invest with capital and resources in existing projects.

We think 2016 will continue to be interesting and exciting and we have high confidence in our existing assets, as well as confidence that we will be able to capitalise on them. We think we will be able to create value for you, our shareholders.

Andreas Forssell
CEO, Crown Energy AB (publ)

Chairman's statement

As we all know, 2015 was a difficult year for the oil industry. There was a strong reduction in the oil price combined with a lot of press stating that supply was outweighing demand, oil production was remaining high and the global economy was slowing down. The oil price dipped below $30 dollars for a short time, although now that I am writing this statement the oil price is back up at over $40.

During this period the oil industry has been adjusting to this new economic environment. As I said last year, corporate business models have changed, focus has turned to low cost environments to operate in and the cost of all supplies and services to the industry have come down dramatically and appear to remain low. Therefore, it is impressive that we have managed to conclude a major investment in Crown Energy, where a new owner will contribute to a much-needed capital but also with resources and industry expertise. During 2016 when these factors fully take effect on the industry's activities, I believe we will see renewed interest in projects which work economically across the board covering exploration, development and production. Our projects are all low cost and therefore represent the economically attractive areas that the industry will be revisiting.

Old reserves are being extracted but are not being replaced with new exploration and discoveries. At some point there will be a rebalancing of supply and demand, and the industry and world economy will need to focus on the exploration and development end of the oil business; Crown Energy is well poised to benefit from this return when it happens.

During 2015 we were able to move forward on some of our projects. In South Africa we successfully farmed out part of our equity position in the Block 2 B Licence to Africa Energy, a company related to the Lundin Group, in return for a fully carried position of a tested oil well, as well as ring fencing from potential further dilution of equity by the Government. To have successfully completed the farm out at the end of 2015 and the upcoming significant capital injection, in difficult industry circumstances and for reasonable commercial terms, is a good achievement for Crown Energy and its management and will be to the benefit of Crown Energy's shareholders.

The news you see regularly confirms that the security situation in the Salah-Al-Din province of Iraq is becoming more settled. The Governate has confirmed to us that the militants represented by the so called Islamic State have to a great extent been expelled from the Governate's borders. Security is now controlled by the Governate's forces with the support of the central government and military. This encourages us to feel that we will return to Salah-Al-Din in the not too distant future to be able to commence activities on the ground. Crown Energy has received fresh interest in the Salah-Al-Din Licence from third parties who clearly see the huge potential of the region, which we find promising.

In Madagascar I am pleased to report that management has been able to renew the Licence for a further two years with a much lower cost and more reasonable work programme. Further details of this will be provided in the annual report itself.

In Equatorial Guinea there has been no activity on the P Block Licence to report. The joint venture is still awaiting a decision from the Ministry on the potential future development of the Venus oil field.

Whilst the year ahead will remain challenging, we were successfully supported by our investors in raising additional working capital at the end of last year and we look forward to be able to close another capital injection. These capital injections will support Crown Energy going forward in 2016. We strongly believe that the situation for the industry will become more interesting and encouraging in 2016.

Alan Simonian
Chairman of the Board, Crown Energy AB (publ)

Description of operations

ABOUT CROWN ENERGY

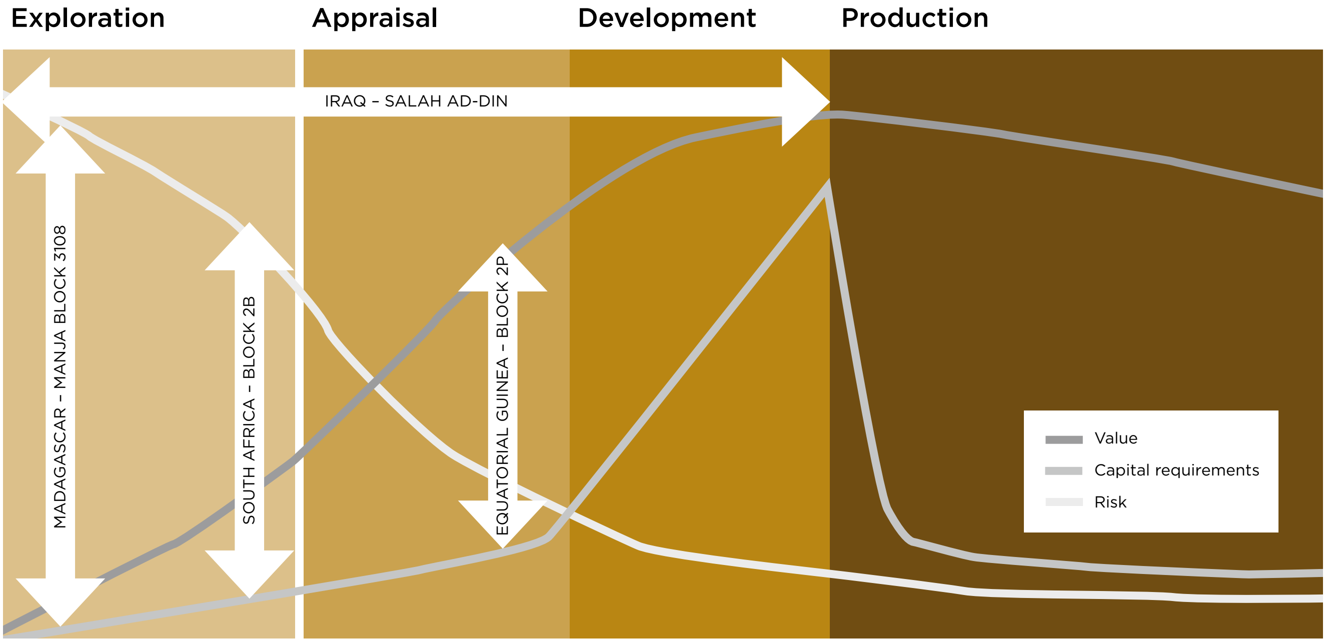
Crown Energy is an international oil and gas company engaged in oil and gas exploration and production in underexplored areas. The portfolio consists of assets in Africa and the Middle East:

- *Iraq* – Onshore exploration licence over an area of 24,000 square kilometres located in northern Iraq south-west of Kurdistan. The licence area contains 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 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 a number of structures with potential for further discoveries.

To effectively manage and develop the Company, 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. The Company 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 through finding and developing assets in early stages and then introducing larger oil and gas industry players to the projects for further development and production.

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



BUSINESS CONCEPT, GOALS, STRATEGY AND VISION

Business concept

Through exploration and reprocessing, Crown Energy develops oil and gas projects in underexplored areas, initially in Africa and the Middle East. The Company creates value 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 in order 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.

PROJECT PORTFOLIO

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. As mentioned previously, a well will be drilled there, in a specific area, to appraise the commerciality of that particular area.

Equatorial Guinea is in an appraisal phase and the partnership there is planning for preparations to develop the oil field.

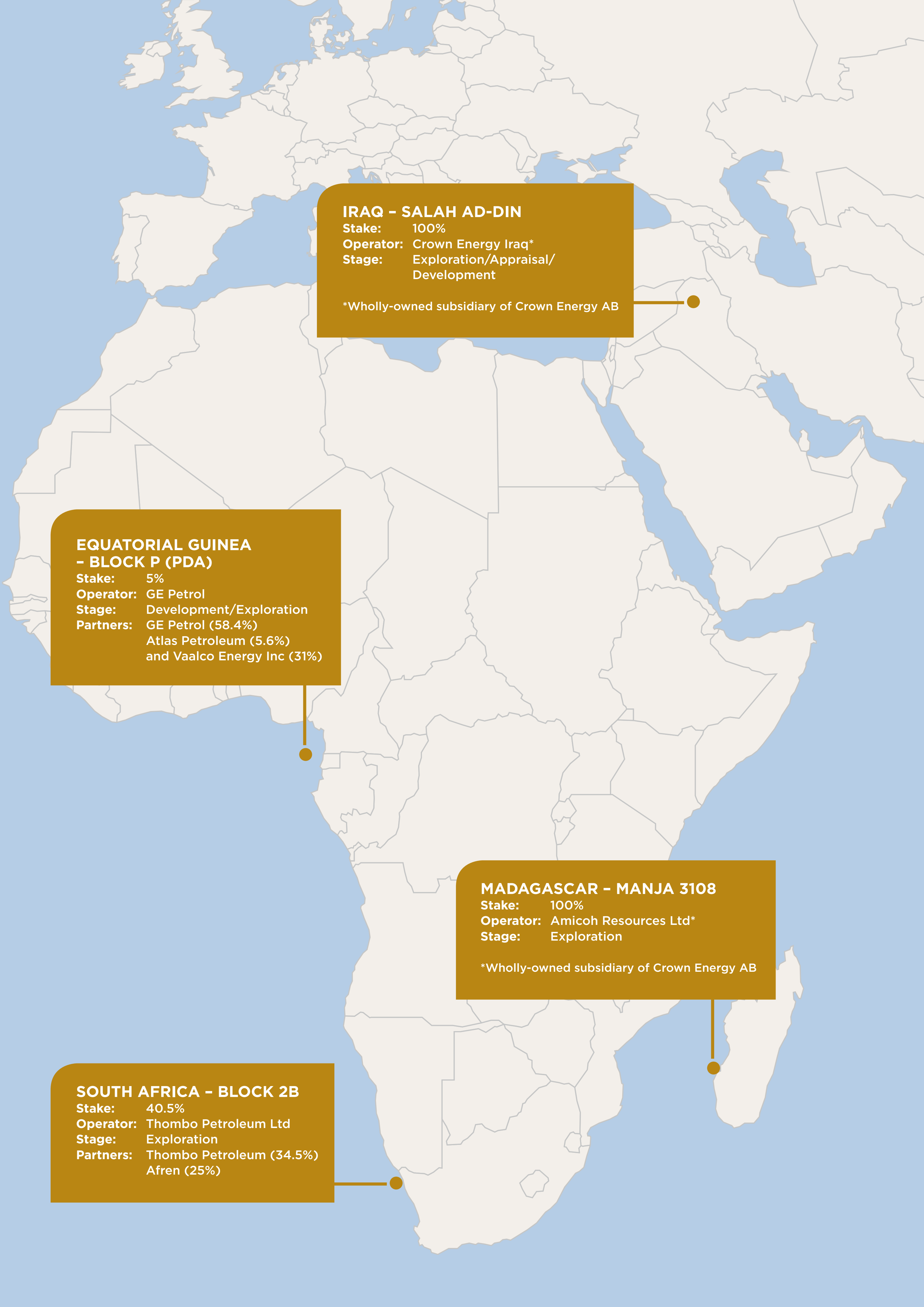
The licence in Salah ad Din, Iraq, extends from the exploration to the development phase and may even have areas ready for production. However, large-scale work will be required to appraise the area. Crown Energy is seeking a financial and operational partner for this.

You can find a map on page 8 of the locations of Crown Energy's projects.

The Company's previous Competent Persons Report (CPR) of Crown Energy's projects in Equatorial Guinea, South Africa and Madagascar was updated in May 2015, and the Company's projects in Iraq are now included in this report as well. Crown Energy published this CPR on 12 May 2015. The CPR was prepared by Peter Mikkelsen, Crown Energy's chief geologist and exploration manager and was then certified by Dunmore Consulting, which is a "qualified person" registered with the Society of Petroleum Engineers. In June, a new asset report was prepared for a specific part (A-J1) of the Company's South Africa licence, Block 2B. The independent report was prepared by ERC Equipoise and was published on 4 June 2015. The report upgrades the A-J1 discovery from 8 million barrels of prospective resources to 37 million barrels of contingent resources (2C).

All reports were prepared in accordance with current regulations and international standards (Society of Petroleum Engineers Petroleum Resources Management System of 2007 [SPE PRMS 2007]).

REGION	WORKING INTEREST	STAGE	CONTINGENT RESOURCES 2C, 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	May 2015
South Africa – Block 2B	40.50%	Exploration	37	355	159	May 2015
Madagascar – Manja Block 3108	100%	Exploration	–	1,071	1,071	June 2015
Iraq – Salah ad-Din	100%	Exploration/ Appraisal/Development	174	2,683	2,857	May 2015
Total			**229**	**4,251**	**4,095**	



IRAQ – SALAH AD-DIN
Stake: 100%
Operator: Crown Energy Iraq*
Stage: Exploration/Appraisal/ Development

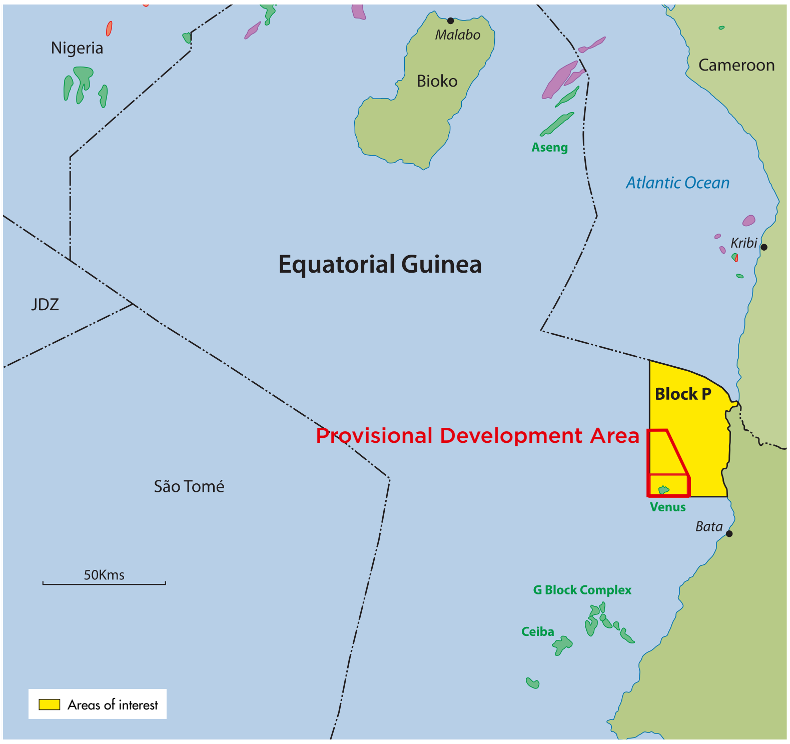
*Wholly-owned subsidiary of Crown Energy AB

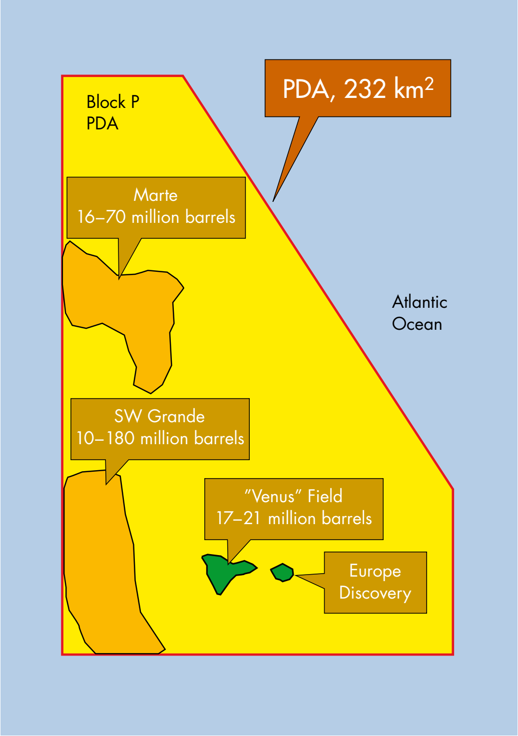
EQUATORIAL GUINEA – BLOCK P (PDA)
Stake: 5%
Operator: GE Petrol
Stage: Development/Exploration
Partners: GE Petrol (58.4%)
Atlas Petroleum (5.6%)
and Vaalco Energy Inc (31%)

MADAGASCAR – MANJA 3108
Stake: 100%
Operator: Amicoh Resources Ltd*
Stage: Exploration

*Wholly-owned subsidiary of Crown Energy AB

SOUTH AFRICA – BLOCK 2B
Stake: 40.5%
Operator: Thombo Petroleum Ltd
Stage: Exploration
Partners: Thombo Petroleum (34.5%)
Afren (25%)





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.

Our partnership and shared operatorship with Vaalco Energy and GE Petrol continues to focus on the Venus field and its development. Unfortunately, progress is slow, largely as a result of the lower oil prices. The partnership continues to focus on optimising costs and studying the most appropriate development option, in the current situation of lower oil prices. Crown Energy continues to be optimistic that a solution can be brought to bear, and approved, which could enable oil production by late 2017 at the latest.

Crown Energy is continuing to study alternative options for how the Company's 5% ownership of the licence could add substantial shareholder value in the short and medium term.

FACTS

Licence:	Equatorial Guinea – Block P PDA
Operator:	GE Petrol
Working interest	5%
Other partners:	GE Petrol (58.4%), Atlas Petroleum (5.6%) and Vaalco Energy Inc (31%)

STAGE	CONTINGENT RESOURCES 2C, GROSS (MMBOE)	PROSPECTIVE RESOURCES, GROSS (MMBOE)	CROWN ENERGY'S STAKE IN THE LICENCE, PROSPECTIVE AND 2C (MMBOE)
Exploration/Development	18	142	8

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.

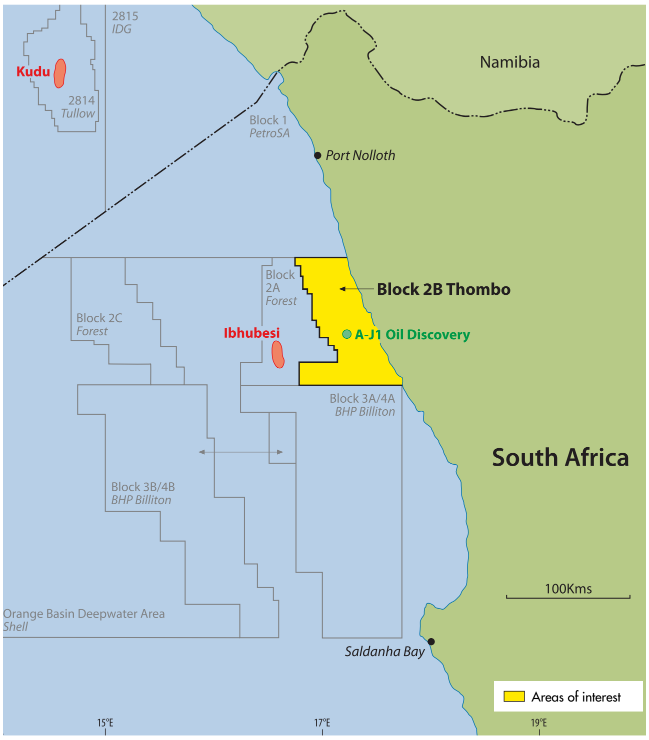
The work performed during 2014/2015 includes amplitude versus offset (AVO), which entails, briefly, additional testing of seismic results; sedimentology, i.e. analysis of the composition of soil, sand, and clay in the reputed reservoir; petrophysics, i.e. mapping of rock characteristics; and our own 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 now 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 Competent Persons Report (CPR), see below.

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 resources 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 appraisal well to ascertain the size, extent, and production volumes, and thus establish that this is a commercially strong oil project.

Crown Energy announced the signing of a farm-out agreement with Africa Energy in December 2015. The agreement leaves Crown Energy with 10 per cent of the licence in exchange for Africa Energy paying for future drilling of the AJ prospect. Africa Energy is simultaneously acquiring the other partners' shares of the licence. As a result, Africa Energy will also become the operator in the long term. The farm-out is subject to regulatory approval in South Africa, which means that Africa Energy cannot access the licence until these permits have been awarded. The application for the permit is currently in processing and approval is expected to take at least six months.



FACTS

Licence:	South Africa – Block 2B
Operator:	Thombo Petroleum Ltd
Working interest	40.5%
Other partners:	Thombo Petroleum (34.5%), Afren (25%)

STAGE	CONTINGENT RESOURCES 2C, GROSS (MMBOE)	PROSPECTIVE RESOURCES, GROSS (MMBOE)	CROWN ENERGY'S STAKE IN THE LICENCE, PROSPECTIVE AND 2C (MMBOE)
Exploration	37	355	159

Madagascar

Madagascar, which is located off the east coast of Africa, has historically been underexplored when it comes to oil and gas. There are some excisting discoveries on the island in the form of heavy oil, which proves that there is a working petroleum system in the region. In recent years, exploration activities have increased due to finds of both oil and gas elsewhere in East Africa, including 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.

Crown Energy has 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 is subject to final approval from the ministry in Madagascar, which was received in spring 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. In accordance with its strategy, the Company will try to find other companies that can finance the drilling. The process of finding a farm-out partner has been commenced and the aforementioned renewed terms and conditions of the licence have resulted in several new prospects showing an interest in the licence.

FACTS

Licence: Madagascar – Manja Block 3108
Operator: Amicoh Resources Ltd (subsidiary of Crown Energy Ventures Corporation)
Working interest 100%
Other partners: –

STAGE	CONTINGENT RESOURCES 2C, GROSS (MMBOE)	PROSPECTIVE RESOURCES, GROSS (MMBOE)	CROWN ENERGY'S STAKE IN THE LICENCE, PROSPECTIVE AND 2C (MMBOE)
Exploration	–	1,071	1,071

Iraq

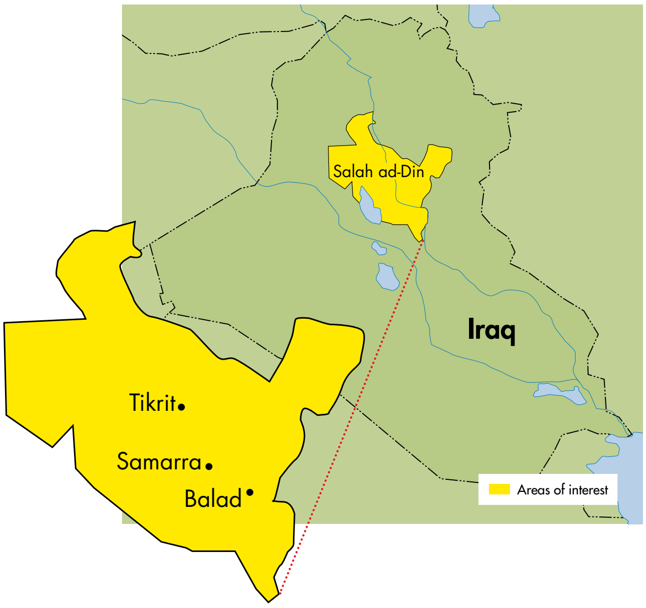
The licence covers the entire Salah ad-Din region – about 24,000 square kilometres in northern Iraq. The licence covers a number of existing oil fields, such as Ajeel, Hamrin, Tikrit, and Balad, which potentially contain several billion barrels of oil. Despite the large, obvious commercial discoveries, production has been limited. Activities have been hampered due to the political instability of the last 20 years. No work is currently being done in the licence area itself in view of the security situation in the region, and other work being done has primarily concerned licence conditions and planned future strategy.

In addition to the oil fields mentioned above, there are many fields that have also been drilled and partially tested. We are 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. This type of structure may contain resources on the order of 50-250 million barrels of oil.

The Iraq asset was incorporated into the Company's Competent Persons Report (CPR) in May 2015. Following a technical analysis of new and existing data, both prospective and contingent resources have been found in the Iraq asset.

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. Discussions with the regional authorities have provided further confirmation that the region is nearly completely free from crisis hot spots and that the circumstances currently seem much more positive than previously.

Crown Energy remains positive and hopeful about a better future in Iraq in general and in Salah ad-Din in particular. The licence is extremely 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. However, Crown Energy continues to take a cautious approach to activities in the licence area and in the Salah ad-Din province due to the remaining security risks. As soon as the turbulence has subsided further, Crown Energy hopes and thinks that work can commence to assess the most suitable path forward for developing these enormous assets. The direction will mainly revolve around increasing production in existing facilities by using established sales channels.



FACTS

Licence:	Iraq – Salah ad-Din
Operator:	Crown Energy Iraq AB
Working interest	100%
Other partners:	–

STAGE	CONTINGENT RESOURCES 2C, GROSS (MMBOE)	PROSPECTIVE RESOURCES, GROSS (MMBOE)	CROWN ENERGY'S STAKE IN THE LICENCE, PROSPECTIVE AND 2C (MMBOE)
Exploration/Development	174	2,683	2,857

Brief 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, appraisal/evaluation, development, and production. As mentioned earlier, Crown Energy operates primarily in the exploration and appraisal phase (see the image in the "About Crown Energy" section). The following section describes the exploration and appraisal 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 a permit and retain it, the oil company commits to performing work within the licence area for a certain 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 and farming out. 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 or not 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 drilling is analysed. Log programmes 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, i.e., how much oil the well may produce and at what rate.

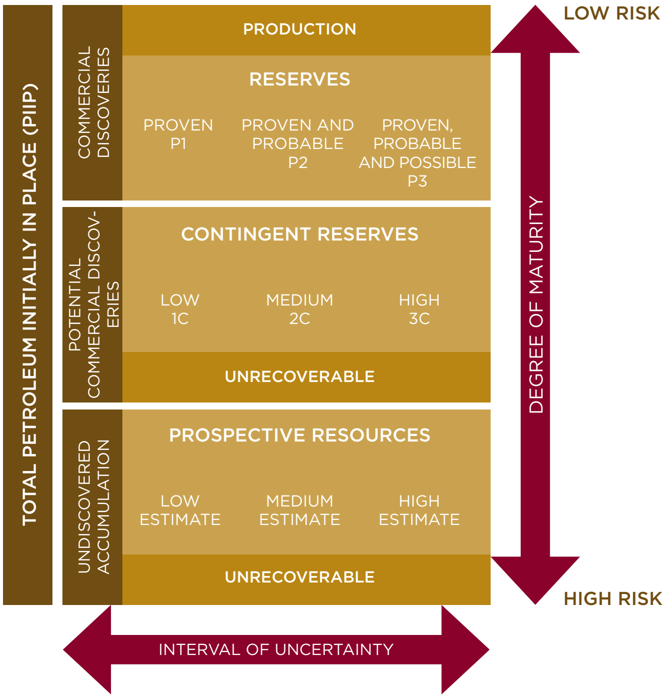
Resources and reserves

In an oil company, oil assets are divided into reserves and resources. The difference is in how far the oil company has come in its work on the licence, if the deposits 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 licencing 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% 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% and 10%, 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 for one reason or another they have not yet met 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, each 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 above illustrates the classification model for reserves and resources used in the oil and gas industry. The model was developed by SPE PRMS 2007. (Source: Society of Petroleum Engineers Petroleum Resources Management System of 2007 [SPE PRMS 2007]).

Sustainability

THE IMPORTANCE OF OIL AND GAS

Oil has been the most traded and most used energy commodity in the world for more than 50 years because it contains a high amount of energy and is easy to store and transport. Modern society is dependent on cheap and efficient energy and thus highly dependent on both oil and gas. In addition to the use of oil and gas for transport and heating homes, oil is used in most materials and products we use on a daily basis, such as plastics, clothing, medicine, mobile phones and computers.

Using our operations to provide these crucial resources responsibly and sustainably is considered an important task by Crown Energy – from the early stages of planning and licence awarding to the exploration and development processes.

For Crown Energy, conducting sustainable and responsible operations necessitates that we understand how we impact society and the environment in the areas in which we operate and work to meet the requirements and expectations of our operations to ensure they are not conducted in a way that causes environmental impact.

On the basis of Crown Energy's current operations, the following aspects of sustainable growth are the most important to us:

- Transparency and ethics
- Environment
- Corporate social responsibility
- Health and safety

We report on each of these areas later in this section.

RESPONSIBILITY BETWEEN LICENCE OPERATOR AND LICENCE PARTNER

Sustainability responsibilities for an exploration and appraisal licence are divided between operators and partners. The operator is directly responsible for the licence's operations and is governed by the production sharing agreement (PSA) and/or local laws governing oil and gas extraction in the respective country. These PSAs signed with the licensing country/government agency (and/or laws) govern responsibility for the environment, working conditions, insurance and related areas. These days, most countries have strong environmental legislation and strict environmental requirements which stipulate that oil companies follow best practices.

In cases where there are multiple licence partners, the joint operation agreements (JOAs) also govern how decisions are made within the partnership and which party is responsible for what. Depending on the distribution of shares in the partnership, partners may have differing degrees of influence on decisions in areas such as strategies, procedures, suppliers and participation in local social programmes.

As a result of the above, Crown Energy is governed by the environmental and working conditions requirements of the PSA for licences where Crown Energy is the operator (Iraq and Madagascar). There may also be additional local statutory requirements. The operator has direct responsibility for licences where Crown Energy is a partner (South Africa and Equatorial Guinea). In cases where Crown Energy has a small share, it is naturally difficult to influence the decisions of other majority partners. However, Crown Energy has a policy of submitting recommendations for improvement if considered necessary.

Crown Energy is aware that it may have a limited influence on the decisions of the partnership in cases where it is only a minority partner. This is a risk for Crown Energy – if the other partners do not follow best oil practices, regulations on working conditions and environmental legislation, it could have a negative impact on us. This places demands on Crown Energy when choosing partners in situations such as an acquisition or a farm-out. Crown Energy generally selects partners on the basis of both financial strength and core values such as ethics, morals and the environment. In cases where the partnership changes during the life cycle of the project, there may therefore be cause to assess new partners on the basis of what they can bring to the partnership, both on the positive and negative sides.

GOVERNANCE DOCUMENTS

As mentioned above, environmental and working condition requirements are governed in PSAs for licence operators and by JOAs for partners, as well as by local legislation (if applicable) for both. In addition, Crown Energy has adopted internal Group policies in the following areas:

- Corporate social responsibility and ethics
- The environment and sustainability
- Finance
- Staff
- Information
- Corporate governance

The Group strives to follow the best available practices, even if they go above and beyond the requirements of local legislation.

TRANSPARENCY AND ETHICS

For Crown Energy, transparency and ethics means conducting its operations legally and professionally and making ethical business decisions. We want our operations to be based on respect, honesty and integrity. To us, working ethically means striving to prevent corruption and all forms of bribery and facilitation of payments. We expect our counterparties (including government agencies, suppliers and operators of licences) to follow the same standards as well.

Crown Energy is aware that we are conducting, and may expand, operations in countries characterised by political, social and economic instability, such as war and general social or political turbulence. This includes the occurrence of corruption.

Crown Energy is a small organisation and the board constantly strives to promote Crown Energy's fundamental view in its operations. The board has adopted policies on business ethics and anti-corruption, which both staff and consultants are required to comply with. For guidance when needed, Crown Energy uses the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones.

The Extractive Industries Transparency Initiative (EITI) is a voluntary global reporting standard for companies operating in the extractive industries. The EITI promotes transparency and responsible management of natural resources. Certain countries have chosen to implement the EITI Standard to ensure full disclosure of taxes and other payments to government agencies in order to prevent corruption and raise transparency. On 1 January 2016, Sweden implemented a law that originated in the EITI requiring reporting of payments to government agencies. The reports must be submitted to the Swedish Companies Registration Office and the reporting requirement applies to financial years beginning after 31 December 2015. However, Sweden is not an EITI member yet, but Madagascar is an EITI candidate country. As a result, Crown Energy reports payments to government agencies in Madagascar annually as well. Iraq is also an EITI member country.

ENVIRONMENT

Crown Energy strives to minimise harmful footprints in the implementation of our operations. Where possible, we will prevent, or otherwise substantially minimise, reduce or remediate environmental damage resulting from our operations.

All of Crown Energy's licences are in the early stages of a normal exploration and production life cycle. Given that Crown Energy does not currently engage in any oil and gas production, the environmental risks normally associated with the oil and gas industry are limited. However, the activities conducted in the exploration and appraisal stage can result in a negative environmental impact as well, such as when conducting seismic surveys and test drilling. This type of activity may impact both flora and fauna.

The environmental responsibilities of Crown Energy's operations are mainly governed by existing Production Sharing Agreements, both directly (where we are operators) and indirectly (where we are not operators). The environmental requirements of the Production Sharing Agreement for actions such as preparatory environmental impact studies, drilling and remediation of areas are often based on the environmental legislation and oil production laws of the respective country, and, as mentioned before, most countries currently have strong environmental legislation and strict environmental requirements. Environmental impact assessments (EIAs) serve as an example of actions to minimise a potential negative environmental impact. These EIAs are conducted prior to the commencement of large-scale activities in the licence area, such as prior to seismic surveys and test drilling. EIAs are often required by the Production Sharing Agreement.

CORPORATE SOCIAL RESPONSIBILITY

For Crown Energy, corporate social responsibility means contributing both socially and economically to the growth of the countries and regions where we conduct our operations. As an oil company in exploration, we can contribute to long-term social growth if commercial discoveries are made. It is also important to us that social and economic growth does not result in segregation and inequality. For Crown Energy, corporate social responsibility also includes safeguarding human rights in all situations, both directly (people associated with our operations) and indirectly (local communities in the regions in which we operate).

The PSAs include certain requirements concerning responsibility for local communities. Crown Energy has also adopted internal policies for communities and human rights.

The annual licence commitment normally includes a portion earmarked for education and/or local social projects. These funds are commonly for education and training of employees at government agencies involved in oil and mineral operations in the respective countries.

Crown Energy plans to initiate local community involvement once we have operational activities on site in the countries and regions, both where we are the operator and where we are a licence partner.

HEALTH AND SAFETY

As an exploration company in the oil and gas industry, health and safety is very important to us, because projects can pose major safety risks from time to time. Crown Energy is responsible for preventing accidents and other incidents and giving employees and contractors a safe and healthy work environment. In addition, our health and safety responsibility also extends to local populations directly and indirectly impacted by our operations.

The risks and uncertainties usually associated with oil and gas operations include fires, oil spills and other accidents. These risks may result in personal injuries, property damage and environmental damage. In addition to operational risks specific to the industry, there are also risks related to safety in a country or area, i.e. due to war and other turbulence.

The extent of operational risks depends on what phase an exploration and appraisal project is in. Crown Energy's projects are in early phases and no activities are being conducted at this time in the licence areas which could directly cause personal injuries or fires. Depending on the progress of projects, this may change in the future. In such cases, Crown Energy will strive for the development of good procedures and their implementation in these projects.

Safety issues are largely governed in the PSAs and JOAs, which stipulate the responsibilities of each party. If health and safety issues are not governed in these agreements, Crown Energy's internal policies will apply. If Crown Energy's own policies are stricter than a country or region's own regulations, Crown Energy's adopted policies will still apply.

The licence in Salah ad-Din, Iraq, is an example of an asset where the safety conditions have changed during the exploration period. Crown Energy has begun to resume plans to commence certain activities on site in Iraq. Crown Energy needs a financial and operational partner to enable the commencement of activities in the region. In collaboration with this partner, Crown Energy will choose development strategies for the region's assets, which in turn will determine which safety arrangements are made.

Board of Directors, senior executives, and auditor

BOARD OF DIRECTORS

	Alan Simonian	**Nick Johnson**	**Andreas Forssell**
Function	Chairman of the Board	Board member	Board member and CEO
Year elected	2011	13 May 2015	13 May 2015
Birth year	1966	1953	1971
Education	Law degree Southampton University	BSc (Hons) in geology from Bristol University and doctoral degree from University College London.	Degree in business administration (Civilekonom) Stockholm University and MBA from Cass Business School in London.
Experience	Oil sector consultant	Senior positions and consultant (in geological services) in the oil and gas industry.	Background in corporate finance and M&A consulting and senior positions in the oil sector.
Other board posts	Board member of Simco Petroleum Ltd , Fastnet Ltd, Simbo Petroleum No.2 Ltd and Simbo Petroleum No.3 Ltd.	Board member of Johnson Upstream Consultants Ltd, Fastnet Petroleum Ltd.	Board member of Kopy Goldfields AB (publ), AB Krasny Gold Fields, Andreas Forssell AB, Crown Energy Iraq AB, Simbo Petroleum No.2 Ltd, Amicoh Resources Ltd and Crown Energy Ventures Corporation. Board deputy of H2DO AB.
Shares in Crown Energy at 31 December 2015	3,429,521	100,000	175,765 (at publication date of this annual report, the number of shares have increased to 8,404,609)
Board meeting attendance	12/12	First elected to the Board on 13 may 2015. Has participated in eight meetings out of eight (8/8) possible meetings.	First elected to the Board on 13 may 2015. Has participated in eight meetings out of eight (8/8) possible meetings.
Board fee, SEK thousand	150	75	No
Independent of Company and Management[1]	No	Yes	No
Independent of major shareholders[1]	Yes	Yes	Yes

1) As per the definition in the Swedish Corporate Governance Code

MANAGEMENT

The CEO is Andreas Forssell, who is also on the Board of Directors, see previous page.

	Jenny Björk	Peter Mikkelsen
Function	CFO	Chief Geologist and Exploration Manager
Employee since	2013, CFO since 2015	Not employed, but part of Management since 2011.
Birth year	1979	1953
Education	Degree in business administration (Civilekonom) Linköping University	Bachelor's in geology Oxford University
Experience	Authorised Public Accountant	Senior positions and consultant in the oil sector (mainly exploration)
Other board posts	Board member of Crown Energy Iraq AB	Board member of KEA Petroleum Plc. Associate of Simco Petroleum Management and partner in Fastnet Ltd.
Shares in Crown Energy at 31 December 2015	None	100,000

Auditor
Öhrlings PricewaterhouseCoopers AB, with Peter Burholm (born in 1968) serving as chief auditor.

Peter Burholm from Öhrlings PricewaterhouseCoopers AB is Crown Energy's chief auditor. Mr Burholm has been an authorised public accountant since 1995. Both he and Öhrlings PricewaterhouseCoopers AB are members of FAR, Sweden's association for accountancy professionals.

ADDRESSES

Board of directors and senior executives
Crown Energy AB
Norrlandsgatan 18
SE-111 43 Stockholm, Sweden

Auditor
Öhrlings PricewaterhouseCoopers AB
Torsgatan 21
SE-113 97 Stockholm, Sweden

The share, shareholders and share capital

SHARE CAPITAL

According to Crown Energy's Articles of Association adopted on 13 May 2015, the issued share capital should be no less than SEK 1,200,000 and no more than SEK 4,800,000. The minimum number of shares is 50,000,000 and the maximum is 200,000,000. Each shareholder with voting rights may vote at the general meeting on the basis of the full number of shares owned and represented by him or her without any voting right restrictions. Each share confers equal rights (one vote per share) to the Company's assets and profits in the event of liquidation and all shares are freely transferable. The Company's shares are not subject to an offer submitted on the basis of mandatory bid rules, a right of squeeze-out, or a right of sell-out. The Company's shares have not been subject to any public takeover bids during the current or previous fiscal year. Crown Energy shares are denominated in SEK and are issued in accordance with Swedish law, and the owners' rights related to the shares may only be amended in accordance with the procedures specified in the Swedish Companies Act (2005:551). Crown Energy's share capital totals SEK 1,794,766 allocated over a total of 61,047,373 shares on publication of this annual report. The quotient value per share is 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.

SHARE CAPITAL PERFORMANCE

The Company conducted a new share issue on 23 January 2015 in conjunction with the redemption of convertibles, which resulted in a share capital increase by SEK 2,939.96 to SEK 830,344.05 and an increase in the number of shares by 100,000 to 28,243,411 shares.

The Company conducted two directed offset issues on 13 May 2015, which resulted in a share capital increase from SEK 759,364.75 to SEK 1,589,721.03 and an increase in the number of shares by 25,828,733 to 54,072,144 shares.

The Company conducted a preferential rights issue from 29 May to 15 June 2015, which resulted in a share capital increase from SEK 43,371.73 to SEK 1,633,092.76 and an increase in the number of shares by 1,475,229 to 55,547,373 shares.

A directed share issue was conducted between 30 December 2015 and 31 January 2016 which resulted in a share capital increase by SEK 161,697.62 to SEK 1,794,767.40 and an increase in the number of shares by 5,500,000 to 61,047,373. The share issue was registered on 16 February 2016.

Changes in the Company's share capital are reported below in table format from registration of the Company until 12 April 2016:

YEAR	TRANSACTION	INCREASE IN NUMBER OF VOTES	CHANGE IN NUMBER OF SHARES	CHANGE IN SHARE CAPITAL (SEK THOUSAND)	CAPITALISATION EXCL. ISSUE EXPENSES (SEK THOUSAND)	TOTAL NUMBER OF SHARES	TOTAL SHARE CAPITAL (SEK THOUSAND)	QUOTIENT VALUE (SEK)
2010	Incorporation	50,000	50,000	50	50	50,000	50	1.00
2011	Directed share issue	450,000	450,000	450	450	500,000	500	1.00
2011	Share split (3,406:2)	1,702,500,000	1,702,500,000	-	-	1,703,000,000	500	0.00029
2011	Directed share issue	116,820	116,820	0	0	1,703,116,820	500	0.00029
2011	Reverse share split (1:100)	-1,686,085,652	-1,686,085,652	-	-	17,031,168	500	0.029
2012	Directed share issue	181,666	181,666	5	3,347	17,212,834	505	0.029
2012	Non-cash issue[1]	1,135,411	1,135,411	34	16,987	18,348,245	539	0.029
2012	Preferential rights issue[2]	1,529,020	1,529,020	45	10,703	19,877,265	584	0.029
2012	Directed share issue	4,285,714	4,285,714	125	30,000	24,162,979	709	0.029
2012	Offset issue[3]	1,592,051	1,592,051	48	11,144	25,755,030	757	0.029
2013	Non-cash issue	1,842,715	1,842,715	54	18,611	27,597,745	811	0.029
2014	Redemption of convertibles[4]	246,934	246,934	8	1,845	27,844,679	819	0.029
2014	Redemption of convertibles	298,732	298,732	8	2,398	28,143,411	827	0.029
2015	Redemption of convertibles[5]	100,000	100,000	3	837	28,243,411	830	0.029
2015	Offset issue	25,828,733	25,828,733	759	78,673	54,072,144	1,589	0.029
2015	Preferential rights issue	1,475,229	1,475,229	44	4,869	55,547,373	1,633	0.029
2016	Directed share issue	5,500,000	5,500,000	162	11,000	61,047,373	1,795	0.029

[1] *Refers to payment for the acquisition of Amicoh Resources Ltd. The proceeds were offset against the purchase price liability recognised in 2011 in relation to the seller, Mocoh Resources Ltd.*

[2] *SEK 7,245,070 of the total capitalised amount refers to settlement of loan with principal owner.*

[3] *Settlement of loan with principal owner*

[4] *Recognised as Other unregistered share capital at 31 December 2013. Shares were registered with Swedish Companies Registration Office 8 January 2014.*

[5] *Recognised as Other unregistered share capital at 31 December 2014. Shares were registered with Swedish Companies Registration Office 23 January 2015.*

OWNERSHIP STRUCTURE

As at 31 December 2015, Crown Energy had about 2,000 shareholders. The number of outstanding shares was 55,547,373. The following table shows the shareholdings of the five largest owners and the combined shareholdings of other owners:

SHAREHOLDER	NUMBER OF SHARES	STAKE (%)
USB Investment BV	24,240,976	43.6%
Comtrack Ventures Ltd	7,933,156	14.3%
Alan Simonian	3,429,521	6.2%
Bertil Lindkvist	2,060,613	3.7%
Försäkringsbolaget Avanza Pension	1,807,113	3.3%
Other shareholders	16,075,994	28.9%
Total number of shares	**55,547,373**	**100.0%**

One share issue took place and was registered after the end of the year (see explanation under Share capital performance section) which changed the ownership structure. The ownership structure as at 31 March 2016 and known changes afterwards can be seen below:

SHAREHOLDER	NUMBER OF SHARES	STAKE (%)
USB Investment BV	16,012,132	26.3%
Andreas Forssell, privately and via company	8,404,609	13.8%
Comtrack Ventures Ltd	7,933,156	13.0%
Alan Simonian	3,429,521	5.6%
Försäkringsbolaget Avanza Pension	1,893,036	3.1%
Other shareholders	23,374,919	28.3%
Total number of shares	**61,047,373**	**100.0%**

STOCK EXCHANGE

All (100%) of the Company's shares are traded on NGM Equity under the ticker symbol CRWN and ISIN code SE0004210854. Shareholders, other players in the stock market, and the public are free to subscribe to the Company's press releases and financial reports through NG News, Nordic Growth Market's news service, at www.ngnews.se.

AFFILIATION WITH EUROCLEAR IN 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 in 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 manager.

DIVIDEND POLICY

Over the next few years, Crown Energy's board 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 shareholders who are not tax 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 that for any given year that a dividend will be proposed or resolved on by the Company.

SHARE-BASED INCENTIVE PLANS AND ISSUED WARRANTS

As part of the purchase price for Amicoh Resources Ltd, it was resolved at the same meeting to also issue 364,954 warrants directed to the seller of Amicoh Resources Ltd. The warrants entitled the holder to subscribe for one share in Crown Energy AB for each warrant. The term of the warrants expired on 30 November 2015, without any share subscriptions.

CONVERTIBLE LOANS

Crown Energy had two convertible loan series until May 2015: KV1 2013/2016 and KV2 2014/2016. KV1 2013/2016 was issued in 2013 and is traded on NGM Equity under the ticker symbol CRWN KV1. A trading lot amounts to SEK 10, which is the nominal amount. KV2 2014/2016 was issued in 2014 and is not traded on the stock exchange. KV2 2014/2016 was bought back by Crown Energy in May 2015 and converted into shares in conjunction with an offset issue.

Twice annually during the periods 1 June through 30 June and 1 December through 31 December, and also during the period 1 March 2016 through 31 March 2016, holders of the convertibles can request conversion of all or part of their claims into new shares in the Company at a conversion price of SEK 10 per convertible. The remaining loans carry an annual interest rate of 10% from 2 May 2013, payable annually in arrears on 2 May with the final payment on the due date of 30 April 2016. KV1 2013/2016 was traded at 31 December 2013 at 85% of the nominal value, corresponding to an annual rate of about 11.8%. For information on the accounting for convertibles, see Note 20, Interest-bearing loans and liabilities.

Directors' report

The Board of Directors and CEO of Crown Energy AB (publ), 556804-8598, hereby submit their report for the fiscal year 1 January-31 December 2015.

OPERATIONS

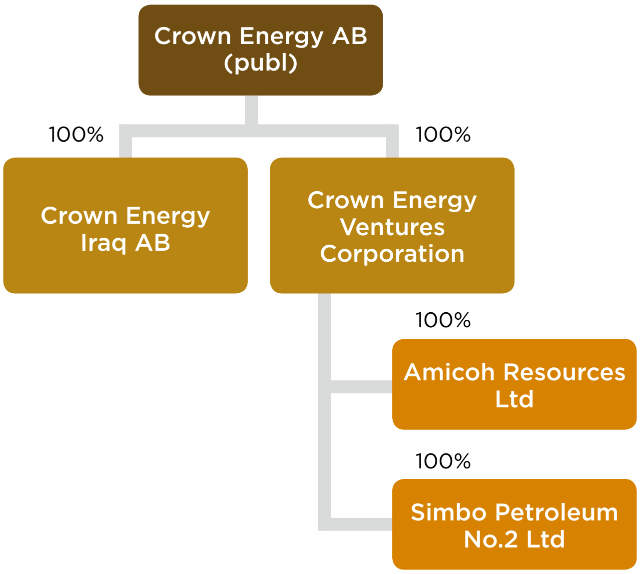
Crown Energy AB (publ) with its subsidiaries (Crown Energy, the Company, or the Group) is an international oil and gas group. Crown Energy focuses on exploration opportunities with great potential for recoverable reserves of oil and gas in underexplored areas. The Group currently has operations in Equatorial Guinea, South Africa, Madagascar, and Iraq. The Parent Company, whose commercial domicile is Stockholm, Sweden, is listed on NGM Equity.

The Company has not yet commenced oil production, given that its projects have not yet reached the production phase.

For a more detailed description of the Group's operations and ongoing projects, see the Description of operations on pages 6-12.

COMPANY STRUCTURE

See an overview of the Group's legal structure as at 31 December 2015 below:



SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Registration of new shares

On 23 January 2015, 100,000 new Crown Energy shares were registered with the Swedish Companies Registration Office as a result of the conversions of the Parent Company's outstanding KV1 2014/2016 convertible in December 2014.

Takeover of Simbo Petroleum No.2 Ltd

On 27 January 2015 Crown Energy received regulatory approval to acquire Simbo Petroleum No.2 Ltd, which holds a 40.5% participating interest in Block 2B in South Africa. Crown Energy thus took over Simbo Petroleum No.2 Ltd's shares. For more information on the acquisition, see Note 26, Acquisition of Simbo Petroleum No.2 Ltd.

Offset issue in which loans are converted into new shares

On 13 April 2015, the Board proposed a refinancing package consisting of three share issues: (1) an offset issue offer in which the Company's convertible loans are converted into new shares, (2) a directed cash issue of SEK 13 million in an offset issue, and (3) a preferential rights issue to existing shareholders not participating in the two offset issues.

Convertibles valued at SEK 66,432 thousand were bought back by Crown Energy between 13 and 23 April 2015, which corresponded to about 85 per cent of the previous total outstanding convertible debt. The convertible holders who accepted Crown Energy's buy-back offer were thus given a claim on the Company which was offset by shares at a later stage (see below).

The annual general meeting approved the aforementioned issues on 13 May 2015. The first offset issue issued 21,924,830 shares to those who sold back their KV 1 2013/2016 and KV 2 2014/2016 series convertibles to Crown Energy, reducing the Company's debt by SEK 66,432 thousand. The issue price was SEK 3.03 per share and included accrued convertible interest (issue price corresponding to SEK 3.33 per share not including accrued interest). The other offset issue issued a total of 3,903,903 shares to Comtrack Ventures Ltd and Alan Simonian, reducing the Company's debt by SEK 13 million, which had been incurred in conjunction with the acquisition of Simbo Petroleum No.2 Ltd. The issue price was SEK 3.33 per share.

The two offset issues were registered on 18 and 19 May 2015 and resulted in the number of Crown Energy AB shares increasing by 25,828,733 and the share capital increasing by SEK 759 thousand. The offset issues led to the filing of prospectuses with the Swedish Financial Supervisory Authority (FI), which are available for download on both Crown Energy's and FI's websites.

Update of asset reports

In May 2015, the previous competent persons reports (CPR) covering all of Crown Energy's projects were updated The inclusion of Iraq resulted in a substantial increase in the Company's oil resources. Crown Energy published this CPR on 12 May 2015. This CPR update was required by prospectus rules. Crown Energy also hired ERC Equipoise (ERCE) specifically to perform a more in-depth investigation to confirm and appraise the asset in South Africa, with a focus on the reservoir in discovery A-J1. ERCE's work was completed in June 2015 and the results were published in the form of a new CPR – limited to discovery A-J1. On 4 June 2015, Crown Energy announced that the A-J1 discovery had been upgraded from 8 million barrels of prospective resources to 37 million barrels of contingent resources (2C).

Preferential rights issue

As mentioned earlier, the AGM resolved on a preferential rights issue of a maximum of 18,024,048 shares on 13 May 2015. The issue price was SEK 3.33 per share. Payment of the proceeds of the preferential rights issue in progress between 29 May and 15 June 2015 was completed in the summer of 2015. The number of Crown Energy shares increased by 1,475,229 through the preferential rights issue, and the share capital increased by a total of SEK 43 thousand. The issue raised a total of SEK 4,913 thousand in cash for Crown Energy.

Organisational changes

On 3 July 2015, Andreas Forssel was appointed the new CEO of Crown Energy AB after Ulrik Jansson left his post as CEO and board member. After the change in CEO, management also appointed Jenny Björk as the Company's new CFO.

Four-year extension of Manja licence

Following a meeting on 28 October 2015 in Cape Town, South Africa, with OMNIS, the oil and gas authority in Madagascar, an agreement was reached to extend the licence for four years, until 15 November 2019. The extension is subject to final approval from the oil ministry in Madagascar.

Farm-out agreement Block 2B South Africa

On 17 December, Crown Energy signed a farm-out agreement with Africa Energy Corp ("Africa Energy") for Block 2B in South Africa. The agreement leaves Crown Energy with a 10% stake in exchange for Africa Energy fully financing a future exploration/appraisal well in the AJ basin and subsequent testing of the well. Africa Energy will pay Crown Energy for costs previously incurred within the scope of the joint costs of the licence as well as for costs from now until the access date, i.e. the date the farm-out transaction is completed. The transaction is subject to regulatory approval in South Africa, which means that Africa Energy cannot access the licence until this permit has been awarded.

The farm-out does not have any impact on Crown Energy's income statement and balance sheet at 31 December 2015.

Board resolution on directed issue

On 29 December 2015, Crown Energy's board resolved on a directed issue of a maximum of 5.5 million new shares to a small number of investors in the amount of SEK 11 million less issue expenses. An extraordinary general meeting approved the resolution on 26 January 2016.

FINANCIAL SUMMARY

Five-year summary

See Note 29 for definitions of key ratios.

FIVE-YEAR SUMMARY	2015-01-01 2015-12-31	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2012-01-01 2012-12-31	2011-01-01 2011-12-31
Group, SEK thousand					
Other operating income	–	–	–	–	342
Operating expenses	-8,717	-9,448	-9,271	-9,300	-3,501
Operating loss	-8,644	-9,448	-9,271	-9,300	-3,158
Net financial items	-6,933	-12,411	-8,571	-410	116
Total assets	177,458	149,083	134,211	77,133	51,958
Earnings per share, SEK	-0.35	-0.75	-0.56	-0.46	-0.76
Equity per share, SEK	2.34	2.03	2.49	2.15	0.07
Equity/assets ratio	73.5%	38.3%	51.3%	71.9%	2.4%
Number of employees	2.5	3	3	2	0
Parent Company, SEK thousand					
Other operating income	943	–	–	–	–
Operating expenses	-7,553	-9,205	-9,230	-9,396	-1,496
Operating loss	-6,610	-9,205	-9,230	-9,396	-1,496
Net financial items	2,163	-8,504	-2,891	4,575	-2
Total assets	169,492	136,363	124,795	68,595	39,091
Number of employees	2.5	3	3	2	0

Balance sheet

Exploration and evaluation assets

Total capitalised expenses for acquiring rights, prospecting costs, etc., which are classified as intangible assets, totalled SEK 176,445 thousand at 31 December 2015, a net increase from 31 December 2014 of SEK 68,986 thousand. The change in 2015 (2014) partially consists of new capital expenditures during the period of SEK 8,532 thousand (3,830) and translation differences of SEK 5,099 thousand (11,750). The new capital expenditures are mainly related to capitalised expenses for licence commitments, the preparation of asset reports and consulting fees for geologists. The translation differences are due to the fact that some of the exploration and evaluation assets were acquired in USD and were translated at the closing rate (see Note 14, Exploration and evaluation assets). As a result of the major changes that occurred over the past year in the rate between SEK and USD, the translation differences between the periods were significant and affect assets by increasing or decreasing them. The translation difference that arises is recognised directly in the currency translation reserve in other comprehensive income and does not affect cash flow. Apart from new investments and translation differences, exploration and evaluation assets increased by a total of SEK 55,355 thousand due to the acquisition of Simbo Petroleum No.2 Ltd, with the takeover occurring in Q1 2015. See Note 14, Exploration and evaluation assets, for a table of changes for the period and Note 26, Acquisition of Simbo Petroleum No.2 Ltd, for more information on this acquisition.

Property, plant and equipment – equipment, tools, fixtures and fittings

Property, plant, and equipment totalled SEK 66 thousand (99) after depreciation of SEK 33 thousand (33) was taken for the period.

Current assets

On 31 December 2015 (2014), current assets totalled SEK 979 thousand (41,525), of which SEK 156 thousand (34,626) are cash and cash equivalents.

Other receivables amounted to SEK 499 thousand, compared to SEK 1,020 thousand on 31 December 2014. These receivables comprise paid preliminary tax and VAT receivable. A receivable from the sellers of Simbo Petroleum No.2 Ltd was included the previous year, which was settled in connection with the takeover in February 2015.

Prepaid expenses totalled SEK 292 thousand (5,879). The decrease compared with year-end 2014 is mainly explained by the fact that the previous prepaid expenses attributable to Crown Energy's licence in South Africa were recognised as investments in licences in 2015. This change took place in conjunction with Crown Energy taking over Simbo Petroleum No.2 Ltd.

Cash and cash equivalents at the end of the period totalled SEK 156 thousand compared with SEK 34,626 thousand on 31 December 2014. The large change relates to the acquisition of Simbo Petroleum No.2 Ltd. See the explanation of changes in cash and cash equivalents in the "Cash flow" section.

Equity

Equity totalled SEK 130,177 thousand (57,090). The increase since year-end 2014 is attributed to the two offset issues conducted during the period, which raised SEK 79,432 thousand, and the preferential rights issue completed in July, which raised SEK 4,913 thousand. Issue expenses totalled SEK 1,599 thousand, thus reducing equity. An additional SEK 3,219 thousand increased equity and relates to an effect from the takeover of the South Africa asset, see Note 20, Interest-bearing loans and liabilities, for more information. Other comprehensive income totalled SEK -12,878 thousand (-14,432).

See Note 18, Share capital and other contributed capital, for gross accounting, and the "The shares, shareholders, and share capital" section on pages 19–21.

Non-current liabilities

As previously mentioned, a convertible loan, KV1 2013/2016, was issued in April 2013 to pay for the acquisition of shares in the company that owns a working interest in Block 2B in South Africa. Another convertible loan, KV2 2014/2016, was issued in 2014. At 31 December 2014, the carrying amount of the convertible loans totalled SEK 55,207 thousand, excluding accrued interest. At 31 December 2015, the convertible loan was classified as a current liability, see description below. For more information about the convertible loan, see Note 20, Interest-bearing loans and liabilities.

Loans from related parties, privately and via companies controlled by Ulrik Jansson amounted to SEK 6,704 thousand (6,104) at 31 December 2015 (2014). As a result, the loans have increased by a net amount of SEK 600 thousand since the previous year. An additional SEK 800 thousand was borrowed in Q1 and a repayment of SEK 200 thousand was made in Q2 2015. The loans carry no interest.

The deferred tax liability at 31 December 2015 (2014) totalled SEK 14,498 (13,560) and is attributable to the surplus value of exploration and appraisal assets. The net change of SEK 938 thousand (2,263) is attributable to translation differences because some of the assets were acquired in USD, and therefore translated using the closing rate.

Other provisions totalled SEK 9,250 thousand (8,892), partially comprising provisions attributable to the acquisition of the licence in Madagascar, which amounted to SEK 3,046 thousand (2,689) at 31 December 2015 (2014). The rest of the amount of Other provisions refers to a buy-back option which arose in connection with the acquisition of Crown Energy Iraq AB. The value of the buy-back option for the warrants at 31 December 2014 was SEK 6,204 thousand (6,204). The discounting and translation effects recognised through the income statement for the period were SEK 358 thousand (3) in 2015 (2014).

Current liabilities

Current liabilities consist of convertible loans, accounts payable, other liabilities, and miscellaneous accrued expenses. The total amount of current liabilities is SEK 16,829 thousand (7,472) at 31 December 2015 (2014). The convertible loan was reclassified from a non-current liability to a current liability in 2015. The convertible loan decreased by a total net amount of SEK 44,755 thousand in 2015. This decrease is the result of Crown Energy's buy-back from the convertible holders. In total, approximately 85% of the remaining convertibles were bought back. See Note 20, Interest-bearing loans and liabilities , for more information.

Accounts payable totalled SEK 2,878 thousand (1,499), which was up year-on-year. This increase was the result of several major outstanding invoices. Other liabilities came in at SEK 880 thousand (104), which was up slightly year-on-year. Other liabilities consist of employee-related expenses and transaction tax on the South Africa asset. The buy-back of the convertibles resulted in a substantial decrease in the payment of interest in May 2015, affecting accrued expenses. Accrued expenses include accrued interest on convertible loans in the amount of SEK 916 thousand (5,242). The other accrued expenses mainly consist of fees for consultants, auditors, and the Board. See Note 24, Prepaid expenses and accrued income, for more information.

Earnings

Operating income

The Group did not engage in any oil and gas production. As a result, no revenue was recognised. Other operating income in the amount of SEK 73 thousand (0) arose during the year in respect of exchange rate fluctuations in accounts receivable and payable.

Operating expenses

Total operating expenses for 2015 (2014) amounted to SEK -8,717 thousand (-9,448), of which SEK -4,077 thousand (-4,863) consisted of employee benefit expenses, SEK -4,607 thousand (-4,448) related to other external expenses, SEK -33 thousand (-33) related to depreciation/amortisation, and SEK 0 thousand (-104) related to other operating expenses. The lower year-on-year employee benefit expenses can be explained by the Parent Company having one less employee because the previous CEO resigned in July 2015. The CEO's resignation resulted in certain organisational changes and thus also changes in salaries. Other external expenses increased by SEK 159 thousand in 2015. In general, the Group cut costs attributable to the head office, consultants, travel, marketing, administration etc. in late 2015. However, additional costs for new projects and costs resulting from a new subsidiary offset the general decrease in recurring costs.

Depreciation and amortisation remained at the same level in 2015 and 2014.

Other operating expenses of SEK 0 thousand (-104) referred to exchange rate effects on accounts receivable and payable in 2014. In 2015, other operating income was recognised as a result of these exchange rate effects instead (see above).

Earnings from financial items

Net financial items totalled SEK -6,933 thousand (-12,411). The reason for the major year-on-year decrease is that Crown Energy bought back around 85 per cent of the outstanding convertible loan. The agreement with the convertible holders who accepted the offer resulted in interest for 2014 not being paid in May 2015. This reduced costs in comparison to the year prior.

Financial income amounted to SEK 2,447 thousand (3,176) and is mainly attributable to exchange gains.

Financial expenses totalled SEK -9,380 thousand (-15,587) during the year. SEK -8,922 thousand (15,353) of financial expenses refers to effective interest attributable to the convertible loans. See the comment above on the year-on-year decrease and Note 9, Financial income and expenses. Net financial items were also affected by the discounting and translation effects (due to fair value valuation of the Company's provisions) in the amount of SEK -358 thousand (-233).

Tax

The Company recognised deferred tax revenue in the income statement of SEK 0 thousand (744) in 2015 (2014). The deferred tax income in 2014 was attributable to capitalisation and remeasurement of tax losses. See Note 5, Critical estimates and assessments for accounting purposes, for a detailed description of accounting for deferred tax.

Earnings after tax

Earnings after tax in 2015 (2014) totalled SEK -15,577 thousand (-21,115), corresponding to SEK -0.35 (-0.75) per share.

Cash flow

Cash flow from operating activities in 2015 (2014) totalled SEK -8,533 thousand (-11,151). The year-on-year decrease in outflow can be explained by the changes in working capital.

Cash flow from investing activities in 2015 (2014) totalled SEK -28,695 thousand (-3,830). This outflow consisted of a minor item in relation to the acquired cash and cash equivalents of subsidiaries in the amount of SEK 7 thousand and expenditures on Crown Energy's licences. Expenditures on licences consist of work in progress in the amount of SEK -3,688 thousand (-3,830) and a cash payment of SEK -25,014 thousand in Q1 2015 for the acquisition of Simbo Petroleum No.2 Ltd. See Note 26, Acquisition of Simbo Petroleum No.2 Ltd, for a more detailed disclosure.

Cash flow from financing activities for the full year totalled SEK 2,685 thousand (12,987). The positive cash flow in 2015 can be explained by the preferential rights issue conducted in June 2015 and borrowings from related parties in the amount of SEK 600 thousand. Additional outflows were in the form of issue expenses of SEK -1,599 thousand and convertible interest paid in the amount of SEK -1,228 thousand.

Disputes

There were no disputes between Crown Energy and other parties at the time of publication of the annual report.

EVENTS AFTER YEAR-END

Extraordinary general meeting

On 26 January 2016, an extraordinary general meeting approved the directed issue proposed by the board in December 2015. Read more about the issue below.

In addition to the above directed issue, the board also obtained authorisation to resolve to issue new shares and/or convertibles and/or warrants on one or more occasions with or without derogation of shareholders' preferential rights until the next AGM. However, the total number of financial instruments that may be issued under the authorisation cannot exceed 10,000,000 shares.

The meeting affirmed that Ulrik Jansson and Andrew Harriman resigned from the board since the 2015 AGM. Shareholders representing approximately 50 per cent of the shares and votes proposed that the board consist of three members without any deputies. Shareholders representing approximately 50 per cent of the shares and votes proposed that the board consist of Alan Simonian, Andreas Forssell and Nick Johnson, with Alan Simonian serving as chairman. This proposal was approved.

Directed share issue

As mentioned above, the extraordinary general meeting approved a directed issue on 26 January 2016. The issue price for the shares was SEK 2 per share and a small number of investors selected in advance were entitled to subscribe for the shares, in derogation of shareholders' preferential rights. Share subscriptions were made during the period from 30 December 2015 to 31 January 2016.

The issue raised SEK 11 million for Crown Energy before issue expenses, resulting in a total increase in the Company's share capital of SEK 161,697.62, and the total number of new shares was 5,500,000. After the issue, the Company's share capital was SEK 1,794,767.40 and the number of shares was 61,047,373.

The proceeds of the issue will mainly be used to keep Crown Energy running as a going concern and to continue developing new and existing projects.

The issue was registered with the Swedish Companies Registration Office on 16 February 2016.

Final ministerial approval of the Manja license extension

November 3, 2016, Crown Energy informed about the agreement with OMNIS, the oil and gas regulatory body of Madagascar, to extend the exploration period for 4 years until 15 November 2019. The agreement with OMNIS, was subject to a ministerial approval, which was obtained in March 2016.

Agreement with international investor on private placement

On April 4, 2016, Crown Energy announced the signing of an agreement for a private placement of shares and warrants in Crown Energy of at least SEK 63 million and up to SEK 126 million. The board of directors of Crown Energy propose that the AGM, to be held on 4 May 2016, resolves on an issue of 31.5 million units to an international investor Cement Fund SCSp (Société en Commandite Spéciale) (the Investor), of Luxemburg, or a newly created SPV purposed to do the investment in Crown Energy. Each unit consists of one new share and one warrant to subscribe for one share. The subscription price per unit is SEK 2. Each warrant gives the Investor right to subscribe for one new share to a subscription price of SEK 2 during a period of 24 months from the completion of the investment, which is scheduled for when the new shares and the warrants have been registered with the Swedish Companies Registration Office. The proceeds from the private placement will initially be SEK 63 million and give the Investor an initial ownership in Crown Energy amounting to 34.0 per cent of the shares and votes. In case the Investor exercises the warrants in full, Crown Energy will be provided with SEK 63 million in additional proceeds before costs, and the Investor will subsequently be the owner of 50.8 per cent of the outstanding shares and votes. The private placement involves an initial dilution effect for the existing shareholders of 34.0 per cent and another 25.4 per cent (in total 50.8 per cent) in case the warrants are fully exercised. Shareholders representing an ownership representing a total of approximately 58.3 per cent of shares and votes of the Company have committed to vote in favor of the private placement at the shareholders' meeting. For more information, please see press release on webpage.

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. There are undoubtedly major challenges at the current oil price levels, but given that an oil project spans 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 half-year to position itself in the current market conditions. This involves adapting farm-out activities and partner discussions and being flexible and attractive on the current market. Specifically, it involves discussions with government agencies and potential partners to adapt production programs etc., such as in the case of Manja in Madagascar, where we got an extension with a more flexible production programme. In addition, we are looking into options for incorporating cash-flow-generating operations in the long term. This can be done with existing assets, such as in Iraq, but could also be external operations incorporated into Crown Energy.

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.

Financing and going concern

Since the Group has not generated any revenue or profits, financing has historically been done by issuing new shares and convertible loans.

To manage the costs of a going concern and ongoing investments in new and existing projects, we raised capital via a directed issue of new shares in January 2016 (see the section entitled Events after the reporting period). The issue raised SEK 11 million for Crown Energy before issue expenses and it is forecast that this will be sufficient for the coming 12 months in terms of recurring operating expenses and capital investments. In addition to recurring costs and capital expenditures, the Company also has outstanding convertible loans and associated interest maturing 30 April, 2016.

The company has entered into an agreement with a party about a major directed share issue (see Events after the reporting period), which will bring capital to te Crown Energy, provided that certain conditions are met, such as the shareholders at the upcoming Annual General Meeting will vote in favor of the issue and the new composition of the Board and that a prospectus is approved and registered with the Swedish FSA. The share issue is expected to occur in connection with the Annual General Meeting 2016, which is scheduled to be held on May 4, 2016.

The upcoming new share issue is considered to secure Crown Energy's capital in the longer term and the agreement will also enable repayment of the outstanding convertible loans (including interest) on due date.

It should be noted that a farm-out of Block 2B in South Africa was completed in December 2015. Farm-outs do not result in any substantial payments to the Group for costs incurred. On the other hand, Crown Energy will not need to pay its remaining share in the initial test drilling (see section entitled Projects) and associated costs.

The main plan, is to, during a period of twelve months, be able to handle all outstanding commitments, both investments and ongoing management and the repayment of loans, with the help of already completed share issues and to the AGM proposed share issue as described above. However it cannot be excluded that the Company may need or desire to seek capital from existing shareholders for investments in addition to those described so far. This may be done partly through new shares issues, directed or rights issues, or other offers to existing shareholders or bondholders, or a combination of the above.

The annual report has been prepared assuming a going concern in view of the Company's current operations, activities planned for the next twelve months, existing cash and cash equivalents and the upcoming, potential, share issues.

SIGNIFICANT RISKS AND RISK MANAGEMENT

See Note 3 and Note 4 for a summary of the Group's significant risks and risk management.

THE SHARE AND OWNERSHIP STRUCTURE

Share capital

According to Crown Energy's Articles of Association adopted on 13 May 2015, the issued share capital should be no less than SEK 1,200,000 and no more than SEK 4,800,000. The minimum number of shares is 50,000,000 and the maximum is 200,000,000. Each shareholder with voting rights may vote at the AGM on the basis of the full number of shares owned and represented by him or her without any voting right restrictions. Each shares confers equal rights (one vote per share) to the Company's assets and profits in the event of liquidation and all shares are freely transferable. The Company's shares are not subject to an offer submitted on the basis of mandatory bid rules, a right of squeeze-out or a right of sell-out. The Company's shares have not been subject to any public takeover bids during the current or previous fiscal year. Crown Energy shares are denominated in SEK and are issued in accordance with Swedish law, and the owner's rights related to the shares may only be amended in accordance with the procedures specified in the Swedish Companies Act (2005:551). Crown Energy's share capital totals SEK 1,794,766 allocated over a total of 61,047,373 shares on publication of this annual report. The quotient value per share is 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.

For more detailed information on the share, see The share, shareholders, and share capital section on pages 19-21.

Directed share issues in accordance with the Swedish Companies Act, chapter 16, section 10

As mentioned in the Significant events during the fiscal year section, two offset issues were conducted in derogation of shareholders' preferential rights in 2015. The liabilities that were offset totalled SEK 79,432 thousand. The first offset issue, which involved buying back convertibles, resulted in Ulrik Jansson (via companies) and Alan Simonian receiving additional shares in the Parent Company. The second offset issue involved a liability to Alan Simonian and Comtrack Ventures Ltd. Ulrik Jansson (CEO of Crown Energy at the time) and Alan Simonian (Chairman of the Board) are among the category of individuals (who at the time of the share issues) were subject to Chapter 16 of the Swedish Companies Act, which means that the resolutions on the above share issues required the approval of at least nine-tenths of both the votes cast and the shares represented at the general meeting. The resolution was passed at the AGM on 13 May 2015.

Ownership structure

For information on the ownership structure, see "The share, shareholders, and share capital" section on pages 19-21.

ANNUAL GENERAL MEETING

The AGM will be held on 4 May 2016, at 10:00 in the Company's offices at Norrlandsgatan 18 in Stockholm.

PARENT COMPANY

The revenue for the year of SEK 806 thousand was related to invoicing of subsidiaries in Q1. Earnings before tax for the Parent Company amounted to SEK -4,447 thousand (-17,709).

Cash and cash equivalents at 31 December 2015 totalled SEK 72 thousand compared with SEK 34,485 thousand at 31 December 2014. The large change is attributable to the acquisition of Simbo Petroleum No.2 Ltd.

There were 2 persons (3) employed by the Parent Company at the end of the period. This decrease refers to the fact that Ulrik Jansson left his post as CEO of the Company.

Equity at the end of the period was SEK 148,500 thousand compared with SEK 66,982 thousand at 31 December 2014. The change was mostly due to the period's issues. For details, see the Parent Company's statement of changes in equity.

The Company's convertible loans decreased as a result of the Company's buy-back, coming in at SEK 11,209 thousand (55,964) at 31 December 2015 (2014). The loans were reclassified in 2015 from non-current to current liabilities. For more information about the convertible loans, see Note 20, Interest-bearing loans and liabilities.

PROPOSED APPROPRIATION OF PROFITS

The following profit is at the disposal of the AGM:

SEK	
Accumulated earnings	-27,963,242
Share premium reserve	179,276,063
Net loss for the year	-4,446,017
Total	**146,866,804**

The Board proposes that SEK 146,866,804 be carried forward.

Corporate Governance Report

This report was prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Code of Corporate Governance (the Code) and is part of the formal annual accounts.

INTRODUCTION

Crown Energy AB (Crown Energy) is a Swedish public company with its headquarters in Stockholm. The Company's shares are traded on NGM Equity.

Crown Energy's corporate governance is allocated among shareholders, the Board, the CEO, and senior management. Governance is regulated mainly by the Articles of Association, the Swedish Companies Act, NGM's rules for companies whose shares are traded on NGM Equity, the Code, good practice on the stock market, and internal guidelines and policies.

Companies whose shares are traded on a regulated market are required to implement the Code. The Code is part of self-regulation in the Swedish business community and is based on the principle of comply or explain. This means that a company applying the Code may deviate from individual rules but must explain the reason for each deviation and provide a description of the solution that was chosen instead. The Code is available at www.corporategovernanceboard.se. In accordance with the provisions of the Annual Accounts Act and the Code, Swedish companies whose shares are traded on a Swedish regulated market must also prepare a Corporate Governance Report. Crown Energy's 2015 corporate governance report was prepared accordingly and is part of the formal annual accounts.

Rules of the Code from which Crown Energy deviated in 2015 are indicated in this report. Explanations and solutions that were used instead are described in each respective section of the Corporate Governance Report.

The Company did not have any breaches of NGM's rules for companies whose shares are traded on NGM Equity or breaches of good practice on the stock market to report for the year.

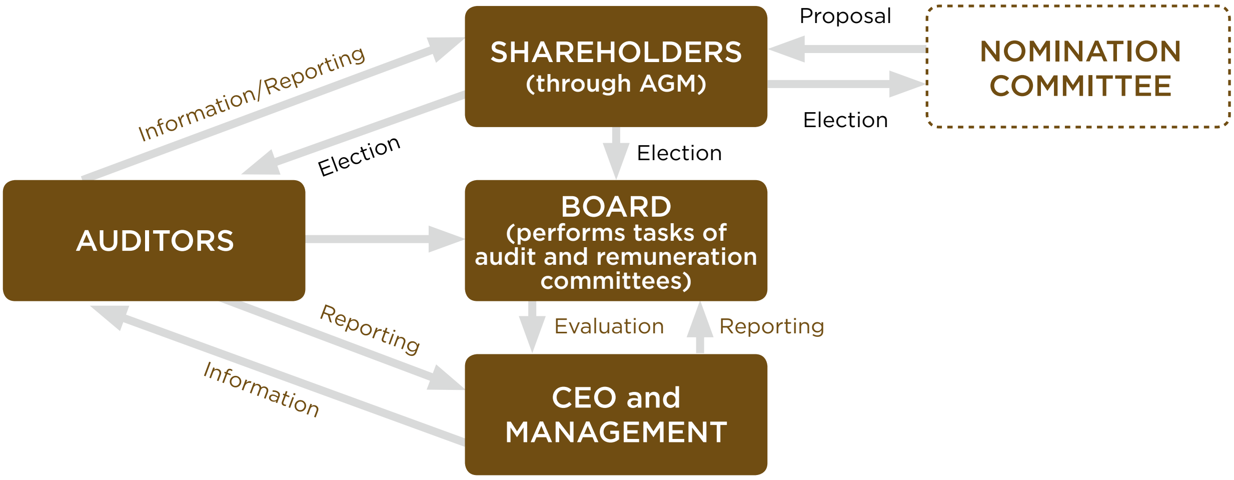
GOVERNANCE STRUCTURE AND ACCOUNTABILITY

The shareholders of Crown Energy exercise their influence on the annual general meeting, the Company's highest decision-making body, while the Board of Directors and the CEO are responsible for the Company's organisation and management of the Company's affairs in accordance with the Swedish Companies Act, other laws and regulations, applicable rules for listed companies, the Articles of Association and the Board's internal control instruments. Crown Energy's governance structure is described in the following organizational chart of the various governing bodies. A description of each governing body follows.

SHAREHOLDERS

As at 31 December 2015, Crown Energy had about 2,000 shareholders. The Company's three major shareholders are USB Investment BV, with about 43.6% of the capital and votes, Comtrack Ventures Ltd with about 14.3% and Alan Simonian with 6.2%. The five largest shareholders had combined holdings of 71.1% of the shares and votes at the end of 2015.

According to Chap. 6, Sec. 6, Par. 2 P. 3 of the Annual Accounts Act, the corporate governance report shall present direct or indirect shareholdings that represent at least one-tenth of the number of votes for all shares in the company. The two shareholders of this type at 31 December 2015 are USB Investment BV (43.6%) and Comtrack Ventures Ltd (14.3%). Further information about the share and shareholders can be found on pages 19–21 of this annual report.



GENERAL MEETING

The general meeting is Crown Energy's highest decision-making body. By law, the AGM must be held within six months of year-end. Decisions are made at the AGM on such issues as adoption of the income statement and balance sheet, allocation of profits, discharge of liability, and election of board members and auditors. Decisions are also made at the general meeting on the Articles of Association, dividends, and any changes to the share capital.

Notice of the AGM, as well as of EGMs where questions of amending the articles of association will be handled, shall be issued no earlier than six and no later than four weeks before the meeting through a press release, a public announcement in Post- och Inrikes Tidningar (Post and Domestic Times), and on the Company's website. Notice of any other general meeting shall be issued no earlier than six and no later than three weeks before the meeting. In order to attend and vote at the AGM, shareholders must be entered in the register maintained by Euroclear Sweden AB on Crown Energy's behalf no later than five working days before the meeting and must have reported their participation to the Company as described in the meeting notice. Shareholders may be represented by proxy.

AGM

Crown Energy's 2015 AGM was held on 13 May 2015 in Stockholm. At the meeting, 30.8 per cent of the votes and share capital were represented. These items and others were resolved at the meeting:

- Adoption of the income statements and balance sheets for the Parent Company and the Group
- Discharge from liability for the Board and CEO
- Adoption of appropriation of profits, entailing that the Company's accumulated earnings of SEK 66,150,511 be brought forward
- Adoption of the number of board members (five) and election of board members (two additional members)
- Adoption of board fees of SEK 225,000, with SEK 150,000 to the chairman and SEK 75,000 to each non-employed board member
- Adoption of audit fees as per approved invoices
- Adoption of guidelines for remuneration of Group senior executives
- Resolution to amend the Company's Articles of Association (change in the maximum number of shares and share capital)
- Approval of the Board's two proposed (offset) issues of shares in derogation of shareholders' preferential rights, totalling a maximum of 21,924,830 and 3,903,903 shares
- Approval of the Board's proposed issue of shares with preferential rights for the shareholders, maximum 18,024,048 shares

The AGM will be held on 4 May 2015, at 10:00 in the Company's offices at Norrlandsgatan 18 in Stockholm.
For information about the AGM, see the Company's website, www.crownenergy.se.

Other general meetings

No extraordinary general meetings were held in 2015.

NOMINATION COMMITTEE

A nomination committee's main tasks are to present proposals for election of the chairman of the board and board members, fees to board members, election of auditors, and auditor fees to the AGM. Principles for appointing a nomination committee are resolved at the AGM.

Historically, Crown Energy has not had a nomination committee, which is a deviation from the Code of Corporate Governance. The Board decided with the principal shareholders that a nomination committee is currently not necessary in view of the composition of shareholders. Depending on any future changes in shareholders, the issue of a nominations committee may need to be raised again and Crown Energy is planning to engage in an ongoing dialogue with the principal shareholders on this issue.

BOARD OF DIRECTORS

The Board's composition, functions, and rules of procedure

The Board's work is conducted in compliance with the Companies Act, the Code, and other applicable rules and regulations prescribed by the Company. The Board's overall function is to manage the Company's affairs and organisation.

According to the Articles of Association, Crown Energy's board is to consist of at least three and no more than ten members, with no more than five deputies. In 2015, the Board consisted of four members:

- Alan Simonian (Chairman of the Board)
- Andrew Harriman (member)
- Nick Johnson (member)
- Andreas Forssell (member and CEO)

Nick Johnson and Andreas Forssell were elected to the Board of Directors in conjunction with the 2015 AGM. Ulrik Jansson resigned from his post as board member in July 2015 at his own request. As a result, he was involved in the Board's work until that time.

No specific division of duties between board members exists. For additional information on the current board, see the "Board of directors, senior executives, and auditors" section on pages 11-13 of this report.

At the statutory board meeting after the AGM, the Board of Directors of Crown Energy sets out rules of procedure with instructions on the rules of procedure between the Board and the CEO as well as instructions for financial reporting. The rules of procedure are reviewed and approved annually. The Board holds at least four regular meetings in addition to the statutory meeting. The meetings are scheduled as far as possible to coincide with financial reporting and the AGM. Besides regular meetings, the Board gathers for additional meetings as required.

The work is led by the Chairman of the Board, who has a particular responsibility for ensuring that it is well organised and efficient. This includes ensuring that the Board has the relevant education to discharge its duties, ensuring that it receives sufficient information and supporting documents, and that it is evaluated annually. The Chairman also maintains frequent contact with the Company's CEO. The Chairman is appointed at the AGM. Alan Simonian was elected Chairman of the Board at the 2015 AGM.

The Board may establish committees to delegate certain tasks. Normally these committees consist of audit and remuneration committees. Board committees deal with issues that fall within their respective areas and submit reports and recommendations that form the basis of decisions made by the Board. The Board decides whether or not a committee should be established. The Board may, in accordance with the Swedish Companies Act, decide to perform the duties of a committee themselves, that is, address the issues within the regular Board. In 2015, Crown Energy did not have an audit committee or remuneration committee since the Board found it to be more appropriate to handle these types of issues within the regular Board. Accordingly, the Board performs the duties of each committee.

The Code requires that a majority of board members be independent of the company and its management. At least two of the independent board members must be independent in relation to the Company's major shareholders. Major shareholders are defined as owners who control ten per cent or more of the shares or votes in the Company. The Board composition changed in 2015 in summary. Until July 2015, the Board consisted of five members. Two of them were independent of the Company, its management, and major shareholders. After July 2015, the Board consisted of four members. Two of them were independent of the Company, its management, and major shareholders.

The work of the Board in 2015

Under the Board's rules of procedure, the Board is to convene at least four times per year in addition to the statutory meeting. The Board had 12 meetings in 2015, including one statutory meeting. In 2015, the Board worked on discussing strategies for developing the Company's assets. This included both farm-out campaigns and activities to find other types of partnerships. The Board resolved to sign a farm-out agreement for the Company's South Africa asset.

As a result of the Company's strained financial situation, the Board also worked extensively on monitoring cash flows, cutting costs, and looking into financing and refinancing options on an ongoing basis. This work resulted in a major refinancing package in spring 2015 and a proposed directed share issue in late 2015. In addition, the Board established internal frameworks and policies, such as the Board's rules of procedure, CEO instructions etc. applicable for governance of the Company. The Company's auditor participated in one of the Board's meetings, which, was held in March 2015.

Four meetings have been held in 2016 as well. One involved adoption of the 2015 year-end report, one debriefing from the Company's auditors with respect to the 2015 fiscal year and the last two, the Board resolution on entering the agreement with a new investor and send out a notice for the AGM 2016.

At the bottom of the page, follows a summary of Board meeting attendance.

Authorisation

Neither the AGM nor the EGM has given the Board any specific authorisation in 2015.

CEO AND MANAGEMENT

The CEO ensures that operations are conducted in accordance with the Companies Act, other laws and ordinances, applicable rules for listed companies, the articles of association, and the Board's internal control instruments, and in accordance with the Board's established goals and strategies. In consultation with the Chairman of the Board, the CEO compiles the necessary informational and supporting documents for board meetings, presents reports, and motivates decision proposals. The CEO is Andreas Forssell. Ulrik Jansson served as CEO until 3 July 2015. Ulrik Jansson chose to resign at his own request.

The management group is otherwise comprised of Jenny Björk, CFO, and Peter Mikkelsen, chief geologist and exploration manager. Peter Mikkelsen performs his duties as a consultant, not as an employee of Crown Energy.

See the presentation of the CEO and other senior executives on pages 17–18 of the Annual Report.

INTERNAL AUDITING

The Company currently has a simple legal and operational structure along with established management and internal control systems. As a result, the Board determined in 2015 that a separate internal audit function was not necessary. The Board regularly monitors the Company's assessment of internal control through contact with the Company's auditors and by other means.

AUDITOR

The auditor is appointed at the general meeting to review, on behalf of the shareholders, Crown Energy's Annual Report and accounts and the Board's and CEO's administration of the Company.

NAME	POSITION	INDEPENDENT OF COMPANY A ND MANAGEMENT	INDEPENDENT OF COMPANY'S MAJOR SHAREHOLDERS	2015 BOARD MEETINGS
Alan Simonian	Chairman	No	Yes	12/12
Andrew Harriman[3]	Board member	Yes	Yes	12/12
Nick Johnson[1]	Board member	Yes	Yes	8/12
Andreas Forssell[1]	Board member and CEO	No	Yes	8/12
Resigned from Board in 2015				
Ulrik Jansson[2]	Board member and CEO	No	No	7/12

1) First elected to the Board on 13 may 2015. Has participated in eight meetings out of eight (8/8) possible meetings.

2) Resigned at his own request on 3 July 2015. Has participated in seven meetings out of seven (7/7) possible meetings.

3) Resigned from the board at his own request in conjunction with the EGM on 26 January 2016.

The 2015 AGM re-elected audit firm Öhrlings PricewaterhouseCoopers AB as Crown Energy's auditor until the end of the 2019 AGM. As chief auditor, authorised public accountant Peter Burholm was appointed to sign the auditor's report together with authorised public accountant Michael Winkvist.

The audit team had regular contact with the Company in 2015 in addition to the audit procedures performed. The Company's auditors reviewed the annual accounts and the Company's internal controls for 2015. Apart from this, the auditor also performed statutory reviews in conjunction with the year's share issues. The Company's financial six-month and nine-month reports have not been reviewed. This is a divergence from the Swedish Corporate Governance Code. Historically, the Company has had its auditor review its nine-month report. In autumn 2015, Crown Energy's organisation ended up being very busy with the farm-out transaction which was completed in December and the agreement with new investors, which was published on 4 April 2016. Given that the Company has a very small organisational structure, it was not possible to have the auditors review the interim report at that time to the extent required to be able to publish a reviewed report by the deadline under the stock exchange rules. Consequently, the Board justifies this divergence from the Corporate Governance Code as a result of being unable to have the auditors review the nine-month report due to a lack of time.

REMUNERATION

Remuneration guidelines

Guidelines for remuneration of senior executives at Crown Energy are approved at the AGM and currently cover the CEO and CFO, who are in senior management and who are employees of the Company. The policy is that remuneration should be commercially competitive. The remuneration level should be based on position, competence, experience, and performance.

Most recently approved remuneration guidelines – 2015 AGM

For the 2015 AGM, the Board proposed the following guidelines, which were later adopted at the AGM on 13 May 2015:

- The Board shall be entitled to deviate from the guidelines in individual cases if there are specific reasons for doing so. In the event of such a deviation, notice of the deviation and the reason for it must be reported at the next AGM.
- The remuneration of the CEO and other senior executives shall consist of a fixed, market-based salary. Any potential benefits shall constitute only a limited portion of the remuneration.
- The CEO and other senior executives shall have defined contribution pension plans, which means that vesting occurs through the Parent Company's annual payments of premiums. The pension contribution for the CEO must be 35% of the CEO's salary per year. Pensions for other senior executives must be in line with the ITP plan.
- Upon termination by the Company, severance pay for senior executives can be paid to a maximum of 24 monthly salaries, including fixed salary, during the notice period.
- Decisions on share and share price related incentive schemes for senior executives shall be taken at the AGM. Share and share price related incentive schemes shall be designed with the aim of achieving greater alignment of interests between the participating executives and the Company's shareholders. Schemes that involve the acquisition of shares shall be designed so that a personal shareholding in the company is promoted. The vesting period, or the period from the conclusion of the agreement until shares may be acquired shall not be less than three years. Board members who are not also employees of the Company shall not participate in schemes directed to management or other employees. Share options shall not be included in schemes directed to the Board.
- The Company's board members shall, in specific cases, be allowed to receive fees for services rendered within their respective areas of expertise that are not associated with board work. Fees for these services shall be market-based, approved by the Board, and disclosed at the AGM.

The Board's proposed remuneration guidelines for the 2016 AGM

The Board's proposed remuneration guidelines for the 2016 AGM are the same as the most recently adopted guidelines (see above) except for the point involving pensions for the CEO and senior executives. The proposal for pensions is as follows:

- The CEO and other senior executives shall have defined contribution pension plans, which means that vesting occurs through the Parent Company's annual payments of premiums. The pension contribution for the CEO per year must be 25% of the CEO's salary per year. Pensions for other senior executives must be in line with the ITP plan.

Remuneration of the Board of Directors

Resolutions on the remuneration of the Board are made at the AGM. At the AGM on 13 May 2015, it was decided that the Chairman of the Board's remuneration would be SEK 150,000 and that the remuneration of other board members not employed by the Company would be SEK 75,000 each.

Chairmen and board members who are not also employees of the Company do not receive a salary from the Company and are not eligible to participate in any of the Company's future incentive schemes.

BOARD FEES, AMOUNTS IN SEK THOUSAND	2015	2014
Chairman of the Board	150	150
Board member (per person)	75	75

Remuneration and benefits for senior executives in 2015

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

In July 2015, Ulrik Jansson resigned from his post as CEO and was replaced by Andreas Forssell. Andreas Forssell had monthly remuneration of SEK 115,000 in his position as vice president and CFO. He received SEK 125,000 per month starting in July 2015 for his position as CEO. Between the Company and Andreas Forssell, there is a notice period of 12 months on the Company's side and 6 months on the CEO's side. 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.

Ulrik Jansson's monthly remuneration totalled SEK 95,000 during the period he was employed in 2015. Between the Company and Ulrik Jansson, there was a notice period of 12 months on the Company's side and 6 months on Ulrik Jansson's side. However, Ulrik Jansson opted to waive his right to severance pay from Crown Energy in conjunction with his own resignation as a result of Crown Energy's strained financial situation in late 2015. Ulrik Jansson also received 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 and Peter Mikkelsen, Exploration Manager. Decisions regarding the remuneration of other senior executives are made by the CEO.

Jenny Björk took office as CFO in July 2015 and has been a member of the management group since then. Jenny Björk was on parental leave for part of 2015. Jenny Björk receives monthly remuneration of SEK 65,000. The mutual notice period between Jenny Björk and the Company is six months. Jenny Björk also receives pension benefits, which, as far as the Board can determine, are comparable to corresponding positions in companies that are similar to Crown Energy.

Apart from public pension plans, Crown Energy has no contracted pension benefits other than the pension benefits of the CEO and CFO. 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.

Peter Mikkelsen performs his management obligations to the Company on a consultant basis and is hired as needed. In 2015, Peter Mikkelsen invoiced a total of GBP 21 thousand, which corresponds to SEK 257 thousand based on an average exchange rate for the year.

The remuneration of employed senior executives is summarised below:

SENIOR EXECUTIVES, AMOUNTS IN SEK THOUSAND	BASE SALARY	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION EXPENSES	TOTAL 2015	2014
Ulrik Jansson, CEO, resigned in July 2015	391	–	–	166	557	2,025
Andreas Forssell, CEO as of July 2015 (previously vice president/CFO)	1,454	–	–	345	1,799	1,266
Jenny Björk	547	–	–	85	632	–
Total	**2,392**	**-**	**-**	**596**	**2,988**	**3,291**

Remuneration of auditors

At the 2015 AGM, Öhrlings Pricewaterhouse Coopers AB was appointed as auditor with Peter Burholm acting as the chief auditor for Crown Energy ever since. Mr Burholm has been an authorised public accountant since 1995 and is a member of FAR SRS, Sweden's association for accountancy professionals. The remuneration of the auditor is paid on open account. Total remuneration paid to the auditor by the Group for fiscal year 2015 (2014) totalled SEK 464 thousand (346), of which SEK 444 thousand (330) pertained to audit engagements and SEK 20 thousand (16) was for other assignments. An audit 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.

INTERNAL CONTROL AND RISK MANAGEMENT OF FINANCIAL REPORTING FOR THE 2015 FISCAL YEAR

The Board is responsible for the internal control of the Company and, according to the Annual Accounts Act, the Board must annually submit a description of the key elements of the Company's internal control and risk management regarding financial statements. Following is a brief description of how internal control and financial reporting works.

Control environment

The control environment forms the basis of internal control of financial reporting. The Company's internal control structure is based on a clear division of responsibilities and duties between the Board and CEO as well as within operational activities. In addition to guidance documents such as instructions for the Board and CEO, the disclosure policy and the financial reporting policy, there are also guidelines and policies for operating and administrative activities. All guidance documents and process descriptions are communicated within the organisation and are available and known to the staff concerned.

Risk assessment

The Company identifies, analyses, and makes decisions on managing the risk of errors in financial reporting. Currently, the business is relatively small and involves a limited number of persons. The Company has identified the operational processes and income statement and balance sheet items for which there is a risk that errors, omissions, or irregularities could occur if the necessary control elements were not built into routines. The Company's risk assessment analysed how and where errors may occur in the procedures. Issues that are important to risk assessment are things such as whether assets and liabilities exist on a given date, accurate valuation, whether a business transaction actually occurred, and whether items are recognised in accordance with laws and ordinances. Currently, the Company's biggest risk is linked to raising capital (liquidity risk).

Control activities

A number of control measures were established based on the Company's risk assessments. These are both of a preventive nature, meaning that they are designed to avoid reporting losses or errors, and of an investigative nature. The controls are also meant to ensure that errors are corrected.

Information and communication

Internal regulations, policies, and procedural descriptions are available on the Company's internal network. Internal communication to and from the Board and management takes place through regular meetings, either physically or by telephone.

To ensure that external communication with the stock market is accurate, there is a disclosure policy that regulates how investor relations are managed.

Follow-up

In 2015, follow-up of operations was mainly done in connection with regular board meetings. The Company's auditors regularly reviewed the internal controls during 2015.

The Company intends to update procedural descriptions, policies, and guidance documents as necessary, but at least annually. The Board shall receive quarterly financial results, including management's comments on operations. The Company's auditor participates in at least one board meeting to present their observations of the Company's internal routines and control systems

Consolidated statement of earnings

ALL AMOUNTS IN SEK THOUSAND	NOTE	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Revenue		–	–
Other operating income		73	–
Total operating income		**73**	**–**
Operating expenses			
Other external costs	7	-4,607	-4,448
Employee benefit expenses	8	-4,077	-4,863
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets	13	-33	-33
Other operating expenses		–	-104
Total operating expenses		**-8,717**	**-9,448**
Operating loss	10	**-8,644**	**-9,448**
Financial income	9, 10	2,447	3,176
Financial expenses	9, 10	-9,380	-15,587
Earnings from financial items		**-6,933**	**-12,411**
Earnings before tax		**-15,577**	**-21,859**
Deferred tax income	11	–	744
Net loss for the year		**-15,577**	**-21,115**
Net loss for the year attributable to:			
Parent Company shareholders		-15,577	-21,115
Proposed dividend per share, SEK		None	None
Average number of shares	12	45,001,106	27,969,399
Basic earnings per share, SEK	12	-0.35	-0.75
Diluted earnings per share, SEK	12	-0.35	-0.75

Consolidated statement of comprehensive income

ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Net loss for the year	**-15,577**	**-21,115**
Other comprehensive income for the year:		
Items that can be reclassified to profit or loss:		
Exchange differences	2,699	6,683
Total items that can be reclassified to profit or loss:	**2,699**	**6,683**
Other comprehensive income for the year, net of tax	**2,699**	**6,683**
Total comprehensive income for the year	**-12,878**	**-14,432**
Comprehensive income attributable to:		
Parent Company shareholders	-12,878	-14,432
Total comprehensive income for the year	**-12,878**	**-14,432**

Consolidated balance sheet

ALL AMOUNTS IN SEK THOUSAND	NOTE	2015-12-31	2014-12-31
ASSETS			
Non-current assets			
Equipment, tools, fixtures, and fittings	13	66	99
Exploration and evaluation assets	14	176,445	107,459
Total non-current assets		**176,511**	**107,558**
Current assets			
Other receivables	15.28	499	1,020
Prepaid expenses and accrued income	16	292	5,879
Cash and cash equivalents	17.28	156	34,626
Total current assets		**947**	**41,525**
TOTAL ASSETS		**177,458**	**149,083**
EQUITY			
Equity attributable to Parent Company shareholders			
Share capital	18	1,633	827
Non-registered share capital	18	–	3
Other contributed capital	18	183,276	98,114
Reserves		9,112	6,413
Accumulated earnings including profit/loss for the year		-63,844	-48,267
Total equity		**130,177**	**57,090**
LIABILITIES			
Non-current liabilities			
Convertible loans	20.28	–	55,964
Loans from related parties	27.28	6,704	6,104
Deferred tax liabilities	21	14,498	13,560
Other provisions	22.28	9,250	8,893
Total non-current liabilities		**30,452**	**84,521**
Current liabilities			
Convertible loans	28	11,209	–
Accounts payable	23.28	2,878	1,499
Other liabilities	24	880	104
Accrued expenses and deferred income		1,862	5,869
Total current liabilities		**16,829**	**7,472**
TOTAL EQUITY AND LIABILITIES		**177,458**	**149,083**
Pledged assets and contingent liabilities	30	102,863	34,385

Consolidated statement of changes in equity

		ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS				
ALL AMOUNTS IN SEK THOUSAND	NOTE	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	RESERVES	ACCUMULATED EARNINGS INCLUDING PROFIT/LOSS FOR THE YEAR	TOTAL EQUITY
Opening balance at 1 Jan 2014		**819**	**95,446**	**-270**	**-27,152**	**68,843**
Comprehensive income						
Net loss for the year		–	–	–	-21,115	-21,115
Other comprehensive income						
Exchange differences		–	–	6,683		6,683
Total comprehensive income		**–**	**–**	**6,683**	**-21,115**	**-14,432**
Transactions with shareholders						
Convertible issue, KV2 2014/2016	20	–	-556	–	–	-556
Option component		–	*618*	–	–	*618*
Issue expenses		–	*-218*	–	–	*-218*
Deferred tax		–	*-956*	–	–	*-956*
Conversions, KV1 2013/2016	20	8	2,390	–	–	2,398
Share capital and premium		*8*	*2,224*	–	–	*2,232*
Deferred tax		–	*166*	–	–	*166*
Conversions, KV2 2014/2016	20	3	834	–	–	837
Share capital and premium		*3*	*788*	–	–	*791*
Deferred tax		–	*46*	–	–	*46*
Total transactions with shareholders		**11**	**2,668**	**–**	**–**	**2,679**
Closing balance at 31 Dec 2014		**830**	**98,114**	**6,413**	**-48,267**	**57,090**
Opening balance at 1 Jan 2015		**830**	**98,114**	**6,413**	**-48,267**	**57,090**
Comprehensive income						
Net loss for the year		–	–	–	-15,577	-15,577
Exchange differences		–	–	2,699	–	2,699
Total comprehensive income		**–**	**–**	**2,699**	**-15,577**	**-12,878**
Transactions with shareholders						
Option component, KV1 2013/2016	20	-	3,219	–	–	3,219
Preferential rights issue		44	4,869	–	–	4,913
Offset issues		759	78,673	–	–	79,432
Issue expenses		–	-1,599	–	–	-1,599
Total transactions with shareholders		**803**	**85,162**	**–**	**–**	**85,965**
Closing balance at 31 Dec 2015		**1,633**	**183,276**	**9,112**	**-63,844**	**130,177**

Consolidated statement of cash flows

ALL AMOUNTS IN SEK THOUSAND	NOTE	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Cash flow from operating activities			
Operating loss		-8,644	-9,448
Adjustments for items not included in cash flow:			
– Other non-cash items		-39	137
Interest received		0	1
Interest paid		-100	-1
Cash flow from operating activities before change in working capital		**-8,783**	**-9,311**
Changes in working capital:			
– Increase/decrease in other current receivables		88	-1,067
– Increase/decrease in other current liabilities		162	-773
Total changes in working capital		**250**	**-1,840**
Cash flow from operating activities		**-8,533**	**-11,151**
Cash flow from investing activities			
Acquisition of subsidiaries, less acquired cash and cash equivalents	26	7	–
Expenditures on exploration and evaluation assets	14	-28,702	-3,830
Cash flow from investing activities		**-28,695**	**-3,830**
Cash flow from financing activities			
Convertible issue	20	–	16,985
Preferential rights issue		4,912	–
Issue expenses for the period		-1,599	-1,039
Interest paid on convertible loans	20	-1,228	-6,209
Loans raised	27	800	3,250
Repayment of loans	27	-200	–
Cash flow from financing activities		**2,685**	**12,987**
Cash flow for the period		**-34,543**	**-1,994**
Cash and cash equivalents at start of period		34,626	36,584
Exchange gains/losses on cash and cash equivalents		73	36
Cash and cash equivalents at end of period	17	**156**	**34,626**

Consolidated statement of cash flows, cont.

ALL AMOUNTS IN SEK THOUSAND	NOTE	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Supplementary disclosures related to cash flow			
Other non-cash items			
Revaluation of warrants		0	0
Unrealised exchange rate effects		-72	104
Amortisation	13	33	33
Total other non-cash items		**-39**	**137**
Components included in cash and cash equivalents:			
Cash and bank balances		156	291
Cash and cash equivalents in escrow		–	34,335
Total cash and cash equivalents		**156**	**34,626**

Income statement – Parent Company

ALL AMOUNTS IN SEK THOUSAND	NOTE	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Revenue		806	–
Other operating income		137	–
Total operating income		**943**	**–**
Other external costs	7	-3,443	-4,294
Employee benefit expenses	8	-4,077	-4,863
Depreciation of property, plant and equipment	13	-33	-33
Other operating expenses		–	-15
Total operating expenses		**-7,553**	**-9,205**
Operating loss	10	**-6,610**	**-9,205**
Other interest income and similar items	9, 10	11,094	6,850
Interest expenses and similar items	9, 10	-8,931	-15,354
Earnings from financial items		**2,163**	**-8,504**
Earnings before tax		**-4,447**	**-17,709**
Tax	11	–	744
Net loss for the year		**-4,447**	**-16,965**

Comprehensive income – Parent Company

ALL AMOUNTS IN SEK THOUSAND	NOTE	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Net loss for the year		-4,447	-16,965
Other comprehensive income:			
Total items that can be reclassified as profit or loss		–	–
Other comprehensive income		–	–
Total comprehensive income		**-4,447**	**-16,965**
Comprehensive income attributable to:			
Parent Company shareholders		-4,447	-16,965
Total comprehensive income for the year		**-4,447**	**-16,965**

Balance sheet – Parent Company

ALL AMOUNTS IN SEK THOUSAND	NOTE	2015-12-31	2014-12-31
ASSETS			
Non-current assets			
Property, plant & equipment			
Equipment, tools, fixtures, and fittings	13	66	99
Total property, plant, and equipment		**66**	**99**
Financial assets			
Participations in Group companies	25	20,204	19,704
Receivables from Group companies		21,244	21,244
Total financial assets		**41,448**	**40,948**
Total non-current assets		**41,514**	**41,047**
Current assets			
Current receivables			
Receivables from Group companies		127,342	60,230
Other current receivables	15	272	360
Prepaid expenses and accrued income	16	292	241
Total current receivables		**127,906**	**60,831**
Cash and bank balances	17	**72**	**34,485**
Total current assets		**127,978**	**95,316**
TOTAL ASSETS		**169,492**	**136,363**

Balance sheet – Parent Company, cont.

ALL AMOUNTS IN SEK THOUSAND	NOTE	2015-12-31	2014-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital, 55,547,37 shares (28,143,411)	18	1,633	827
Non-registered capital, 0 shares (100,000)	18	–	3
Total restricted equity		**1,633**	**830**
Non-restricted equity			
Share premium reserve	18	179,276	94,114
Accumulated earnings		-27,962	-10,997
Net loss for the year		-4,447	-16,965
Total non-restricted equity		**146,867**	**66,152**
Total equity		**148,500**	**66,982**
Non-current liabilities			
Convertible loans	20	–	55,964
Loans from related parties	27	6,704	6,104
Total non-current liabilities		**6,704**	**62,068**
Current liabilities			
Convertible loans	20	11,209	–
Accounts payable		1,144	1,340
Other liabilities	23	98	104
Accrued expenses and deferred income	24	1,837	5,869
Total current liabilities		**14,288**	**7,313**
TOTAL EQUITY AND LIABILITIES		**169,492**	**136,363**
Pledged assets	30	50	34,385
Contingent liabilities		None	None

Statement of changes in equity – Parent Company

ALL AMOUNTS IN SEK THOUSAND	NOTE	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED EARNINGS	NET LOSS FOR THE YEAR	TOTAL EQUITY
Equity at 1 Jan 2014		**819**	**91,446**	**-2,319**	**-8,678**	**81,268**
Unappropriated net income as per AGM resolution		–	–	-8,678	8,678	**–**
Comprehensive income						
Net loss for the year		–	–	–	-16,965	**-16,965**
Other comprehensive income		–	–	–	–	**–**
Total comprehensive income		**–**	**–**	**–**	**-16,965**	**-16,965**
Transactions with shareholders						
Convertible issue, KV2 2014/2016	20	–	-556	–	–	**-556**
Option component		–	*618*	–	–	***618***
Issue expenses		–	*-218*	–	–	***-218***
Deferred tax		–	*-956*	–	–	**-956**
Conversions, KV1 2013/2016[1]	20	8	2,390	–	–	**2,398**
Share capital and premium		*8*	*2,224*	–	–	***2,232***
Deferred tax		–	*166*	–	–	***166***
Conversions, KV2 2014/2016[2]	20	3	834	–	–	**837**
Share capital and premium		*3*	*788*	–	–	***791***
Deferred tax		–	*46*	–	–	***46***
Total transactions with shareholders		**11**	**2,668**	**–**	**–**	**2,679**
Equity at 31 Dec 2014		**830**	**94,114**	**-10,997**	**-16,965**	**66,982**
Equity at 1 Jan 2015		**830**	**94,114**	**-10,997**	**-16,965**	**66,982**
Unappropriated net income as per AGM resolution		–		-16,965	16,965	**–**
Comprehensive income						
Net loss for the year		–	–	–	-4,447	**-4,447**
Other comprehensive income		–	–	–	–	**–**
Total comprehensive income		**–**	**–**	**–**	**-4,447**	**-4,447**
Transactions with shareholders						
Option component, KV1 2013/2016	20	-	3,219	–	–	**3,219**
Preferential rights issue		44	4,869	–	–	**4,913**
Offset issues		759	78,673	–	–	**79,432**
Issue expenses		–	-1,599	–	–	**-1,599**
Total transactions with shareholders		**803**	**85,162**	**–**	**–**	**85,965**
Equity at 31 Dec 2015		**1,633**	**179,276**	**-27,962**	**-4,447**	**148,500**

[1] *Deferred tax on issue expenses was not accounted for.*

[2] *Non-registered share capital attributable to conversion. Shares were registered with Swedish Companies Registration Office 8 January 2014.*

[3] *Non-registered share capital attributable to conversion. Shares were registered with Swedish Companies Registration Office 23 January 2015.*

Statement of cash flows – Parent Company

ALL AMOUNTS IN SEK THOUSAND	NOTE	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Cash flow from operating activities			
Operating loss		-6,610	-9,205
Adjustments for items not included in cash flow:			
– Other non-cash items		359	47
Interest received		0	1
Interest paid		-9	-1
Cash flow from operating activities before change in working capital		**-6,260**	**-9,158**
Changes in working capital:			
– Increase/decrease in other current receivables		-56,307	-6,239
– Increase/decrease in other current liabilities		25,968	938
Total changes in working capital		**-30,339**	**-5,301**
Cash flow from operating activities		**-36,599**	**-14,459**
Cash flow from investing activities			
Shareholder's contributions to subsidiaries		-500	–
Cash flow from investing activities		**-500**	**–**
Cash flow from financing activities			
New share issue		3,314	–
Convertible issue	20	–	15,946
Interest paid on convertible loans	20	-1,228	-6,209
Loans raised	27	800	3,250
Repayment of loans	27	-200	–
Cash flow from financing activities		**2,686**	**12,987**
Cash flow for the period		**-34,413**	**-1,472**
Cash and cash equivalents at start of period		34,485	35,957
Cash and cash equivalents at end of period	17	**72**	**34,485**

Statement of cash flows – Parent Company, cont.

ALL AMOUNTS IN SEK THOUSAND	NOTE	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Supplementary disclosures related to cash flow			
Other non-cash items:			
Unrealised exchange rate effects		326	14
Amortisation		33	33
Total other non-cash items		**359**	**47**
Components included in cash and cash equivalents:			
Cash and bank balances		72	150
Cash and cash equivalents in escrow		–	34,335
Total cash and cash equivalents		**72**	**34,485**

Notes

NOTE 1 GENERAL INFORMATION

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

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 Norrlandsgatan 18, Stockholm.

On 8 April 2016, the Board of Directors approved these consolidated accounts for publication.

All amounts are recognised in SEK thousands unless otherwise stated. Figures in parentheses refer to the previous year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the reports

Crown Energy's consolidated accounts were prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Consolidated Accounting Standards, International Financial Reporting Standards (IFRS), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The consolidated accounts were prepared according to the cost method except for financial instruments measured at fair value via the income statement.

The Parent Company's report is presented in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 "Financial Reporting for Legal Entities" and the Swedish Annual Accounts Act (Årsredovisningslagen). Cases for which the Parent Company applies different accounting policies than the Group are listed separately at the end of this note.

Preparing reports that conform with IFRS requires the use of certain critical accounting estimates. It also requires management to make certain judgements in applying Group accounting policies. Note 5, Critical estimates and assessments for accounting purposes, discloses the areas that require a more thorough assessment, are complex, or for which assumptions and estimates are very significant to the consolidated accounts.

The principal accounting policies applied to these consolidated accounts are set out below. These policies were consistently applied to all years presented, unless otherwise stated.

2.2 Changes in accounting policies and disclosures

New and amended standards adopted by the Group

There were very few new standards and amended standards and interpretations that have been published and will be effective for the first time for fiscal years beginning on or after 1 January 2015 and they did not have an impact on Crown Energy's financial reporting.

Standards, amendments, and interpretations of existing standards that have not yet taken effect and that have not been adopted early by the Group

A number of new standards and amendments to interpretations and existing standards took effect for fiscal years beginning after 1 January 2015 and were not applied when preparing the consolidated financial statements. None of these are expected to have a material impact on the consolidated financial statements except for the following:

- *IFRS 9 Financial Instruments* handles measurement and classification of financial assets and liabilities and the complete version of the recommendation was issued in July 2014. IFRS 9 replaces those parts of IAS 39 that address classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into three categories: amortised cost, measurement at fair value via other comprehensive income, or fair value via the income statement. An instrument's classification depends on the company's business model and the instrument's characteristics. Investments in equity instruments are to be recognised at fair value via the income statement, but it is also possible to recognise the instrument at fair value via other comprehensive income upon initial recognition. No reclassification to the income statement takes place at disposal of the instrument. IFRS 9 also introduces a new model for measuring the loan loss reserve, and hedging documentation has also been slightly changed as compared with IAS 39. The standard is effective for fiscal years beginning 1 January 2018. Early adoption is permitted. The Group has not yet appraised the impact of introducing the standard.

- *IFRS 11 Accounting for Acquisitions of Interests in Joint Operations* will be amended. The amendment provides new guidance on recognition of acquisitions of interests in a joint operation which is a business. The amendments require that an investor apply the recognition policies for business combinations when acquiring interests in a joint operation that is a business. As a result, identifiable assets and liabilities must be recognised at fair value, acquisition-related expenses must be recognised as expenses, deferred tax must be recognised and the residual amount that arises must be recognised as goodwill and tested for impairment annually. According to the IASB, the standard will be effective for fiscal years beginning on 1 January 2016, but it has not yet been adopted by the EU. As a result, the effective date will be later. Early adoption is permitted. The Group does not estimate that this standard will have any impact on its accounting at this time. The standard will not impact the group until the date of a business combination.

Other changes in standards and interpretations that are not yet in effect are not expected to have any significant impact on the Group's accounting policies or financial position.

2.3 Consolidated accounts

Subsidiaries

Subsidiaries are all entities (including structured companies) over which the Group has control. The Group controls an entity when it is exposed to or is entitled to variable returns from its holdings in the entity and has the ability to affect returns through its influence on the entity. Subsidiaries are included in the consolidated accounts as of the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated accounts as of the date on which the controlling influence ceases.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

In the event of the acquisition of a subsidiary, the Group determines whether the acquisition is a business combination, i.e. whether the acquired assets and assumed liabilities are an operation/business. If the acquired subsidiary cannot be defined as an operation/business, the transaction is recognised as an acquisition of assets.

Acquisition of operations

The acquisition method is used to recognise consolidated business combinations. The purchase price for acquisition of a subsidiary is defined as the fair value of transferred assets, liabilities that the Group incurs from previous owners of the acquired company, and the shares issued by the Group. The purchase price includes the fair value of all assets or liabilities that are the result of a contingent consideration agreement. Identifiable acquired assets and liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. For each new acquisition, the Group determines whether non-controlling interests in the acquired company should be recognised at fair value or at their proportionate share in the carrying amount of the acquired company's identifiable net assets.

Expenditures that are directly attributable to the acquisition are written off as they are incurred.

If the business combination is implemented in stages, the previously held equity interests in the acquired company are remeasured at their fair value on the date of acquisition. Any gain or loss arising from remeasurement is recognised in profit/loss.

Each contingent consideration to be transferred by the Group is recognised at fair value on the date of acquisition. Subsequent changes to the fair value of a contingent consideration that is classified as an asset or liability is recognised in accordance with IAS 39 either in the income statement or in other comprehensive income. A contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Identifiable acquired assets, liabilities assumed, and contingent liabilities in a business combination are measured initially at their fair values on the acquisition date regardless of the scope of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of identifiable acquired assets, liabilities, and contingent liabilities is recognised as goodwill. If the cost of acquisition is less than the fair value of the acquired subsidiary's assets, liabilities, and contingent liabilities, the difference is recognised directly in the income statement.

Acquisition of subsidiaries that are not operations/businesses

In cases where the acquired subsidiary is not deemed to meet the criteria for an operation/business, the transaction is accounted for as an acquisition of assets and will then follow the accounting for each asset's accounting standard. The cost of acquisition is divided among the individual identifiable assets and liabilities on the basis of their relative fair values at the time of acquisition. Such an acquisition does not give rise to goodwill. Expenses directly attributable to the acquisition are capitalised as part of the cost of acquisition.

Other

Intra-Group transactions, balance sheet items, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, but any losses are viewed as an indication that assets may be impaired. Accounting policies for subsidiaries were modified as applicable to ensure the consistent application of Group policies.

Joint arrangements

A holding in a joint arrangement is classified as either a joint operation or a joint venture depending on the contractual rights and obligations of each investor. A joint operation arises when the parties that have joint control over the arrangement have direct rights to the assets and responsibility for the liabilities in an arrangement. In such an arrangement, assets, liabilities, income, and expenses are recognised based on the holders' share of these, that is, as per proportionate consolidation. A joint venture arises when the parties that have joint control have rights to the net assets in an arrangement. In such an arrangement, the holder recognises its share as per the equity method.

Crown Energy has assessed its joint operation agreements and found that it currently has two joint arrangements, which relate to the interest in the Block P (PDA) licence in Equatorial Guinea and Block 2B in South Africa.

– Block P (PDA): Based on the joint operating agreement's terms and Crown Energy's interest, Crown Energy does not have joint control over the arrangement and is thus not a party to a joint operation. Crown Energy is party to a joint arrangement.

– Block 2B: Based on the joint operation agreement's terms and Crown Energy's interest, Crown Energy does have joint control over the arrangement and is thus a party to a joint operation.

In both cases, Crown Energy has rights to the assets and obligations with respect to the liabilities originating from the joint operation. As a result, Crown Energy recognises its share of these licences in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources.

See section 2.7, Exploration and evaluation assets, for more information about how these joint arrangements are managed in the accounts.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocating resources and assessing performance of the operating segments. In the Group, this function is identified as the steering committee that makes strategic decisions, i.e., the Board in consultation with the CEO. At present, the Group is deemed to have only one segment, which means that the disclosures are limited. Since the Group does not have any income either, the Group only provides information on non-current assets distributed across geographic areas.

2.5 Translation of foreign currencies

Functional and presentation currencies

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Company's subsidiaries Amicoh Resources Ltd and Simbo Petroleum No.2 Ltd use the USD as their functional currency. The consolidated accounts are presented in SEK, which is the Parent Company's functional and presentation currency.

The balance sheets and income statements of foreign Group companies are translated using the current rate method. All assets and liabilities of subsidiaries are translated at the closing rate, while the income statements are translated at average rates for the year, except where it is considered more appropriate to use the transaction date rate. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are also translated at the closing rate. Translation differences arising from the translation of foreign operations are recognised directly in the currency translation reserve in other comprehensive income.

Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date. Exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate are recognised in the income statement. Exchange differences on lending and borrowing are recognised in net financial items, while other exchange differences are included in operating profit/loss.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Exchange rates
The following exchange rates were used to prepare the financial statements (consolidation, annual accounts, etc.) in this report:

CURRENCY	CLOSING DAY RATE, 2015	AVERAGE RATE, 2015	CLOSING DAY RATE, 2014	AVERAGE RATE, 2014
USD 1 in SEK is	8.3524	8.0821	7.8117	7.1601
GBP 1 in SEK is	12.3785	12.2587	12.1388	11.4359

2.6 Property, plant, and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. The cost includes expenditures that are directly attributable to acquisition of the asset. Subsequent expenditures are added to the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

The residual values and useful lives of the assets are reviewed at the end of each reporting period and adjusted if necessary.

At 31 December 2015, property, plant, and equipment consisted solely of office equipment. This equipment is deemed to have a useful life of five years. The equipment is depreciated on a straight-line basis over its useful life.

In the income statement, operating profit/loss is encumbered by depreciation according to plan. Depreciation according to plan was taken at 20% of the cost of equipment.

2.7 Exploration and evaluation assets (intangible assets)

Accounting for exploration, evaluation, and development costs
The Group complies with IFRS 6, Exploration for and Evaluation of Mineral Resources, in reporting any exploration and evaluation expenditures that arise. Exploration and evaluation assets are initially recognised at cost, provided that it is probable that they will generate future economic benefits. All costs for acquiring concessions, licences, or interests in production sharing contracts and for technical surveys, drilling, and development of such interests are capitalised. This includes capitalisation of future decommissioning and restoration costs.

Exploration and evaluation assets can be classified as both property, plant, and equipment and intangible assets. Classification is done consistently over time. The Group currently only has intangible assets.

Amortisation
Exploration and evaluation assets classified as intangible assets are not amortised. Instead, the assets are regularly evaluated to determine whether any impairment exists. As the Group only holds intangible assets, no amortisation occurred during the reported periods.

Impairment
Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Examples of circumstances that may indicate an impairment exists are when the deadline for the exploration period has expired or will expire in the near future, there are no plans for further exploration, exploration and evaluation have not led to any discoveries of commercial size, or when conditions have deteriorated in terms of recovery of value from a sale. Impairment is tested for each cash generating unit, which in the Group's case consists of each individually acquired licence and concession right along with stakes in any oil discoveries in the country in which they operate. An impairment loss is recognised in accordance with IAS 36 when an asset or cash-generating unit's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement.

If impairment losses were previously taken, then an assessment is made at least once a year to determine whether there are any indications that the impairment loss should be reversed.

Reclassification to oil and gas assets
When the technical feasibility and commercial viability of extracting oil and gas can be proven, assets are no longer classified as exploration and evaluation assets. Instead, they are classified as an oil or gas asset. They are then reclassified, after which they are recognised according to IAS 16 and IAS 38.

Oil and gas assets comprise reclassified exploration and evaluation assets and capitalised development costs. Depreciation/amortisation of the relevant asset beings in conjunction with the start of production. The assets are tested for impairment regularly and if it is established that they are impaired, the asset is expensed in the form of an impairment loss via the income statement.

Oil and gas assets are categorised as either producing or non-producing. The Company applies the successful efforts method, which means that when the exploration of a project is completed, the project is tested to determine whether it should be transferred to producing assets or be abandoned. If the project is abandoned, all costs incurred are written off at that time.

The Group does not hold any assets classified as oil and gas assets at this time.

Jointly owned assets in the form of licences
The Group's interests in jointly controlled assets in the form of licences are based on the proportion of the licence. Licences that the Group holds are deemed wholly or jointly owned assets. The consolidated accounts reflect the Group's share of investments in the licences.

At 31 December 2015, the Group had two jointly owned assets, namely Block P in Equatorial Guinea and Block 2B in South Africa. Crown Energy's working interests in these licences are 5% and 40.5% respectively and Crown Energy is not the operator. Exploration and evaluation is mostly managed by the operator. A budget for the licence is set annually, which all partners must approve. Based on these projected expenditures, the operator then performs the agreed-upon work. The expenditures for this work are charged to the other partners based on each partner's working interest. Crown Energy capitalises these expenditures as exploration and evaluation assets.

Farm-outs
Farm-outs are subject to the policies of IFRS 6 in the event they involve exploration and evaluation assets. Crown Energy recognises cash payments directly against the asset and retains the recognised share of the asset less cash payments received. As a result, no revenue is recognised in conjunction with farm-outs unless the cash payment exceeds the carrying amount of the farmed out asset. Future payments are not recognised at the transaction date.

If a farm-out involves oil and gas assets, recognition is subject to the policies of IAS 16. Crown Energy then derecognises the carrying amount of the asset in proportion to the share of ownership farmed out and recognises any future payments in the balance sheet. Once a payment received, which is part of a transaction, has been recognised, a capital gain or loss is recognised in the income statement. After completion of the transaction, Crown Energy assesses whether the cash-generating units are impaired. Impairment losses impact the income statement.

2.8 Financial instruments

General policies
Purchases and sales of financial assets and liabilities are recognised on the transaction date – the date on which the Group commits itself to buy or sell the asset. Financial assets and liabilities are initially recognised at fair value plus transaction costs for all financial assets and liabilities not carried at fair value through the income statement. Financial assets and liabilities measured at fair value via the income

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

statement are initially recognised at fair value, while classifiable transaction costs are recognised in the income statement. Financial assets are removed from the balance sheet when the rights to receive cash flows from the instrument have expired or been transferred, and the Group has transferred essentially all risks and rewards associated with ownership. Financial liabilities are removed from the balance sheet when contractual obligations have been fulfilled or are otherwise extinguished.

Loans and accounts receivable and other financial liabilities are subsequently recognised at amortised cost using the effective interest method. At present, the Group holds financial instruments in the loans receivable and other financial liabilities categories.

Financial assets and liabilities are offset and recognised at a net amount in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and an intention to settle them on a net basis or to capitalise the asset and settle the liability.

Loans receivable

Classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every reporting date. Loans and accounts receivable are financial assets that do not constitute derivatives, that have fixed or fixable payments, and that are not listed in an active market. They are included in current assets, except for items with maturities longer than 12 months after the reporting period, which are classified as non-current assets. The Group's loans receivable are recognised as other receivables in the balance sheet. Cash and cash equivalents are also included in this category.

At the end of each reporting period, the Group assesses whether there is objective evidence for the impairment of a financial asset or group of financial assets. The Group's loans receivable are impaired if it is unlikely that the debtor can meet its obligations.

Other financial liabilities

This category includes loans and other financial liabilities, such as accounts payable. The Group's borrowings include loans from related parties and convertible loans.

Non-current other provisions, accounts payable, and other current liabilities are classified as other financial liabilities.

These financial liabilities are recognised initially at fair value and subsequently at amortised cost using the effective interest method. Debts of less than three months are recognised at cost.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, and other short-term investments with maturities of three months or less.

2.10 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are recognised in equity as a deduction from the proceeds.

2.11 Accounts payable

Accounts payable are recognised initially at fair value and subsequently at amortised cost using the effective interest method. The carrying amount of accounts payable is assumed to approximate their fair value, as this item is short-term in nature. This means that accounts payable are measured at nominal cost without discounting.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently recognised at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Currently, the Group's borrowings consist of an interest-free loan from related parties and convertible loans.

Borrowings are generally classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Loans from related parties are classified as long-term debt, and these loans are carried at cost because the date of payback is uncertain. Any borrowing costs are recognised in the income statement in the period to which they relate.

2.13 Combined financial instruments

The combined financial instruments issued by the Group comprise convertible loans that the holder can have converted into shares, where the number of shares to be issued does not vary with changes in their fair value.

The liability component of a combined financial instrument is recognised initially at the fair value of a similar liability that does not entail the right of conversion into shares. The equity component is recognised initially at the difference between the fair value of the entire combined financial instrument and the liability component's fair value. The liability's fair value at the issue date is calculated by discounting future cash flows at the current market rate for a similar liability without conversion rights. Any deferred tax attributable to the liability at issuance is deducted from the carrying amount of the equity instrument. Any directly attributable transaction costs are allocated to the respective liability and equity components in proportion to their initial carrying amounts.

After the acquisition date, the liability component of a combined financial instrument is measured at amortised cost using the effective interest method. The equity component of a combined financial instrument is not remeasured subsequent to initial recognition. Interest expense is recognised in net income for the period and is calculated using the effective interest method.

The convertible loans are classified as current and non-current liabilities, depending on the time remaining to the due date of the loan.

2.14 Current and deferred tax

Current tax expense is calculated using the tax rules that at the end of the reporting period were enacted or for all practical purposes enacted in the countries in which the Parent Company's subsidiaries are active and generate taxable income.

Deferred tax is recognised in full using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax is not recognised if it arises from a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and that at the time of the transaction affects neither accounting nor taxable earnings. Deferred income tax is determined using tax rates (and tax laws) that were enacted or substantively enacted by the end of the reporting period and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be deducted.

Deferred tax is calculated on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

2.15 Employee benefits

Personnel are employed by the Swedish Parent Company.

Retirement benefits

The Group only has defined contribution pension plans. In defined contribution plans, the Parent Company pays fixed contributions into a separate legal entity and has no obligation to pay any additional contributions. Expenses are charged to consolidated earnings as the benefits accrue.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary termination in exchange for such benefits. A provision is recognised in connection with termination of employment only if the Group is demonstrably committed to terminate employment before the normal retirement date, or when benefits are offered to encourage voluntary termination. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.16 Provisions, guarantees, and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be estimated reliably. No provisions are made for future operating losses. Provisions are measured at the present value of the amount expected to be required to settle the obligation. A discount rate before tax is used for this which reflects a current market assessment of the time-based value of money and the risks associated with the provision. The increase in the provision due to the passage of time is recognised as interest expense.

Presently, there are no provisions relating to obligations for future restoration costs.

A contingent liability is a possible obligation that arises from past events whose existence is confirmed only by one or more uncertain future events. A contingent liability can also be a present obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required or the amount of the obligation cannot be calculated with sufficient reliability. Guarantees are measured at their discounted value when applicable.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration that is received or is receivable for goods and services sold in the ordinary course of business. Revenue is recognised net of VAT, returns, and discounts, and after eliminating sales within the Group. The Group recognises revenue when the amount can be measured reliably and it is probable that future economic benefits will flow to the Company.

To date, no production of oil and gas has occurred, so no revenue attributable to production has been recognised. Any technical services performed by outside consultants on Crown Energy's behalf, but which will be shared with third parties, are recognised as other income in the accounting period in which the services were rendered.

Interest income is recognised as revenue on a time proportion basis using the effective interest method.

2.18 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made during the lease period (net of any incentives received from the lessor) are written off in the income statement lineally over the lease period.

Leases of non-current assets for which Crown Energy essentially retains the economic risks and rewards of ownership are classified as finance leases. Currently, the Group does not have any assets through leases.

2.19 Dividends

Dividends paid to Parent Company shareholders are recognised as liabilities in the consolidated financial statements in the period in which the dividends are approved by the Parent Company's shareholders. No dividends have been paid to shareholders as yet.

2.20 Earnings per share

The calculation of earnings per share is based on the consolidated earnings (in total, from continuing and discontinued operations) for the period attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the period. When calculating diluted earnings per share, earnings and the average number of shares are adjusted to reflect the effects of diluted potential ordinary shares.

Dilution from options arises only when the exercise price is lower than the market price. Convertibles and options are not considered dilutive if they cause earnings per share from continuing operations to be better (larger gain or smaller loss) after dilution than before dilution.

2.21 Parent Company accounting policies

The Parent Company applies RFR 2, Accounting for Legal Entities.

The Parent Company applies different accounting policies than the Group in the following cases.

Presentation of income statement and balance sheet

The Parent Company uses the formats listed in the Annual Accounts Act, which among other things means that a different presentation of equity is applied and that provisions are recognised under a separate heading in the balance sheet.

Shares in subsidiaries

Shares in subsidiaries are recognised at cost less any impairment losses. Dividends received are recognised as income when the right to receive payment is established. Thereafter, the shares to which the dividend relates are tested for impairment. When there is an indication that shares and participations in subsidiaries have decreased in value, an estimate of the recoverable amount is made. If it is lower than the carrying amount, it is taken as an impairment loss. Impairment losses are recognised under profit/loss from participations in Group companies. The cost of acquisition also refers to transaction-related expenditures, unlike in the Group where transaction expenditures are normally written off in the period in which they occur.

Shareholder contributions

Shareholder contributions are recognised as an increase in the value of shares and participations. An assessment is then made of whether the value of the shares and participations in question is impaired.

NOTE 3 OPERATIONAL RISKS

Crown Energy's operations are subject to all of the risks and uncertainties with which businesses focused on exploration and the acquisition, development, production, and sale of oil and gas are associated. Even with a combination of experience, knowledge, and careful evaluation, these risks cannot be completely avoided.

3.1 Operational and industry related risks

DESCRIPTION OF RISKS	RISK MANAGEMENT	2015 OUTCOME/SENSITIVITY ANALYSIS	FINANCIAL IMPACT IF RISK OCCURS
>>> Revoked or suspended licences			
The Company's exploration activities depend on concessions and/or permits granted by governments and authorities. Applications for future concessions/permits may be rejected and the current concessions/permits may be subject to restrictions or be revoked by the official body. Although concessions and permits can normally be renewed after they expire, no assurance can be given that this will happen, and if so, on what terms. If the Company fails to meet the obligations and conditions related to operations and costs that are necessary for obtaining concessions and permits, then it may result in a smaller stake in, or loss of, such permits and claims for damages, which may have a negative effect on the Company's business, earnings, and financial position.	Crown Energy has a good dialogue with all of the relevant authorities. Clear communication occurs regularly through meetings with the authorities and any other licence partners.	No licences were revoked in 2015 and Crown Energy is not in default on any licence. In February 2015, the licence period for Block 2B in South Africa was extended to May 2017. In addition, following a meeting with OMNIS, the oil and gas authority in Madagascar, an agreement was reached to extend the Manja licence in Madagascar by four years, until 15 November 2019. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	High
>>> Contractual risks/shared ownership and partnerships			
The Company's operations are largely based on concession agreements, licences, and other agreements. Crown Energy is a partner in several licences with other companies. In these cases, it is difficult to influence how the licence is operated, especially in cases where Crown Energy only holds a small share and thus is unable to influence important decisions. The rights and obligations under these concessions, licences, and agreements may be subject to interpretation and disputes under Swedish or foreign law and can also be affected by circumstances beyond the Company's control. In the event of a dispute about the interpretation of such terms, it is not certain that the Company would be able to assert its rights, which in turn could have a materially adverse effect on the Company. If the Company or any of its partners should be deemed to have not fulfilled their obligations under a concession, licence, or other agreement, it could also cause the Company's rights under them to be fully or partially eliminated, or cause Crown Energy to incur costs or obligations to meet the other party's obligations.	Crown Energy complies with the laws and regulations of the countries in which it operates and with the licence agreements into which it has entered. For licences where other partners besides Crown Energy are the operators, there are joint operation agreements containing standards and requirements for how the operator is to conduct operations and how decisions are made within the partnership (e.g. a certain percentage of votes required for a certain type of decision). In cases where Crown Energy farms out assets, the general rule is to only farm out assets to companies that are deemed to have strong business, financial, and technical capacity.	There are not any known uncertainties or disputes regarding licences Crown Energy is involved in at this time. In December 2015, Crown Energy entered into a farm-out agreement for its South Africa asset with Africa Energy Corp. Africa Energy Corp also entered into agreements with the other licence holders. As a result, Africa Energy Corp will own 90% of the licence and be the operator. The joint operation agreement for the licence will thus be changed once Africa Energy has taken over its shares. Africa Energy has a good reputation in the opinion of Crown Energy. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium

NOTE 3 OPERATIONAL RISKS, cont.

3.1 Operational and industry related risks

DESCRIPTION OF RISKS	RISK MANAGEMENT	2015 OUTCOME/SENSITIVITY ANALYSIS	FINANCIAL IMPACT IF RISK OCCURS
>>> Geological risks			
Any 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 companies 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 negatively affect the Company's business and financial position.	Crown Energy has engaged employees that are highly competent in geology to reduce the risk of possible miscalculations. Crown Energy's valuations of reserves and resources are always prepared in accordance with established rules and standards. The probability of the actual existence of the volumes is assessed and the fact that a certain percentage of wells drilled are statistically always dry is taken into account. Reserves and resources are classified differently depending on this probability, which provides a measure of the geological risk. See the Description of operations section for a more detailed description of this. Internally prepared competent persons reports (CPR) are always certified by an independent appraiser to minimise the risk of incorrect assessments.	Exposure to this type of risk is considered comparable to other companies in the same industry. Crown Energy had an internal CPR prepared for all of the Group's assets in June 2015, which was certified by an independent appraiser. In addition, ERC Equipoise prepared a valuation report for parts of Block 2B in South Africa. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium-High
>>> Oil price risk			
Oil and gas prices are set on the world market and depend on several different factors outside of the control of the Group; the global economic trend, actions by governments and central banks, geopolitical turbulence, the supply of oil, investment expenses, access to alternative energy sources etc. Crown Energy does not have any production at this time, and this limits its oil price risk. However, a significant and prolonged decline in prices relative to average historical oil price levels may lead to difficulties in arranging financing for Crown Energy, and reduced interest in farm-out projects and similar arrangements. A prolonged price decline may also lead to impairment of exploration and evaluation assets. In other words, the oil price could indirectly impact Crown Energy's financing and refinancing capabilities. See description of financial risks in Note 4.	As the Company is not currently involved in production, no oil price hedges are taken out. However, investment calculations are reviewed on an ongoing basis in light of the current market situation to ensure that the decline in oil prices does not cause the Group's exploration and evaluation assets to be impaired. It is common for investments to be postponed during periods of lower oil prices.	It is difficult to analyse what impact the low oil price has had on Crown Energy. However, the current oil prices have not caused impairment of any of the Company's exploration and evaluation assets; see the Company's estimates in Note 5, Critical estimates and assessments for accounting purposes. In December 2015, Crown Energy succeeded in farming out Block 2B in South Africa, which should be considered a favourable transaction even in the event of higher oil prices. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Low-High

NOTE 3 OPERATIONAL RISKS, cont.

3.2 Political and societal risks

DESCRIPTION OF RISKS	RISK MANAGEMENT	OUTCOME 2015/SENSITIVITY ANALYSIS	FINANCIAL IMPACT IF RISK OCCURS
>>> Political, social, and economic instability			
Given that Crown Energy is engaged in and may expand its activities in developing countries, the Company may be affected by political, social, and economic instability, such as terrorism, military coercion, war, and general social or political unrest. This includes the occurrence of corruption. Political, social, and economic instability may thus have a very negative impact on the Company's operations, particularly with regard to permits and partnerships.	In terms of new licences/ new countries, Crown Energy attempts to avoid getting involved in countries whose political and security risks are too high. In terms of existing licenses, the risks are assessed as they arise. Crown Energy uses the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones to seek guidance where needed.	It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test. However, below is an overview of political and security risks prepared by Control Risk (www.controlrisk.com) (see country table below) In terms of the Company's activities in Iraq in particular, Crown Energy is in ongoing discussions with the regional government in Salah ad-Din. Although the security situation has improved in 2015, Crown Energy is waiting to initiate activities in the licensed area for security reasons.	Low-High

	POLITICAL RISK	SECURITY RISK
Iraq	High	Extreme
Eq. Guinea	High	Medium
Madagascar	Medium	Medium
South Africa	Medium	Medium

NOTE 4 FINANCIAL RISK MANAGEMENT

Crown Energy is exposed to various financial risks in its operations. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on performance and liquidity due to financial risks.

4.1 Description of financial risks

DESCRIPTION OF RISKS	RISK MANAGEMENT	2015 OUTCOME/SENSITIVITY ANALYSIS	FINANCIAL IMPACT IF RISK OCCURS
>>> Financing and refinancing risk			
Financing risk is defined as the risk of the financing of Crown Energy's capital needs and refinancing of outstanding loans becoming more difficult or more expensive. Oil and gas exploration is a capital-intensive business. Depending on operational developments in general, Crown Energy may need additional capital to acquire assets, to further develop the assets under conditions favourable for Crown Energy, or to continue its operating activities. If the Group 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. In addition, new shares may be issued under less favourable market conditions where interest is low and/or the cost of implementing the share issue is too high.	Crown Energy monitors and assesses financing and refinancing options on an ongoing basis to manage this risk.	In 2015, Crown Energy conducted several financing and refinancing measures. In a first step, in spring 2015, Crown Energy bought back around 85% of its outstanding convertibles and also offset a loan with shares. For more information about the buy-back and offset, see the Important events after the financial year section in the Directors' report. In addition, a preferential rights issue was conducted in June which raised SEK 4.9 million in capital. The farm-out agreement for the South Africa asset, which was signed in December 2015, will result in financing for future test drilling in respect of Crown Energy's remaining share. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	High
>>> Liquidity risk			
The liquidity risk is defined as the risk of not being able to fulfil commitments and pay debts on time or at a reasonable cost. This risk is related to the financing and refinancing risk.	Management carefully monitors rolling forecasts of the Group's cash and cash equivalents. As mentioned above, Crown Energy reviews financing options on an ongoing basis to be able to meet its obligations.	As mentioned above, payment of interest of approximately 85% of the outstanding convertibles was averted in 2015 thanks to the buy-back. The buy-back naturally also reduced the nominal convertible debt by 85%. Cash and cash equivalents at the balance sheet date totalled SEK 156 thousand (34,626). The company's maturing current liabilities amounted to SEK 17,190 thousand. See the maturity analysis in section 4.4. See the section entitled Outlook in the Directors' report for more information about the Company's estimates of future liquidity needs.	High
>>> Market risk – interest rate risk			
Net interest expense is 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 earnings depends on the contractual periods of the loans and investments. Future increases in interest rates may therefore have an adverse effect on the Group's earnings and future business opportunities.	Crown Energy has no interest-bearing liabilities with variable interest rates, so there is no interest rate risk related to cash flows. Borrowings with fixed interest rates only expose the Group to interest rate risk in respect of fair value.	As the Group has no borrowings at variable interest rates, interest rate risk is not expected to be significant. Because of this, a sensitivity analysis was not prepared either.	Low

NOTE 4 FINANCIAL RISK MANAGEMENT, cont.

4.1 Description of financial risks, cont.

DESCRIPTION OF RISKS	RISK MANAGEMENT	2015 OUTCOME/SENSITIVITY ANALYSIS	FINANCIAL IMPACT IF RISK OCCURS
>>> Market risk – currency risk			
Currency risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.	There is currently no significant exposure in foreign currencies, which is why the Company has not found it necessary to hedge its currency transactions, assets, liabilities, and net investments. However, the Company reviews any future transactions that could pose substantial currency risks on an ongoing basis.	At present, there is no external borrowing in foreign currency. The Group's main transaction currency apart from SEK is USD. On the basis of outstanding liabilities reported in USD, a change in the USD/SEK exchange rate of +/-10% would impact earnings by +/- SEK 170 thousand. See the sensitivity analysis of currency exposure for details in section 4.2 below.	Low
>>> Translation risk			
Currency exposure arising from holdings in a foreign subsidiary that has a functional currency different from the Group's reporting currency is a translation risk. Translation impacts both earnings and equity (currency translation reserve). Exploration and evaluation assets acquired via a foreign operation are treated as assets of this operation and are therefore translated to the closing day rate. The acquisition of the subsidiary in Madagascar was executed in USD. As a result, the acquired exploration and evaluation assets are translated at each reporting period. The translation difference impacts the currency translation reserve in equity.	All translation risks refer to the USD/SEK exchange rate. Crown Energy does not hedge the translation risk at this time. As a result, there may be major fluctuations in the Group's earnings, values of exploration and evaluation assets and in the currency translation reserve in equity between different reporting periods. The great majority refers to the translation that occurs as a result of the Madagascar asset (see explanation to the left).	In section 4.3, a sensitivity analysis has been prepared for the translation exposure. A 10% change in the USD/SEK exchange rate would impact the following items: • exploration and evaluation assets by +/- SEK 6,304 thousand • deferred tax by +/- SEK 1,450 thousand • equity by +/- SEK 4,545 thousand • net loss for the year by +/- SEK 168 thousand	Low-Medium

4.2 Sensitivity analysis currency exposure

Crown Energy mainly executes transactions in SEK, USD, and GBP. Small transactions are also made on an ongoing basis in Madagascan currency (MGA) and South African currency (ZAR).

Transactions in foreign currencies mainly involve expenses attributable to the Company's exploration and evaluation assets.

There are intra-group receivables and liabilities in foreign currencies, but given that settlement is not planned or probably will not occur within the foreseeable future, they are considered to constitute a net investment in a foreign operation. As a result, they are not included in the sensitivity analysis for currency exposure.

Crown Energy may from time to time be dependent on available external financing for further development of its business. External capital can be raised in various currencies but will be continuously recalculated and recognised in SEK, resulting in the possibility of an exchange rate risk. There were no liabilities of this type at year-end 2015.

The Group's risk exposure in foreign currencies at the end of the reporting period expressed in thousands of SEK was as follows:

31 DECEMBER 2015	USD	GBP	ZAR	NOK	MGA
Accounts payable	1,699	19	–	994	–
Other current liabilities	–	18	784	–	–
Total foreign currency	**1,699**	**37**	**784**	**994**	**–**

As can be seen in the exposure table above, the Group is mainly exposed to changes in the USD/SEK exchange rate. The others are not considered material. However, currency exposure to USD is considered limited on the basis of the analysis below. The impact on earnings after tax in the event of a USD increase in comparison to SEK by 10% is only SEK -170 thousand.

Impact on earnings after tax, SEK thousand	+10%	-10%
USD/SEK exchange rates	-170	170

NOTE 4 FINANCIAL RISK MANAGEMENT, cont.

4.3 Sensitivity analysis translation exposure

Exchange rate changes impact the Group in conjunction with the translation of foreign subsidiary income statements to SEK when the Group's earnings are impacted and when net assets in foreign subsidiaries are translated to SEK, which impacts equity. The Group does not hedge this risk and it can't be ruled out that fluctuating exchange rates could impact the Group's earnings and financial position negatively. As mentioned above, the Group also has translation exposure as a result of a previous business combination, which resulted in an intangible asset in USD. This intangible asset is translated at each reporting period and impacts the Group's exploration and evaluation assets, deferred tax, and equity. Below is a summary of the Group's translation exposure:

Exploration and evaluation assets in the financial statements (SEK thousand)	176,445	176,445
Change in SEK/USD	+10%	-10%
Total impact on exploration and evaluation assets (SEK thousand)	**6,304**	**-6,304**

Deferred taxes in the financial statements (SEK thousand)	14,498	14,498
Change in SEK/USD	+10%	-10%
Total impact on deferred tax (SEK thousand)	**1,450**	**-1,450**

Equity in the financial statements (SEK thousand)	130,177	130,177
Change in SEK/USD	+10%	-10%
Total impact on equity (SEK thousand)	**4,545**	**-4,545**

Loss in the financial statements (SEK thousand)	-15,577	-15,577
Change in SEK/USD	+10%	-10%
Total impact on net loss for the year (SEK thousand)	**-168**	**168**

4.4 Liability maturities

The following table presents the non-discounted cash flows of consolidated liabilities in the form of financial instruments based on the remaining contractual periods at the end of the reporting period. As a result, the amounts do not always match the amounts reported in the balance sheet. Amounts falling due within 12 months correspond to their carrying amounts, as the impact of discounting is immaterial. Amounts in foreign currency were estimated using the exchange rates and interest rates applicable at the end of the reporting period.

GROUP ALL AMOUNTS IN SEK THOUSAND	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	MORE THAN 5 YEARS
At 31 December 2015				
Borrowings	13,432	6,704	–	–
Other provisions	–	–	8,813	–
Accounts payable	2,878	–	–	–
Other liabilities	880	–	–	–
Total	**17,190**	**6,704**	**8,813**	**-**
At 31 December 2014				
Borrowings	7,864	79,736		–
Other provisions			8,808	–
Accounts payable	1,499			–
Other liabilities	104			–
Total	**9,467**	**79,736**	**8,808**	**-**

NOTE 4 FINANCIAL RISK MANAGEMENT, cont.

PARENT COMPANY ALL AMOUNTS IN SEK THOUSAND	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	MORE THAN 5 YEARS
At 31 December 2015				
Borrowings	13,432	6,704	–	–
Accounts payable	1,144	–	–	–
Other liabilities	98	–	–	–
Total	**14,674**	**6,704**	**–**	**–**
At 31 December 2014				
Borrowings	7,864	79,736	–	–
Accounts payable	1,340	–	–	–
Other liabilities	104	–	–	–
Total	**9,308**	**79,736**	**–**	**–**

4.5 Net debt/equity ratio

The debt/equity ratio is defined as the Group's net debt (interest-bearing liabilities less cash and cash equivalents) relative to adjusted equity. The Company's convertible loans carry an interest rate of 10%. The loans are classified as long-term loans. As indicated in Note 25, Transactions with related parties, the long-term loans from related parties are interest-free, so the loans are not measured in net debt. The net debt/equity ratio is as follows:

GROUP, ALL AMOUNTS IN SEK THOUSAND NET DEBT/EQUITY RATIO	2015-12-31	2014-12-31
Interest-bearing liabilities	11,209	55,964
Less: Cash and cash equivalents	-156	-34,626
Net indebtedness	**11,053**	**21,338**
Total equity	130,177	57,090
Net debt/equity ratio	**8%**	**37%**

Cash and cash equivalents at 31 December 2015 (2014) includes SEK 0 thousand (34,335) placed in an escrow account. These funds were intended for payment of the Block 2B licence in South Africa. Excluding these cash and cash equivalents, the net debt/equity ratio for 2014 was 98%.

4.6 Calculation of fair value

Crown Energy classifies fair value measurement using a fair value hierarchy that reflects the reliability of the inputs used in making the measurements. In accordance with IFRS 13, financial instruments require disclosures about fair value measurement by level. The fair value hierarchy consists of these levels:

Level 1 – Quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly as prices or indirectly as derived prices, for example.
Level 3 – Inputs for the asset or liability that are not based on observable information. The appropriate level is determined on the basis of the lowest level of input that is significant to measuring the fair value.

NOTE 4 FINANCIAL RISK MANAGEMENT, cont.

In conjunction with the acquisition of Amicoh Resources Ltd, the Group made a provision for an additional consideration that will fall due if any commercial discoveries are found in Madagascar, with a portion of the consideration in the form of warrants. The provision at 31 December 2015, which is attributable to a possible commercial discovery, is calculated at present value and totals SEK 3,046 thousand (2,688). The remainder relates to the provision for the warrants, which expired in November 2015. Previously, these were valued using a share option pricing model and the fair value at 31 December 2014 amounted to SEK 1 thousand.

For a more detailed description of the assessments and assumptions made regarding the additional consideration and warrants, see Note 5, Critical estimates and assessments for accounting purposes, and Note 20, Provisions.

ALL AMOUNTS IN SEK THOUSAND CLOSING BALANCE AT 31 DEC 2015	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Total assets	–	–	–	–
Liabilities				
Financial liabilities measured at fair value via income statement:				
– Provision for additional consideration	–	–	3,046	3,046
Total liabilities	**–**	**–**	**3,046**	**3,046**

ALL AMOUNTS IN SEK THOUSAND CLOSING BALANCE AT 31 DEC 2014	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Total assets	–	–	–	–
Liabilities				
Financial liabilities measured at fair value via income statement:				
– Provision for additional consideration	–	–	2,688	2,688
– Provision for warrants	–	1	–	1
Total liabilities	**–**	**1**	**2,688**	**2,689**

NOTE 5 CRITICAL ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The Group makes estimates and assumptions concerning the future. The accounting estimates that result from them, by definition, seldom correspond with the actual results.

Fair value

The fair value of the convertible loans correspond to the rate that the convertible loan is traded at on NGM Equity at 31 December, including the conversion option.

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

The carrying amount less any impairment for accounts receivable and accounts payable is assumed to approximate their fair values due to their short-term nature.

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. Therefore, the fair value of loans from related parties, corresponding to the estimated fair value at 31 December 2015, was estimated at SEK 6,385 thousand, which is based on an interest rate of 5 per cent if the loan had been subscribed to at market conditions. Carrying amount is 6,704 TSEK.

Deferred tax

The Group recognises a deferred tax liability on acquired intangible assets since they are considered to be an asset to local know-how, which in synergy with the knowledge found within Crown Energy can facilitate exploitation of exploration rights.

The Parent Company recognised a tax loss of SEK 33,383 thousand (37,260). An exact figure for the Group's total tax loss is not possible to calculate since the recognised tax loss that can be utilised in the future from existing licences depends on exploration investment costs being approved by the tax authorities in each country. The investment costs are examined by the tax authorities in each country no earlier than at production start-up. That is, no assessment is made until production starts and production revenues are secured. If the tax losses are approved, they will be deducted from these production revenues.

Due to the current uncertainty in the ability to utilise tax losses in the near future, deferred tax assets have historically not been recognised in the Parent Company or the Group. In both 2014 and 2015 however, Crown Energy chose to offset some of the loss against the deferred tax liability attributable to the measurement of the convertible loans. A deferred tax asset is recognised at the same amount as the deferred tax liability. The deferred tax liability and tax asset were offset in the balance sheet. Deferred tax revenue of SEK 0 thousand (744) was recognised in the income statement during the fiscal year due to revaluation and capitalisation of tax losses. See Note 21, Deferred tax, for detailed information on amounts.

Classification on acquisition of subsidiaries

When acquiring a company, an analysis must be made to determine whether the acquisition is to be regarded as a business combination or an asset acquisition. It is common for companies to acquire exploration licences. In such acquisitions, an analysis is done to determine whether or not the acquisition meets the criteria for a business combination.

Crown Energy investigates the intention of acquisitions, that is, whether it is a business being acquired or merely an asset. Companies with only one or more exploration licences and no related management/administration are normally classified as asset acquisitions.

Following is a breakdown of Crown Energy's subsidiary acquisitions since 2011:

DATE OF ACQUISITION	TYPE OF ASSET	CLASSIFICATION
2011	100% of shares in Crown Energy Ventures Corporation BVI	Asset acquisition
2011	100% of shares in Amicoh Resources Ltd	Business combination
2013	100% of shares in Crown Energy Iraq AB	Asset acquisition
2015	100% of shares in Simbo Petroleum No.2 Ltd	Asset acquisition

Provisions related to the acquisition of licences and subsidiaries

In the exploration industry, it is common for the parties negotiating acquisition of a licence to agree on future additional considerations that are dependent on future events. Typically, additional considerations involve payments to the seller in the event of a commercial discovery. A probability assessment must be done every year-end for each potential future additional consideration. Following is a description of the potential future additional considerations that existed at 31 December 2015.

Manja Block 3108 (Madagascar)

Besides the settled consideration for the acquisition of the licence (via Amicoh Resources Ltd) in 2011 and 2012, an additional consideration was agreed upon in the event of a commercial discovery in Madagascar. Under the acquisition agreement, the seller will receive USD 4,000 thousand in the event a commercial discovery. When calculating the cost of acquisition of the licence, this additional consideration was taken into account by making a provision. Based on the geological reports that Crown Energy received, the average probability of a commercial discovery in the licence area is 10%. Based on this report, it was assessed that the probability that an additional consideration will be paid to the seller corresponds to the geological probability of a commercial discovery, i.e., 10%.

In calculating the present value of the provision for the additional consideration, a discount factor before tax of 6.0% (6.0) was used. At 31 December 2015 (2014), the estimated amount totalled USD 400 thousand (400) corresponding to SEK 3,341 thousand (3,125) at the closing day rate. The portion paid in the event of a commercial discovery is recognised at a value of SEK 3,406 thousand (2,688) after present value calculation. The discounting effect on the provision totals SEK 358 thousand (172) for the year.

As part of the consideration for Amicoh Resources Limited, it was resolved at the EGM in November 2011 to also issue 364,954 warrants directed to the seller of Amicoh Resources Limited. These warrants expired in November 2015 without any share subscriptions. As a result, there is no longer a provision. In previous years, the fair value (theoretical value) of the issued warrants were determined in accordance with an established option pricing model (Black & Scholes). The fair value at 31 December 2014 was SEK 1 thousand.

NOTE 5 CRITICAL ESTIMATES AND ASSESSMENTS, cont.

Block P (Equatorial Guinea)

In connection with the asset acquisition of the 5% working interest in Block P in Equatorial Guinea, a purchase agreement was signed that included a number of potential future additional considerations. The additional considerations are dependent on several factors. The maximum additional consideration totals USD 9.6 million. Crown Energy estimates that at present it is unlikely that any of these additional considerations will be paid in the future and has therefore not recognised them in the financial statements as a provision or outside of the financial statements as a contingent liability. It should be noted that the assessment of the probability of settlement of the additional consideration has no connection with Crown Energy's commercial assessments of the licence (chance of success, economic models etc.)

Salah ad-Din (Iraq)

The share transfer agreement that was signed with the sellers of Crown Energy Iraq included an option to buy back Crown Energy Iraq AB shares. The buy-back option entails that the sellers of Crown Energy Iraq can buy back 250 shares in the sold company during a certain period after the takeover. With Crown Energy Iraq's current 1,000 shares, the sellers would have the right to buy back 25% of the Company's shares. A provision of SEK 6,204 thousand was made on the assumption that the option will be exercised. The amount was calculated based on the final consideration. The warrant expires in May 2016.

As the provision is based on Crown Energy Iraq shares, it is linked to an equity instrument. Under IAS 39, an entity shall measure financial liabilities related to equity instruments at fair value except when the underlying instrument does not have a quoted price in an active market. Crown Iraq is an unlisted company in its early stages so it is deemed neither possible nor practical to establish a fair value measurement of its shares. The provision is therefore recognised at historical cost.

Block 2B (South Africa)

In connection with the acquisition of the company Simbo Petroleum No 2 Ltd ("Simbo No.2), which holds the interest in Block 2B, there was a separate agreement signed, apart from the share purchase agreement, which provides for an earn out payment to be made in the event that production is realised from the block. This agreement have been renegotiated during 2015 and 2016. The earn out payments are due to the sellers of Simbo No 2. The first payment will be due on production start up. The level of payment is dependent on the oil price prevailing at the time. If the oil price is below $50 (minimum payment) the total payment due will be SEK 66,828 thousand. The maximum earn out payment will be SEK 102,813 thousand, if the oil price is and remains above $65. The payments will be made in instalments from a proportion of Crown Energy's net revenue stream from the production.

There is great uncertainty at this time about whether the aforementioned additional consideration will be settled. There are several factors impacting the probability of settlement of the additional consideration which are outside of the control of Crown Energy: the probability of successful drilling (and going to production), the fact that the operatorship will change in 2016 and that Africa Energy Plc will substantially have control over the asset. At present, Crown Energy assesses the probability of settlement to be low, and the additional consideration does not meet the requirements for recognition as a provision. Instead, it is recognised as a contingent liability, outside of the statement of financial position. Recognition of the additional consideration will be assessed on an ongoing basis and may change as the conditions of the licence change, e.g. in the event of successful test drilling etc. It should be noted that the assessment of the probability of settlement of the additional consideration has no connection with Crown Energy's commercial assessments of the licence (chance of success, economic models etc.)

The contingent liability is recognised at the maximum possible amount of the additional consideration, i.e. SEK 102,813 thousand.

Impairment losses on exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Impairment testing is done by cash-generating unit, which in Crown Energy's case consists of each individually acquired licence. Crown Energy has evaluated each individual licence and assessed that the recoverable amounts exceed the carrying amounts. Facts and circumstances taken into account in this assessment include current oil prices and the instability in Iraq. Following is a summary of Crown Energy's assessments of these circumstances.

Oil prices

The current downturn in oil prices is a factor that could indicate that impairment exists for an exploration and evaluation asset. Since Crown Energy is not currently in production, oil prices have not had a direct impact on asset values, as the carrying amounts are based on costs incurred, not on oil prices. The decline in oil prices can however influence the industry because the uncertainty of future investments increases. An important effect of the oil price decline is the fact that the overall level of costs declined for exploration work and development of discoveries for production. Provided that supplier agreements are negotiated based on current depressed costs and that long-term oil prices remain at a higher level, development cost estimates could be even more profitable than before. Based on the nature of Crown Energy's assets, their geographic location, etc. in combination with the types of investments being made in the industry at this time and the general decline in exploration costs, it has been determined that the decline in oil prices does not indicate that the fair value of the Company's assets is lower than their carrying amount. See also the comments on the oil price in Note 3, Operational risks.

Iraq

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 assumed 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. Discussions with the regional authorities have provided further confirmation that the region is nearly completely free from crisis hot spots and that the circumstances currently seem much more positive than previously.

Crown Energy remains positive and hopeful about a better future in Iraq in general and in Salah ad-Din in particular. However, Crown Energy continues to take a cautious approach to activities on the licensed area and in the Salah ad-Din province due to the remaining security risks. As soon as the turbulence has subsided further, Crown Energy hopes and thinks that work can commence to assess the most suitable path forward for developing these enormous assets.

Since there are still several parties interested in the Iraqi asset, Crown Energy determines that developments do not suggest that the value of the assets has decreased.

Going concern

Oil and gas exploration is a capital-intensive business, which means that the Group may need regular capital injections to continue its operating activities or to acquire new licences. The Board believes that financing should primarily be done through the sale of assets, agreements with farm-in partners, or new share issues. Since the Group has not generated any revenue or profits, financing has historically been done through new share issues.

As a result, the Board regularly assesses the Group's capital needs based on current operations and planned activities. For the going concern assessments of the Board and the Company, see the Financing and going concern section of the Directors' report.

NOTE 6 SEGMENT INFORMATION

As mentioned in Note 2.4, Accounting policies, the Group is currently deemed to have only one segment, which means that disclosures are limited. 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 on non-current assets distributed across geographic areas.

GEOGRAPHIC AREAS, GROUP, ALL AMOUNTS IN SEK THOUSAND	SWEDEN	EQUATORIAL GUINEA	MADAGASCAR	IRAQ	SOUTH AFRICA	TOTAL
Total non-current assets include at 31 December 2015:						
Exploration and evaluation assets	–	4,839	79,119	31,252	61,235	176,445
Equipment, tools, fixtures and fittings	66	–	–	–		66
Total non-current assets at 31 December 2015	**66**	**4,839**	**79,119**	**31,252**	**61,235**	**176,511**
Total non-current assets include at 31 December 2014:						
Exploration and evaluation assets	–	4,752	71,600	31,107	–	107,459
Equipment, tools, fixtures, and fittings	99	–	–	–	–	99
Total non-current assets at 31 December 2014	**99**	**4,752**	**71,600**	**31,107**	**-**	**107,558**

NOTE 7 REMUNERATION OF AUDITORS

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
PWC		
Audit engagements	444	330
Auditing aside from audit engagements	20	16
Tax advice	–	–
Other services	–	–
Group total	**464**	**346**

PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
PWC		
Audit engagements	444	330
Auditing aside from audit engagements	20	16
Tax advice	–	–
Other services	–	–
Group total	**464**	**346**

An audit involves reviewing the Annual Report and bookkeeping along with the administration of the Board of Directors and CEO, other tasks incumbent upon the Company's auditor to perform, and advice or other assistance prompted by observations made during the audit or the performance of other tasks. Everything else is tax advice or other services. Apart from the audit engagement above, auditing relates primarily to reviews in connection with the year's convertible and non-cash issues.

NOTE 8 NOTE 8 SALARIES, FEES, OTHER REMUNERATION, AND SOCIAL CHARGES

Remuneration of and terms for senior executives and the Board

Remuneration in 2015

ALL AMOUNTS IN SEK THOUSAND	BASE SALARY/ BOARD FEE	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION EXPENSES	TOTAL
Alan Simonian, Chairman of the Board	150	–	–	–	150
Andrew Harriman	75	–	–	–	75
Nick Johnson[1]	56	–	–	–	56
Ulrik Jansson, CEO	391	–	–	166	557
Andreas Forssell, CEO	1,454	–	–	345	1,799
Other senior executives, 1 person	547	–	–	85	632
Total board and senior management	**2,673**	**–**	**–**	**596**	**3,269**

1) Board fees are from AGM to AGM and are paid the following year. A provision was made in 2015 for Nick Johnson from the time he took office as a board member, i.e. he will receive SEK 75 thousand at the 2016 AGM, but the amount expensed for 2015 is SEK 56 thousand.

Remuneration in 2014

ALL AMOUNTS IN SEK THOUSAND	BASE SALARY/ BOARD FEE	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION EXPENSES	TOTAL
Alan Simonian, Chairman of the Board	150	–	–	–	150
Andrew Harriman	75	–	–	–	75
Ulrik Jansson, CEO	1,165	–	–	432	1,597
Other senior executives, 1 person	1,260	–	–	259	1,519
Total Board and senior management	**2,650**	**–**	**–**	**691**	**3,341**

Terms and guidelines relating to remuneration of and benefits for senior executives

See the Corporate Governance Report.

Gender breakdown of board members and other senior executives

GENDER BREAKDOWN OF BOARD MEMBERS AND OTHER SENIOR EXECUTIVES	2015		2014	
	NUMBER AT END OF REPORTING PERIOD	OF WHOM MEN	NUMBER AT END OF REPORTING PERIOD	OF WHOM MEN
Group				
Board members	3	3	2	2
CEO and other senior executives	2	1	2	2
Group total	**5**	**4**	**4**	**4**
Parent Company				
Board members	3	3	2	2
CEO and other senior executives	2	1	2	2
Parent Company total	**5**	**4**	**4**	**4**

Note that the CEO is also a board member, in addition to the two other board members.

NOTE 8 SALARIES, FEES, OTHER REMUNERATION, AND SOCIAL CHARGES, cont.

Salaries, remuneration, and social charges

SALARIES, REMUNERATION, AND SOCIAL CHARGES, ALL AMOUNTS IN SEK THOUSAND	GROUP 2015-01-01 2015-12-31	GROUP 2014-01-01 2014-12-31	PARENT COMPANY 2015-01-01 2015-12-31	PARENT COMPANY 2014-01-01 2014-12-31
Salaries, fees, and benefits[1]				
Board members				
– Fee	281	225	281	225
CEO[2]	1,845	1,165	1,845	1,165
Other senior executives[3]	547	1,260	547	1,260
Other employees	–	364	–	364
Total salaries, fees, and benefits	**2,673**	**3,014**	**2,673**	**3,014**
Contractual pension expenses				
CEO	511	432	511	432
Other senior executives	85	259	85	259
Other employees	–	49	0	49
Total pension expenses	**596**	**740**	**596**	**740**
Social charges incl. special employer's contribution				
Board members	91	73	91	73
CEO	722	482	722	482
Other senior executives	198	471	198	471
Other employees	0	130	–	130
Total social charges incl. special employer's contribution	**1,011**	**1,157**	**1,011**	**1,157**

1) Remuneration of the Board is included in the other external expenses item in the income statement.

2) Former CEO Ulrik Jansson resigned from his post at his own request in July 2015. Ulrik Jansson opted to waive his right to severance pay. As a result, no other remuneration besides salary and pension have been paid to him.

3) Compensation refers only to employed persons. The company has one senior executive, who is engaged under a consultant agreement, see Note 27 Transactions with related parties.

Average number of employees

AVERAGE NUMBER OF EMPLOYEES	2015 AVERAGE NUMBER OF EMPLOYEES	2015 OF WHOM MEN	2014 AVERAGE NUMBER OF EMPLOYEES	2014 OF WHOM MEN
Group				
Sweden	2.5	1.5	3	2
Group total	**2.5**	**1.5**	**3**	**2**
Parent Company				
Sweden	2.5	1.5	3	2
Parent Company total	**2.5**	**1.5**	**3**	**2**

NOTE 9 FINANCIAL INCOME AND EXPENSES

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Financial income		
Exchange gains	2,447	2,944
Interest income	0	232
Total financial income	**2,447**	**3,176**
Financial expenses		
Exchange losses	–	–
Interest expense:		
- *Effective interest on convertible loan*	-8,922	-15,353
- *Other interest expense*	-100	-1
- *Provisions, dissolution of discount effect*	-358	-233
Total financial expense	**-9,380**	**-15,587**
Earnings from financial items, net	**-6,933**	**-12,411**

PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Interest income and similar items		
Exchange differences	326	778
Interest income, Group companies	10,768	6,071
Other interest income	0	1
Total interest income and similar items	**11,094**	**6,850**
Interest expenses and similar items		
Exchange differences	–	–
Interest expense		
- *Effective interest on convertible loan*	-8,922	-15,353
- *Other interest expense*	-9	-1
Total interest expenses and similar items	**-8,931**	**-15,354**
Earnings from financial items, net	**2,163**	**-8,504**

NOTE 10 NET EXCHANGE DIFFERENCES

Exchange differences are recognised in the income statement as follows:

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Exchange losses on operational receivables and liabilities	73	-104
Net financial items	2,446	2,944
Total exchange differences	**2,519**	**2,840**

PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Exchange losses on operational receivables and liabilities	137	-14
Net financial items	326	778
Total exchange differences	**463**	**764**

NOTE 11 TAX

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Current tax	–	–
Deferred tax	–	744
Total tax	**–**	**744**

PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Current tax	–	–
Deferred tax	–	744
Total tax	**–**	**744**

Differences between recognised tax expense and estimated tax expense based on current tax rates are as follows:

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Earnings before tax	-15,577	-21,859
Income tax calculated as per the Group's current tax rate	3,427	4,809
Tax effects of:		
Non-taxable income	0	0
Non-deductible expenses	-6	-11
Costs to be deducted but not included in recognised earnings	352	48
Tax losses for which no deferred tax asset was recognised	-3,773	-4,102
Recognised tax	**–**	**744**

PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Earnings before tax	-4,447	-17,709
Income tax calculated as per the Group's current tax rate	978	3,896
Tax effects of:		
Non-taxable income	0	0
Non-deductible expenses	-4	-9
Costs to be deducted but not included in recognised earnings	352	48
Tax losses for which no deferred tax asset was recognised	-1,326	-3,191
Recognised tax	**–**	**744**

NOTE 12 EARNINGS PER SHARE

Basic earnings per share attributable to holders of ordinary shares in the Parent Company are calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding.

When the result is negative, there is no dilutive effect as the earnings per share would be improved taking into account any dilutive effects.

Crown Energy previously issued 364,327 warrants that could be converted into an equivalent number of ordinary shares. These warrants expired in November 2015 without any share subscriptions. Apart from this, Crown Energy issued 1,221,101 convertibles that could also be converted into an equivalent number of ordinary shares. The convertibles are not considered dilutive if they cause earnings per share to improve more (larger gain or smaller loss) after dilution than before dilution. As a result, the outstanding convertibles are not dilutive.

The Board proposed to the AGM that no dividend be paid for the 2015 fiscal year.

NOTE 13 EQUIPMENT, TOOLS, FIXTURES, AND FITTINGS

Presently, property, plant, and equipment relates only to office equipment. In conjunction with the Company's change of offices on 1 October 2013, equipment worth SEK 165 thousand was acquired. Depreciation of these assets began in Q3 and will continue for five years.

Equipment, tools, fixtures, and fittings

GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Opening carrying amount	99	132
Purchases for the year	–	–
Depreciation for the year	-33	-33
Closing carrying amount	**66**	**99**
AT 31 DECEMBER		
Cost	165	165
Accumulated depreciation and impairment	-99	-66
Carrying amount	**66**	**99**

NOTE 14 EXPLORATION AND EVALUATION ASSETS

Capitalised expenditures for exploration and evaluation assets relate to costs of acquiring licences, technical investigations, and other development of these interests. In cases where an acquisition is an asset acquisition, any acquisition expenses and surplus values are included in the assets. Exploration and evaluation assets acquired via a foreign operation are treated as assets of this operation and are translated at the closing rate. This is the case for the licence in Madagascar. The translation difference that arises is recognised directly in the currency translation reserve in other comprehensive income.

All of the Group's exploration and evaluation assets are classified as intangible assets.

For assessments of the assets' value, see Note 5, Critical estimates and assessments.

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Opening carrying amount	107,459	91,879
Investments for the year	8,532	3,830
Increase through acquisition of assets (Note 26)	55,355	–
Translation differences	5,099	11,750
Closing carrying amount	**176,445**	**107,459**
AT 31 DECEMBER		
Cost	176,445	107,459
Accumulated amortisation and impairment	–	–
Carrying amount	**176,445**	**107,459**

NOTE 15 OTHER RECEIVABLES

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Preliminary tax paid	229	171
Outlays to sellers of Block 2B in South Africa	–	580
VAT receivable	270	258
Other current receivables	–	11
Total other receivables	**499**	**1,020**

PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Preliminary tax paid	229	171
VAT receivable	43	179
Other current receivables	–	10
Total other receivables	**272**	**360**

The outlays to sellers of Block 2B in South Africa item comprises outlays for cash calls to the operator in favour of the sellers of Block 2B in South Africa. This amount was deducted from the acquisition proceeds at takeover.

Other current receivables are measured at cost. When the duration is short, fair value is considered to correspond to the carrying amount.

NOTE 16 PREPAID EXPENSES AND ACCRUED INCOME

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Prepaid expenses		
Licence fees	–	5,440
Administrative expenses	56	15
Rent	148	144
Insurance expenses	42	27
Trading fees	46	55
Advances to suppliers	0	198
Total prepaid expenses and accrued income	**292**	**5,879**

PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Prepaid expenses		
Administrative expenses	56	15
Rent	148	144
Insurance expenses	42	27
Trading fees	46	55
Total prepaid expenses and accrued income	**292**	**241**

Neither the Group nor the Parent Company recognise any accrued income.

NOTE 17 CASH AND CASH EQUIVALENTS

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Balance sheet and cash flow statement		
Cash and bank balances	156	291
Cash and cash equivalents in escrow account	–	34,335
Total cash and cash equivalents in balance sheet and cash flow statement	**156**	**34,626**

PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Balance sheet and cash flow statement		
Cash and bank balances	72	150
Cash and cash equivalents in escrow account	–	34,335
Total cash and cash equivalents in balance sheet and cash flow statement	**72**	**34,485**

AT 31 December 2014, cash and cash equivalents included SEK 34,335 thousand for payment of shares in Simbo Petroleum No.2 Ltd. Bank deposits were placed in an escrow account. There were not any frozen assets at 31 December 2015.

NOTE 18 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

	NUMBER OF SHARES	SHARE CAPITAL, ALL AMOUNTS IN SEK THOUSAND	OTHER CONTRIBUTED CAPITAL, ALL AMOUNTS IN SEK THOUSAND	TOTAL, ALL AMOUNTS IN SEK THOUSAND
Opening balance at 1 January 2014	**27,844,679**	**819**	**95,446**	**96,265**
Changes, 2014				
Convertible issue, KV2 2014/2016				
Option component	–	–	619	**619**
Issue expenses	–	–	-956	**-956**
Deferred tax	–	–	-218	**-218**
Conversions, KV1 2013/2016	298,732	8	2,390	**2,398**
Conversions, KV2 2014/2016[1]	100,000	3	833	**836**
Closing balance at 31 December 2014	**28,243,411**	**830**	**98,114**	**98,944**
Changes, 2015				
Option component, KV1 2013/2016		–	3,219	**3,219**
Preferential rights issue	1,475,229	44	4,869	**4,913**
Offset issues	25,828,733	759	78,673	**79,432**
Issue expenses		–	-1,599	**-1,599**
Closing balance at 31 December 2015	**55,547,373**	**1,633**	**183,276**	**184,909**

The share capital consists of 55,547,373 shares with a quotient value of SEK 0.029.

1) Share capital of SEK 3 thousand refers to non-registered share capital attributable to conversion. Shares were registered with Swedish Companies Registration Office 23 January 2015.

Parent Company

The above illustrates the recognised share capital and other contributed capital of the Group, i.e. as per IFRS. It should be noted that Other contributed capital is equivalent to the share premium reserve in the Parent Company, except for the shareholders' contribution received in 2011 in the amount of SEK 4 million, which is classified as accumulated earnings in the Parent Company.

NOTE 19 SHARE-BASED PAYMENTS

At an EGM in November 2011, it was resolved to issue up to 450,000 warrants directed to key employees within the Company. All warrants were subscribed for, allocated, and were gratuitous. The issue price was SEK 30 per share. The subscription period for the warrants expired on 14 November 2014.

Because the fair value at allocation was not a significant amount, the warrants were not recognised in the income statement or balance sheet.

No additional warrants were issued in 2014 and 2015 nor were any exercised. As mentioned above, the options directed to key employees were forfeited in 2014.

	2015		2014	
	AVERAGE EXERCISE PRICE PER OPTION (SEK)	NUMBER OF WARRANTS	AVERAGE EXERCISE PRICE PER OPTION (SEK)	NUMBER OF WARRANTS
Series 2011:1				
At 1 January	**–**	**–**	**30.00**	**450,000**
Allocated	–	–	–	–
Exercised	–	–	–	–
Forfeited	–	–	–	-450,000
At 31 December	**–**	**–**	**–**	**–**

NOTE 20 INTEREST-BEARING LOANS AND LIABILITIES

Crown Energy (Parent Company) had two outstanding convertible loan series until May 2015: KV1 2013/2016 and KV2 2014/2016. On 13 April 2015, the Board proposed, as part of a major refinancing package, that Crown Energy offer to buy back outstanding convertibles for SEK 10 per convertible (corresponding to the convertible's nominal amount). Convertibles valued at SEK 66,432 thousand were bought back between 13 and 23 April 2015, which corresponded to about 85 per cent of the previous total convertible debt. Following approval of the issue at the AGM on 13 May 2015, 2,924,830 new shares were issued as a result of the buy-back. The new share issue increased the Company's share capital by about SEK 645 thousand.

The convertibles holders who chose not to sell their convertibles as offered will remain under the original terms of the convertible and they will continue to be traded on NGM Equity as before. Interest amounting to SEK 1,228 thousand was paid out as planned on 4 May 2015 to those who opted to retain their convertibles.

The KV2 2014/2016 convertible series was bought back in its entirety.

Convertible loan KV1 2013/2016

Background and conditions in brief

The Parent Company issued 6,438,757 convertibles with a nominal value of SEK 64,388 thousand in April 2013 to finance the acquisition of the licence in South Africa. The term of the loan is from 2 May 2013 until its due date of 30 April 2016.

Twice annually (and in March 2016) during the periods 1-30 June and 1-31 December, and also during the period 1-31 March 2016, holders of the convertibles will be entitled to request conversion of all or part of their claims into new shares in the Company at a conversion price of SEK 10.00 per convertible. The loan carries an annual interest rate of 10% from 2 May 2013, payable annually in arrears on 2 May with the final payment on the due date of 30 April 2016. The convertible loan is in SEK.

The nominal amount of these convertibles at 31 December 2015 is SEK 12,211 thousand and the number of convertibles is 1,221,102.

For detailed information on the terms and conditions of the convertibles, see the prospectus issued in April 2013, which can be downloaded and read on Crown Energy's website.

Other information

The convertibles are traded on NGM Equity under the designation KV 1. Crown Energy calls the convertibles KV1 2013/2016 in this Annual Report.

Transaction costs for the convertible issue totalled SEK 7,388 thousand.

As part of the total consideration of SEK 48,757 thousand, the sellers of the Block 2B licence received Crown Energy convertibles valued at SEK 12,875 thousand. Until takeover of the asset in February 2015, the convertibles were placed in an escrow account, which means that they were in the custody of a third party until the acquisition was completed. Accordingly, these convertibles were not recognised as a liability before the takeover, since they had not been transferred to the sellers. The takeover resulted in the convertibles being delivered to the seller and the liability being updated in the Group's accounts. In addition, recognition of the liability resulted in an option component of SEK 3,219 thousand being recognised through equity.

Nominal value of the convertible loans

GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Opening nominal value of convertible loans	65,768	49,043
Nominal value of convertible loans (KV2 2014/2016) issued 2 May 2014		20,712
Conversions, KV1 2013/2016, June 2014		-2,987
Conversions, KV2 2014/2016, December 2014		-1,000
Increase due to takeover of licence, February 2015	12,875	
Buy-back of convertibles (nominal value), May 2015	-66,432	–
Nominal value at 31 December	**12,211**	**65,768**

NOTE 20 INTEREST-BEARING LOANS AND LIABILITIES, cont.

GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
KV1 2013/2016	12,211	46,056
KV2 2014/2016	–	19,712
Nominal value at 31 December	**12,211**	**65,768**
Nominal value at 31 December *including* convertibles in the custody of a third party	12,211	78,643

Carrying amounts

The convertible loan is defined as a compound financial instrument, which is a split classification between non-current interest-bearing liabilities (the liability component) and equity (the option component).

Direct transaction costs attributable to the liability component are accrued over the life of the loan. Direct transaction costs attributable to the option component are recognised in equity at issuance.

Financial expenses in the income statement totalled SEK -8,922 thousand (-15,353) and relate to the effective rate resulting from the convertible loan.

The convertible loan is recognised in the balance sheet as follows:

GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	
At 1 January 2014	**39,540**
Issuance of convertible loan, KV2 2014/2016	15,545
Adjustment to equity due to conversions of KV1 2013/2016, see Note 18	-2,232
Adjustment to equity due to conversions of KV2 2014/2016, see Note 18	-791
Interest expense	15,353
Interest paid	-6,208
Liability component at 31 December 2014	**61,207**
At 1 January 2015	**61,207**
Increase due to takeover of licence, February 2015	12,875
Equity component of the above	-3,219
Buy-back of convertibles (nominal value), May 2015	-66,432
Interest expense	8,922
Interest paid	-1,228
Liability component at 31 December 2015	**12,125**

Given that the convertible loan, including interest, matured in May 2015, it was classified in full as a current liability at 31 December 2015. The loan was reclassified in 2015.

GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Short-term component of convertible loan		
6 months or less	12,125	5,243
Long-term component of convertible loan		
1–5 years	–	55,964
Total	**12,125**	**61,207**

The convertible loan is recognised at amortised cost using the effective interest method. This means that the cash flows were discounted at a lending rate of about 20%. The convertible loan was traded at 31 December 2015 (2014) on NGM Equity at 85% (48) of the nominal value, corresponding to an annual rate of about 11.8% (20.8). The carrying amount is deemed a reasonable estimate of fair value.

The fair value of the short-term interest payable corresponds to its carrying amount, as the impact of discounting is not significant.

The fair value of the convertible loans corresponds to the rate that the convertible loan is traded at on NGM Equity at 31 December, including the conversion option. Measurement of fair value thus belongs on Level 1 in accordance with IFRS 13. Note that the recognised liability in the balance sheet does not include the conversion option:

	2015-12-31		2014-12-31	
GROUP AND PARENT COMPANY (SEK THOUSAND)	CARRYING AMOUNT[1]	FAIR VALUE[2]	CARRYING AMOUNT[1]	FAIR VALUE[2]
Convertible loans, excl. accrued interest	11,209	10,379	55,964	37,749
Accrued interest	916	916	5,243	5,243
Total	**12,125**	**11,295**	**61,207**	**42,992**

[1] *Excluding conversion option*
[2] *Excluding conversion option*

NOTE 21 DEFERRED TAX

The recognised deferred tax liability is expected to be settled after twelve months.
Deferred tax assets and liabilities are allocated in the balance sheet as follows:

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Deferred tax liabilities		
Deferred tax on surplus values of exploration and evaluation assets	14,498	13,560
Convertible loans	86	2,205
Total deferred tax liabilities	**14,584**	**15,765**
Deferred tax assets		
Tax losses	86	2,205
Total deferred tax assets	**86**	**2,205**
Deferred tax liabilities, net	**14,498**	**13,560**

PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31	2014-01-01 2014-12-31
Deferred tax liabilities		
Convertible loans	86	2,205
Total deferred tax liabilities	**86**	**2,205**
Deferred tax assets		
Tax losses	86	2,205
Total deferred tax assets	**86**	**2,205**
Deferred tax liabilities, net	**–**	**–**

Changes in deferred tax assets and liabilities for the year:

	DEFERRED TAX LIABILITIES			DEFERRED TAX ASSETS		
CONSOLIDATED DEFERRED TAXES IN 2014, ALL AMOUNTS IN SEK THOUSAND	SURPLUS VALUES OF INTANGIBLE ASSETS[1]	CONVERTIBLE LOANS	TOTAL DEFERRED TAX LIABILITIES	TAX LOSSES	TOTAL DEFERRED TAX ASSETS	NET DEFERRED TAX ASSETS AND LIABILITIES
At 1 January 2014	11,297	2,762	14,059	-2,762	-2,762	11,297
Recognised in income statement		-1,301	-1,301	557	557	-744
Recognised in other comprehensive income	2,263		2,263	–	–	2,263
Recognised in equity		744	744	–	–	744
At 31 December 2014	**13,560**	**2,205**	**15,765**	**-2,205**	**-2,205**	**13,560**
At 1 January 2015	13,560	2,205	15,765	-2,205	-2,205	13,560
Recognised in income statement	–	-2,119	-2,119	2,119	2,119	–
Recognised in other comprehensive income	938	–	938	–	–	938
Recognised in equity	–	–	–	–	–	–
At 31 December 2015	**14,498**	**86**	**14,584**	**-86**	**-86**	**14,498**

[1] *As stated in Note 14, Exploration and evaluation assets, assets arising from the acquisition of a foreign operation are treated as assets of the operation and are therefore translated at the closing rate. This is also done with the deferred tax liability related to these intangible assets. The translation difference for the intangible assets as well as the tax liability is recognised directly in the currency translation reserve in other comprehensive income.*

NOTE 21 DEFERRED TAX, cont.

PARENT COMPANY DEFERRED TAXES IN 2014, ALL AMOUNTS IN SEK THOUSAND			DEFERRED TAX ASSETS		
	CONVERTIBLE LOANS	TOTAL DEFERRED TAX LIABILITIES	TAX LOSSES	TOTAL DEFERRED TAX ASSETS	NET DEFERRED TAX ASSETS AND LIABILITIES
At 1 January 2014	2,762	2,762	-2,762	-2,762	–
Recognised in income statement	-1,301	-1,301	557	557	-744
Recognised in other comprehensive income		–	–	–	–
Recognised in equity	744	744	–	–	744
At 31 December 2014	**2,205**	**2,205**	**-2,205**	**-2,205**	**–**
At 1 January 2015	2,205	2,205	-2,205	-2,205	–
Recognised in income statement	-2,119	-2,119	2,119	2,119	–
Recognised in other comprehensive income		–	–	–	–
Recognised in equity		–	–	–	–
At 31 December 2015	**86**	**86**	**-86**	**-86**	**–**

The Parent Company recognised a tax loss of SEK 33,383 thousand (37,260). An exact figure for the Group's total tax loss is not possible to calculate since the recognised tax loss that can be utilised in the future from existing licences depends on exploration investment costs being approved by the tax authorities in each country. The investment costs are examined by the tax authorities in each country no earlier than at production start-up. That is, no assessment is made until production starts and production revenues are secured. If the tax losses are approved, they will be deducted from these production revenues.

Due to the current uncertainty in the ability to utilise tax losses in the near future, deferred tax assets have historically not been recognised in the Parent Company or the Group. In both 2014 and 2015 however, Crown Energy chose to offset some of the loss against the deferred tax liability attributable to the measurement of the convertible loans. A deferred tax asset is recognised at the same amount as the deferred tax liability. The deferred tax liability and tax asset were offset in the balance sheet.

NOTE 22 PROVISIONS

GROUP, ALL AMOUNTS IN SEK THOUSAND	ACQUISITION OF AMICOH RESOURCES LTD ADDITIONAL CONSIDERATIONS		ACQUISITION OF CROWN ENERGY IRAQ	
	COMMERCIAL DISCOVERY	WARRANTS	BUY-BACK OPTION	TOTAL PROVISIONS
At 1 January 2014	2,516	170	6,204	**8,890**
Recognised in income statement:				
Discount effect	172	–	–	**172**
Revaluation effect	–	-169	–	**-169**
Exchange differences	–	–	–	**–**
Provision for acquisition of Tigris Oil	–	–	–	**–**
At 31 December 2014	**2,688**	**1**	**6,204**	**8,893**
At 1 January 2015	2,688	1	6,204	**8,893**
Recognised in income statement:				
Discount effect	358	–	–	**358**
Revaluation effect	–	-1	–	**-1**
Exchange differences	–	–	–	**–**
At 31 December 2015	**3,046**	**–**	**6,204**	**9,250**

NOTE 22 PROVISIONS, cont.

For more information and a detailed description of the Company's assessments and assumptions regarding these provisions, see Note 5, Critical estimates and assessments for accounting purposes.

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Long-term component	9,250	8,893
Total provisions	**9,250**	**8,893**

NOTE 23 OTHER LIABILITIES

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Employee-related liabilities	98	104
Transaction tax, South Africa	782	–
Total other liabilities	**880**	**104**

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Employee-related liabilities	98	104
Total other liabilities	**98**	**104**

Other current liabilities are measured at cost. When the duration is short, fair value is considered to correspond to the carrying amount. All liabilities are listed in SEK.

NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Accrued expenses		
Social charges	46	74
Other personnel-related items	291	211
Consulting fees	55	14
Audit fees	185	50
Board fees	369	225
Interest expenses, convertible loans	916	5,242
Other accrued expenses	–	53
Total accrued expenses and deferred income	**1,862**	**5,869**

PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Accrued expenses		
Social charges	46	74
Other employee-related items	291	211
Consulting fees	30	14
Audit fees	185	50
Board fees	369	225
Interest expenses, convertible loans	916	5,242
Other accrued expenses	–	53
Total accrued expenses and deferred income	**1,837**	**5,869**

Neither the Group nor the Parent Company recognise any deferred income.

NOTE 25 PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Opening costs	19,704	19,704
Shareholder's contribution Crown Energy Iraq AB	500	–
Closing carrying amount	**20,204**	**19,704**

Following is a breakdown of the Parent Company's subsidiaries:

	CORPORATE IDENTITY NUMBER	PRINCIPLE PLACE OF BUSINESS	SHARE OF EQUITY	NO. OF SHARES	CARRYING AMOUNT, ALL AMOUNTS IN SEK THOUSAND	
					2015-12-31	2014-12-31
Crown Energy Ventures Corporation	79456	British Virgin Islands	100%	100	500	500
Crown Energy Iraq AB	556673-5329	Stockholm	100%	1,000	19,704	19,204
Closing carrying amount					**20,204**	**19,704**
Indirectly owned Group companies						
Amicoh Resources Ltd	667642	British Virgin Islands				
Simbo Petroleum No.2 Ltd	8542642	UK				

NOTE 26 ACQUISITION OF SIMBO PETROLEUM NO.2 LTD

Background

Crown Energy Ventures Corporation, a Crown Energy AB subsidiary, entered into an agreement in August 2011 to acquire 75 per cent of the Block 2B licence in South Africa through the acquisition of Thombo Petroleum Ltd. However, the structure of the transaction was changed, and the sellers and the Company instead agreed in February 2013 that the Company would acquire a 40.5 per cent stake in the licence. This part of the licence was transferred by the sellers to a newly established English company, Simbo Petroleum No. 2 Ltd ("Simbo No. 2"), which Crown Energy will acquire in its entirety. The share transfer agreement between Crown Energy and the sellers of Simbo No.2 was completed in July 2013. The consideration for the stake in the licence totalled SEK 48,757 thousand, including payment in cash in the amount of SEK 35,882 thousand and convertibles at a nominal amount of SEK 12,875 thousand. Completion of the acquisition required the approval of the South African authorities, which was received on 27 January 2015. This approval meant that Crown Energy was legally entitled to Simbo No.2's shares and thus the Block 2B licence.

The owners of the selling company, Simbo Petroleum No.3 Ltd, are Comtrack Ventures and Alan Simonian.

Consideration

To finance the acquisition, Crown Energy issued a convertible loan, KV1 2013/2016, which is traded on NGM Equity. The consideration was paid in the form of cash and in the form of convertibles in Crown Energy AB. Until the South African authorities approved the change of ownership, the cash and convertibles were be held by a third party in an escrow account.

Following is a breakdown of the consideration:

CONSIDERATION SIMBO NO.2, ALL AMOUNTS IN SEK THOUSAND	2015
Payment in cash as per transfer agreement (escrow account)	35,882
Payment in convertibles as per transfer agreement (escrow account)	12,875
Disbursement from escrow in 2014 for cash calls	-1,548
Adjustment to consideration at takeover	-12,680
Total consideration paid for Simbo No.2	**34,529**

A disbursement of SEK 1,548 thousand was made from the escrow account in 2014 to compensate Crown Energy for cash calls paid to the licence operator. Since the disbursement exceeded the cash call payments, the sellers received the difference of SEK 320 thousand in cash. This amount was offset in the line item Adjustment to consideration at takeover. Simbo No.2 also had an external debt on takeover. This debt amounted to SEK 13,000 thousand and was assumed by Crown Energy. The debt was offset against shares in Q2 2015; see the description of the directed share issue under Key events after the end of the reporting period. As a result of the liability, the consideration was reduced by the corresponding amount.

NOTE 26 ACQUISITION OF SIMBO PETROLEUM NO.2 LTD, cont.

The consideration is divided as follows:

ACQUIRED ASSETS (INCLUDING SURPLUS VALUE) AND ASSUMED LIABILITIES, ALL AMOUNTS IN SEK THOUSAND	2015
Cash and cash equivalents	7
Exploration and evaluation assets	51,712
Receivables	–
Liabilities	-17,190
Total identified net assets, Simbo No.2	**34,529**

Additional consideration

A separate earn out agreement provides for additional consideration as well. The agreement was being renegotiated in 2015, which is why disclosures on the additional consideration were not made earlier in conjunction with the takeover. Also during 2016 some changes in the agreement have been done. The earn out agreement stipulates that the maximum additional consideration is SEK 102,813 thousand and the may be adjusted down depending on the oil price at the time of production start up.

There is currently great uncertainty with respect to whether the aforementioned additional consideration will be settled. At present, Crown Energy assesses the probability of settlement to be low, and the additional consideration does not meet the requirements for recognition as a provision. Instead, it is recognised as a contingent liability, outside of the statement of financial position.

The contingent liability is recognised at the maximum possible amount of the additional consideration, i.e. SEK 102,813 thousand. For more information about the additional consideration and the reasoning behind the probability of disbursement, see Note 5, Critical estimates and assessments.

Accounting in Crown Energy Ventures Corporation

Besides the consideration, directly attributable acquisition costs were also recognised as an acquisition cost in Crown Energy Ventures Corporation.

PARTICIPATIONS IN GROUP COMPANIES, ALL AMOUNTS IN SEK THOUSAND	2015
Cost of acquiring subsidiaries	34,529
Directly attributable acquisition costs	3,643
Total acquisition costs for Simbo No.2 shares	**38,172**

Accounting in Group

Crown Energy recognised the acquisition of Simbo No.2 as an asset acquisition, since the assessment is that the transaction does not meet the requirements for a business combination. Among other things, this means that no goodwill or deferred tax arises. The value (including surplus value) of the shares and the licence were recognised as exploration and evaluation assets, amounting to SEK 51,712 thousand. Directly attributable acquisition costs of SEK 3,643 thousand were also recognised as an acquisition cost for the acquired licence.

EXPLORATION AND EVALUATION ASSETS, ALL AMOUNTS IN SEK THOUSAND	2015
Increase through acquisition of subsidiaries:	
Acquired assets (licences)	18,149
Surplus values	33,563
Directly attributable acquisition costs	3,643
Total increase in exploration and evaluation assets due to the acquisition of Simbo No.2	**55,355**

Cash flows attributable to acquisition

As mentioned earlier, directly attributable acquisition costs amounted to SEK 3,643 thousand. The majority of these costs were paid in April 2015.

The consideration was reduced due to an external debt owed by Simbo No.2 at takeover. This did not affect cash flow. A disbursement was made from the escrow account in 2014 to compensate Crown Energy for cash calls paid to the licence operator. Since the disbursement exceeded the cash call payments, the sellers received the difference of SEK 320 thousand in cash. This disbursement was made in April 2015. Following is a breakdown of cash flow attributable to the acquisition:

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-01-01 2015-12-31
Cash consideration, subsidiary/licence	-35,882
Directly attributable acquisition costs	-3,643
Disbursement from escrow in 2014 for cash calls	1,548
Adjustments for non-cash items:	
– Directly attributable acquisition costs (non-cash 2015)	283
Adjustment to consideration at takeover (non-cash)	12,680
Cash flow attributable to increase in exploration and evaluation assets through acquisition of subsidiary	**-25,014**

NOTE 27 TRANSACTIONS WITH RELATED PARTIES

The Parent Company and its subsidiaries are deemed to be related parties.

Related parties are also defined as board members, senior executives, and their close relatives. Senior executives refers to persons who make up the management group together with the CEO. At Crown Energy, senior executives include the CEO and CFO, who are employees of the Company. There is one individual apart from the above individuals in the management group who is not employed.

Purchases and sales within the Group

The Parent Company's revenue in 2015 (2014) represents 100% (0) of re-invoicing to other companies within the Group. Of the Parent Company's total interest income in 2015 (2014), 97% (89) relates to other companies within the Group.

Loans from related parties

The Parent Company holds an interest-free loan from its largest shareholder, Ulrik Jansson, (privately and via companies) totalling SEK 6,704 thousand at 31 December 2015. The loan has increased by SEK 600 thousand (net of repayments) since year-end 2014.

Purchase of services

Peter Mikkelsen works in his management position under a consultancy agreement. Technical services are also contracted from Nick Johnson, who was elected to the board in May 2015. Their services are purchased on normal commercial terms and they invoice regularly for work performed. During the period, Peter Mikkelsen invoiced a total amount of GBP 21 thousand and Nick Johnson GBP 9 thousand, which is equivalent to SEK 257 thousand and SEK 110 thousand respectively at an average exchange rate for the year. Crown Energy also purchases technical consulting services from Simco Petroleum Ltd. (Simco). Alan Simonian, Crown Energy's Chairman of the Board, owns 33 per cent of Simco and also sits on Simco's board. Services from Simco are purchased on normal commercial terms. Services were purchased during the period in the amount of USD 110 thousand, which is equivalent to SEK 889 thousand calculated using an average rate over the year.

Ulrik Jansson resigned from his positions as CEO and board member on 3 July 2015. In autumn 2015, a consultancy agreement was signed with Ulrik Jansson as part of his severance pay. As a result of the Company's strained financial position in the latter half of 2015, Ulrik Jansson opted to waive severance pay, and this consultancy agreement was terminated as a result. Previous invoices have been credited.

Following is a summary of services purchased from related parties in 2014 and 2015. The amounts at 31 December were calculated based on an average exchange rate for the year.

		AMOUNTS IN THOUSANDS OF THE INVOICING CURRENCY		ALL AMOUNTS IN SEK THOUSAND	
GROUP, ALL AMOUNTS IN SEK THOUSAND	INVOICING CURRENCY	2015-12-31	2014-12-31	2015-12-31	2014-12-31
Remuneration for consulting (technical services), Peter Mikkelsen	GBP	21	11	257	126
Remuneration for consulting (technical services), Nick Johnson	GBP	9	–	110	–
Remuneration for consulting (technical services etc.), Simco Petroleum Ltd	USD	110	45	889	322
Total				**1,257**	**448**

Other transactions

The acquisition of Simbo Petroleum No.2 Ltd, which holds the Block 2B licence in South Africa, was completed in February 2015. The sellers were Comtrack Ventures Ltd (major shareholder of Crown Energy AB) and Alan Simonian (major owner of Crown Energy AB and Chairman of the Board). The consideration consisted of payment in cash in the amount of SEK 35,882 thousand and convertibles at a nominal amount of SEK 12,875 thousand. The transaction was subject to normal commercial terms and conditions, given that the price was based on previously agreed levels with the external company Thombo Petroleum Ltd ("Thombo"). Crown Energy Ventures Corporation, a Crown Energy AB subsidiary, entered into an agreement in August 2011 to acquire 75 per cent of the Block 2B licence in South Africa through the acquisition of Thombo. However, the structure of the transaction was changed. Comtrack Ventures Ltd and Alan Simonian, among the co-owners of Thombo, chose to redeem their shares in the licence and put them in a separate, new British company, Simbo Petroleum No. 2 Ltd ("Simbo No. 2"), which Crown Energy acquired in its entirety. Thombo was left with 34.5% of the licence.

Remuneration of senior executives

For information on the remuneration of senior executives, see Note 8, Salaries, fees, other remuneration, and social charges, and the previous section on purchase of services.

Other

Two directed issues (offset issues) were subscribed during the year, in part by a category of individuals subject to Chapter 16 of the Swedish Companies Act. For more information about this, see the section entitled Shareholders in the Directors' report.

NOTE 28 FINANCIAL INSTRUMENTS BY CATEGORY

GROUP, ALL AMOUNTS IN SEK THOUSAND	FINANCIAL ASSETS MEASURED AT FAIR VALUE VIA THE INCOME STATEMENT	LOANS RECEIVABLE AND ACCOUNTS RECEIVABLE	FINANCIAL ASSETS AVAILABLE FOR SALE	TOTAL
2015-12-31				
Assets in balance sheet				
Other receivables	–	228	–	**228**
Cash and cash equivalents	–	156	–	**156**
Total	**–**	**384**	**–**	**384**

GROUP, ALL AMOUNTS IN SEK THOUSAND	FINANCIAL LIABILITIES MEASURED AT FAIR VALUE VIA THE INCOME STATEMENT	OTHER FINANCIAL LIABILITIES	TOTAL
2015-12-31			
Liabilities in balance sheet			
Convertible loans	–	11,209	**11,209**
Loans from related parties	–	6,704	**6,704**
Accounts payable	–	2,878	**2,878**
Other current liabilities	–	880	**880**
Other provisions	3,046	6,204	**9,250**
Total	**3,046**	**27,875**	**30,921**

GROUP, ALL AMOUNTS IN SEK THOUSAND	FINANCIAL ASSETS MEASURED AT FAIR VALUE VIA THE INCOME STATEMENT	LOANS RECEIVABLE AND ACCOUNTS RECEIVABLE	FINANCIAL ASSETS AVAILABLE FOR SALE	TOTAL
2014-12-31				
Assets in balance sheet				
Other receivables	–	591	–	**591**
Cash and cash equivalents	–	34,626	–	**34,626**
Total	**–**	**35,217**	**–**	**35,217**

GROUP, ALL AMOUNTS IN SEK THOUSAND	FINANCIAL LIABILITIES MEASURED AT FAIR VALUE VIA THE INCOME STATEMENT	OTHER FINANCIAL LIABILITIES	TOTAL
2014-12-31			
Liabilities in balance sheet			
Convertible loans	–	55,964	**55,964**
Loans from related parties	–	6,104	**6,104**
Accounts payable	–	1,499	**1,499**
Other current liabilities	–	104	**104**
Other provisions	2,689	6,204	**8,893**
Total	**2,689**	**69,875**	**72,564**

Loans receivable, accounts receivable and other financial liabilities are measured at amortised cost. The items do not include tax-related receivables and liabilities. See also Note 2, Summary of significant accounting policies, for accounting policies and Note 4, Financial risk management, for credit risks, maturities, and fair value hierarchy.

NOTE 29 KEY RATIOS

GROUP, ALL AMOUNTS IN SEK THOUSAND UNLESS OTHERWISE STATED	NOTE	2015-01-01 2015-12-31	2014-01-01 2014-12-31	2013-01-01 2013-12-31	2012-01-01 2012-12-31	2011-01-01 2011-12-31
Earnings						
Revenue		–	–	–	–	–
Other operating income		73.00	–	–	–	342
Change in revenue, %		n/a	n/a	n/a	n/a	n/a
Operating loss		-8,644	-9,448	-9,271	-9,300	-3,158
Net loss for the period, after tax		-15,577	-21,115	-14,399	-9,710	-3,042
Earnings yield						
Return on equity, %		neg	neg	neg	neg	neg
Return on capital employed, %		neg	neg	neg	neg	neg
Capital turnover ratio, times						
Financial position						
Equity/assets ratio, %		73.5%	38.3%	51.3%	71.9%	2.4%
Net debt/equity ratio, times		0.08	0.37	-0.02	n/a	n/a
Net asset value per share, SEK		2.34	2.03	2.49	2.15	0.07
Total assets		177,458	149,083	134,211	77,133	51,958
Equity		130,177	57,090	68,843	55,434	1,247
Cash flow from investments		-28,695	-3,830	-2,664	-11,791	-17,974
Per share						
Dividend per share, SEK		n/a	n/a	n/a	n/a	n/a
Number of basic shares outstanding, thousand		55,547	28,143	27,598	25,755	17,031
Number of diluted shares outstanding, thousand		55,547	28,143	27,598	25,755	17,031
Average number of shares, thousand		45,001	27,969	25,917	20,929	3,906
Average number of diluted shares, thousand		45,001	27,969	25,917	20,929	3,906
Basic earnings per share, SEK		-0.35	-0.75	-0.56	-0.46	-0.78
Diluted earnings per share, SEK		-0.35	-0.75	-0.56	-0.46	-0.78
Equity per share, SEK		2.34	2.03	2.49	2.15	0.07
Cash flow from operating activities per share, SEK		-0.21	-0.40	-0.40	-0.37	-0.16
Employees						
Average number of employees		2.5	3.0	3.0	2.0	0.0

NOTE 29 KEY RATIOS, cont.

Definitions of key ratios

Earnings yield
Return on equity, %
Net income as a percentage of average equity. Average equity is calculated as the opening and closing balance divided by two.

Financial position
Equity
Equity at end of period.

Net asset value per share
Net asset value (equity plus difference between carrying amount and market value of assets) divided by number of shares at end of period.

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

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.

Return on equity, %
Equity at end of period divided by average equity for the period.

Return on capital employed, %
Equity at end of period divided by average total assets for the 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.

NOTE 30 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets include a bank guarantee of SEK 50 thousand with Euroclear Sweden AB as beneficiary. A bank guarantee was required by Euroclear upon listing on NGM Equity, since the Company was newly established and did not show positive earnings. Pledged assets in 2014 also included the cash and cash equivalents intended for payment of the Block 2B licence in South Africa. See Note 17, Cash and cash equivalents, for more information.

Contingent liabilities refer to the additional consideration for Simbo Petroleum No.2 Ltd and have been presented at present at the maximum amount that may be paid at the time of settlement. For more information on the additional consideration, see Note 5, Critical estimates and assessments.

GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2014-12-31
Pledged assets		
Bank guarantee	50	50
Cash and cash equivalents in escrow	–	34,335
Contingent liabilities		
Additional consideration Block 2B, see Note 12	102,813	–
Total pledged assets and contingent liabilities	**102,863**	**34,385**

There were no disputes known to the Company at the end of the reporting period. And because the Group's licensing projects are in such early stages, there are no provisions for future site restoration costs.

NOTE 31 EVENTS AFTER END OF REPORTING PERIOD

See the Directors' Report.

The Board and CEO ensure that the consolidated accounts were prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and earnings.

The Annual Report was prepared using generally accepted accounting principles and provides a true and fair view of the Parent Company's financial position and earnings. The Directors' Report for the Group and Parent Company provides a true and fair summary of the performance of Group and Parent Company operations, along with their financial positions and earnings, and describes significant risks and uncertainties faced by the Parent Company and Group companies.

Earnings from Group and Parent Company operations and their financial positions at the end of the fiscal year are indicated in the income statements, balance sheets, cash flow statements, and related notes.

Balance sheets and income statements will be up for approval at the AGM to be held on 4 May 2016.

Stockholm, 12 April 2016

Andreas Forssell
CEO
Board member

Alan Simonian
Chairman of the Board

Nick Johnson
Board member

Our auditor's report was submitted on 12 April 2016
Öhrlings PricewaterhouseCoopers AB

Peter Burholm
Authorised Public Accountant
Auditor in charge

Mikael Winkvist
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Crown Energy AB (publ), corp. id. 556804-8598

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Crown Energy AB (publ) for the year 2015 except for the corporate governance statement on pages 28–33. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 22–79.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 28–33. The directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Crown Energy AB (publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act and that the corporate governance statement on pages 28–33 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group, we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the directors' report and that the members of the Board of Directors and the CEO be discharged from liability for the fiscal year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm, 12 April 2016
Öhrlings PricewaterhouseCoopers AB

Peter Burholm
Authorised Public Accountant
Auditor in charge

Mikael Winkvist
Authorised Public Accountant

Glossary – Concepts and measurements related to the oil industry

BLOCK / CONCESSION / LICENSE

A country's exploration and production area is divided into different geographical blocks. An agreement is entered into with a host country granting the company the right to explore and produce oil and gas in the des-ignated area, in return for paying to the government licence fees and royalties on production.

EXPLORATION

Identification and investigation of areas that may contain oil or natural gas reserves.

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

Designation for operations on land.

OFFSHORE

Designation for 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

An area of exploration in which hydrocarbons have been predicted to exist in economic quantity.

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, whether 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 licencing authority. Reserves are divided into proved, 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.

RESERVOIR

An accumulation of oil or gas in a porous type of rock with good porosity, such as sandstone or limestone.

SEISMIC DATA

Seismic investigations are made to be able to describe geological structures in the bedrock. Sonar signals are transmitted from the ocean surface or the surface of the ground (pings), and the echoes are captured by special measurement instruments. Used to localise occurrences of hydrocarbons.

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