



CROWN ENERGY

14 May 2014

Crown Energy AB (publ)

Interim report – Q1 2014

Crown Energy AB (publ) and its subsidiaries (Crown Energy, the Company, or the Group) is an international oil and gas group engaged in oil and gas exploration in Africa and the Middle East. 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. The Parent Company, whose commercial domicile is Stockholm, Sweden, is listed on NGM Equity.

First quarter - January-March 2014

- The Company did not recognize any sales or operating income.
- The Group did not generate any revenue in Q1 2014. Operating expenses for the period totalled SEK -2,292 thousand (-2,146), consisting primarily of employee expenses and other external costs.
- Net income for the period before and after tax totalled SEK -5,473 thousand (-2,227), corresponding to SEK -0.20 per share (0.09) before and after dilution.
- Capital expenditures during the period totalled SEK 1,853 (354) and mainly related to exploration activities in licence area 3108 on Madagascar and the licence in Iraq.

Condensed consolidated financial information

Group (SEK thousand)	2014-01-01	2013-01-01	2013-01-01
	2014-03-31	2013-03-31	2013-12-31
	Q1	Q1	Full year
Revenue	–	–	–
Other operating income	–	–	–
Operating expenses	-2,292	-2,146	-9,271
Operating profit/loss	-2,292	-2,146	-9,271
Net financial items	-3,181	-81	-8,571
Net income for the period, after tax	-5,473	-2,227	-14,399
Earnings per share, SEK	-0.20	-0.09	-0.56
Equity per share, SEK	2.37	2.15	2.49
Change in cash and cash equivalents	-1,541	-6,403	24,821
Cash flow from investments in intangible assets	-1,853	-354	-2,499

CEO statement

Dear shareholders and investors,

In the first quarter we received very positive news from the operator of our licence in South Africa saying that prospective resources in the license area increased to about 1.1 billion barrels of oil equivalents after the information from the 3D seismic data had been compiled. In addition, earlier data from the discovery well drilling in 1989 was reassessed, which taken together with the results of the 3D seismic data means that this discovery may contain more oil than previously assumed. The next step in developing the licence is to drill a well that takes into consideration the information obtained from the 3D seismic data and other analyses.

In Iraq, efforts have focused on building an operational organization for evaluating the various projects. In the short term, the objective is to start up production on one or more reservoirs together with partners. In the long term, the objective is to conduct more traditional exploration work, also with one or more partners. We are currently in discussions with several potential partners.

In Equatorial Guinea preparations continue for either developing existing reservoirs or doing additional drilling to explore the surrounding structures. The Madagascar licence has been extended to November 2015. With the election of a new president at the beginning of this year, the political situation has clearly improved so that activities among oil companies have increased, thus increasing interest in and the possibility of finding a licence partner.

Efforts in 2014 will focus on further developing our assets and continuing to create shareholder value.

Ulrik Jansson

CEO, Crown Energy AB (publ)

Operations – First quarter 2014, January-March

Income statement

Operating profit/loss

Operating expenses for Q1 totalled SEK -2,292 thousand (-2,146). The majority of these costs refer to other external costs amounting to SEK -755 thousand (-1,276) and employee benefit expenses amounting to SEK -1,517 thousand (-857). Other external costs are slightly lower compared year-on-year, despite increased costs for office space and can be explained by costs in Q1 2013 that included accounting and financial consultation expenses. The first quarter of 2013 also included a few expenses related to the 2012 initial public offering. Employee benefit expenses in Q1 2014 were significantly higher than in the same period last year. This is explained by greater releases of reserved pension expenses in Q1 2013. If these effects are disregarded, employee benefit expenses are at the same level for the two comparative periods.

Depreciation of equipment in Q1 2014 totalled SEK -8 thousand. The equipment was first acquired in late 2013, so no depreciation was taken in Q1 2013. Other operating expenses of SEK -12 thousand (-13) were related to exchange rate effects. Since no revenue was generated, operating expenses also corresponded with earnings.

Net financial items

Net financial items for Q1 totalled SEK -3,181 thousand (-81). The big difference from last year is due to the convertible loan that Crown Energy issued in April 2013. In Q1 2014, compound interest on the convertible loan totalled SEK -3,221 thousand.

Tax

For 2013, the Company recognized deferred tax revenue in the income statement attributable to capitalization of tax losses. Revenue for the full year totalled SEK 3,443 thousand. See Note 9, *Deferred tax*, for more information. In Q1 2014, no tax was recognized in the income statement.

Earnings after tax

Earnings after tax for Q1 2014 totalled SEK -5,473 thousand (-2,227), corresponding to SEK -0.20 per share (-0.09).

Financial position

Total capitalized expenses for acquiring rights, prospecting costs, etc., which are recognized as intangible non-current assets, totalled SEK 93,718 thousand at 31 March 2014, a year-on-year net increase of SEK 1,839 thousand. The change in Q1 2014 consists of capital expenditures during the period of SEK 1,853 thousand

(354) and translation differences of SEK -14 thousand (5). See Note 4, *Intangible assets*, for a table of changes for the period. Translation differences do not affect cash flow. The period's expenditures consist of costs incurred for the Company's licences, primarily in Iraq and Madagascar.

Cash and cash equivalents at the end of the period totalled SEK 35,040 thousand compared with SEK 36,584 thousand at 31 December 2013. At 31 March 2014, cash and cash equivalents included SEK 34,335 thousand for payment of shares in the company that owns 40.5 per cent of the Block 2B licence in South Africa. These funds are placed in an escrow account. For more information, see note 5 *Cash and cash equivalents*.

Equity totalled SEK 63,362 thousand and the only change since 31 December 2013 was in the period's comprehensive income.

The convertible loan 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. At 31 March 2014, the carrying amount of the convertible loan totalled SEK 37,085 thousand. See Note 8, *Convertible loans*, for more information.

Other provisions increased by SEK 6,204 thousand at the end of 2013 due to the buy-back option that arose from the acquisition of Crown Energy Iraq AB. The carrying amount of the buy-back option has not changed since year-end 2013. Other provisions relating to the acquisition of subsidiary Amicoh Resources Ltd totalled SEK 2,643 thousand at 31 March 2014.

Other current liabilities consists principally of accounts payable, employee-related taxes, and miscellaneous accrued expenses that total SEK 9,303 thousand. Of these accrued expenses, SEK 5,676 thousand is classified as accrued interest on the convertible loan.

Cash flow

Cash flow from operating activities amounted to SEK -1,688 thousand (-6,049) in Q1. The reason for the difference between the years is large payouts in Q1 2013 to cover current liabilities as at 31 December 2012. In Q1 2014 liabilities increased.

Cash flow from investing activities for Q4 2013 totalled SEK -1,853 thousand (-354). This outflow consisted of investments in intangible assets.

Cash flow from financing activities for the full year totalled SEK 2,000 thousand (0). The change for 2014 is attributable to the Company increasing the related-party loan.

Projects

Following are project status updates.

Block P – Equatorial Guinea

Efforts on choosing a strategy continue. Currently, there is interest in both developing the existing Venus reservoir and further drilling primarily in order to explore the structures that surround the existing reservoir. Regardless, Crown Energy is involved in an interesting development period ahead concerning this asset. This project is still in the final phase of Crown Energy's asset strategy, and regardless of whether we end up starting production with existing resources or expanding the resource base with further exploration, the project is approaching its final destination within the development phases. Lead times are always long in oil and gas projects but we will reach a level of maturity with this asset eventually. If the choice is then to sell the asset or to retain it as a working interest in a producing oil field, only time will tell. The best financial outcome will determine the direction to be taken.

3108 Manja – Madagascar

Things are beginning to improve in Madagascar. After democratic elections in the country and a new president taking office, the political situation is far better than it has been in a long time. Among other things, this has led to international support as donations and lines of credit begin to flow into the country. Several companies have announced new activities, including technical activities like gathering seismic data, but also drilling. Some business activities have also gotten started in which farms have been implemented that will further increase interest in oil and gas in Madagascar. Many new explored structures are also contributing to a positive outlook for oil and gas from a geological perspective, as well.

Extension of the licence agreement until November 2015 means Crown Energy can continue to try to find a project partner.

Block 2B – South Africa

Efforts to establish a new resource base for Block 2B continues. From the independent resource compilation that was previously available, in which about 450 million barrels of oil equivalents were ascribed to the licence, about 240 million barrels were attributable to the A-J basin. The A-J basin is the area covered by the 3D seismic work that was done in 2013 and that has now been processed.

In addition to information from the above-mentioned 3D seismic data, the operator has also undertaken the major job of reassessing and analysing the older data from the discovery well drilling done in 1989. This analysis has

completely changed the perception of the existing reservoir and, combined with the new 3D data, a much larger area emerges that is likely to contain oil and/or gas.

This makes the entire A-J basin interesting and most sections could contain hydrocarbons to a much larger extent than previously indicated. Initial projections show that there could be several billion barrels of oil equivalents in the area.

Further work within the licence area is now focusing on properly defining and documenting structured hydrocarbon accumulations, which in turn show where the next drilling will occur. Such work must include geophysical and geological modelling and some seismic surveying to de-risk the structures.

Based on the proven oil deposits from the discovery well drilling in 1989, it is Crown Energy's assessment that there should be significant commercial quantities of oil in the area. That would mean further drilling will have more of an appraisal character rather than exploration drilling.

An application for change of ownership for a working interest in the licence has been submitted to the South African authorities. As mentioned in previous reports, the acquisition of and access to a working interest in the licence is subject to approval by the South African authorities, and this process is now under way.

Salah ad-Din - Iraq

Following the takeover of the company that owns 100 per cent of the exploration licence for oil and gas in Salah ad-Din in Iraq in November 2013, a lot of work has been done to build the organization, while developing the strategy necessary for the project to succeed. The licence, which comprises the entire 24,000 square kilometre Salah ad-Din region in northern Iraq, contains a number of existing oil fields, such as Ajeel, Hamrin, Tikrit, and Balad, which are thought to contain a potential several billion barrels of oil. Despite the large, obvious commercial reservoirs, production has been limited to a single field. Activities have been limited due to political instability over the last 20 years.

In addition to these large structures there are also a large number of fields that have also been drilled and partially tested. We are interested in quickly 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. Several structures have been identified to determine if this would be possible. A couple of them are located near the main city of Tikrit, which also facilitates the logistics. Such "minor" structures may still contain resources on the

order of 50-250 million barrels of oil equivalents and could quickly start producing about 10,000 barrels a day.

Since Q3 2013, Crown Energy's activities have been focused on building an organization for the operation in Iraq. An extensive technical plan was developed and initiated, including the retrieval of data and review of the status of the various projects and their appraisal. The plan for developing assets in Iraq follows two parallel tracks. In the short term the objective is to take one or several reservoirs into production. Long-term efforts will be on traditional exploration work throughout the licence territory. Funding this will primarily be through farming-out to larger partners. We are currently in discussions with several potential partners.

When the company was acquired, its registered name was Tigris Oil i Sverige AB. In March 2014, the new name Crown Energy Iraq AB (Crown Energy Iraq) was registered.

Key events during the period

Registration of new shares

On 8 January 2014, 246,934 new Crown Energy shares were registered with the Swedish Companies Registration Office as a result of the conversions of Crown Energy's KV1 2013/2016 convertible, which was issued in December 2013. As a result of the conversions, the number of Crown Energy shares and votes changed. The number of shares in the Company after the registration totalled 27,844,679. Each share represents one vote. The share capital after the change totalled SEK 818,621.50.

Registration of new Crown Energy Iraq board etc.

In Q1 2014, several changes were registered with the Swedish Companies Registration Office concerning the Group company formerly known as Tigris Oil Sweden AB. Among other things, some board members changed, the articles of association were amended, and the company changed its name from Tigris Oil Sweden AB to Crown Energy Iraq AB.

Events after the reporting period

Directed issue of convertibles

The Board decided in April 2014 to conduct a directed issue of convertibles. The proceeds amount to SEK 16.5 million, and the initial intention was that outside investors, and potentially even subscribers that fit within the category covered by Chapter 16 of the Swedish Companies Act, would subscribe for the newly issued convertibles.

To simplify the legal administration of the convertibles and to enable investors to directly trade with them, the Board agreed that Ulrik Jansson would sell convertibles in

the CRWN KV1 convertible series to the investors and he himself would subscribe for the newly issued convertibles. This decision requires that shareholders representing at least nine-tenths of both the votes cast and the shares represented must support the decision at the Company's AGM on 14 May 2014.

Update on prospective resources in the South Africa licence

In April, Crown Energy received an update on the resources in Block 2B in South Africa from operator Thombo Petroleum and partner Afren Plc after an analysis of the 3D seismic data. The conclusion of the analysis, together with a re-analysis of previous well data from reservoir A-J1, is that prospective resources increased from the previous 451 million barrels to 1.1 billion barrels of oil before the risk assessment. The large increase is attributed to the earlier discovery A-J1 from a previous 8 million barrels to the current 120 million barrels of oil (a 1,500 per cent increase), which in this case would mean that the prospect may contain commercial quantities of oil. Over the entire seismic area, which extends over about 700 km², the resources increased by about 400 per cent, but all material is not processed yet so there may be additional structures in the A-J basin.

There was an earlier external so-called Competent Persons Report for the licence, which was prepared by Netherland, Sewell & Associates, Inc. in 2012, that showed a total of 451 million barrels of oil equivalents over the entire licence block. Of these, 222 million barrels were ascribed to the area known as the A-J basin and with this update is now ascribed with 875 million barrels of oil gross before the risk assessment. The total for the licence amounts to about 1.1 billion barrels of oil.

Outlook

Operations

The acquisition of Crown Energy Iraq is aligned with Crown Energy's growth strategy. Important goals in the near future include continuing to build up the organization in Iraq and Sweden, collecting additional information on existing reservoirs, and conducting additional surveys. Crown Energy will focus future work on further exploration of the licence area. Trial production at one of the existing multi-million barrel oilfields/reservoirs within the licence area will also be initiated. As work progresses, Crown Energy will provide information about technical plans and efforts to find a suitable industrial partner for further development, project financing, and production.

Otherwise, Crown continually appraises new opportunities in line with its business concept and goals. New projects must be compatible with Crown's basic values regarding political risk, infrastructure, the environment, and potential.

The Company is developing prospects for investors to own a share that generates good revenue, so Crown can be an attractive investment for both small and large investors in the market.

Financing and going concern

Since the Group has not generated any revenue or profits, financing has historically been done through new share issues. As mentioned in the *Events after the reporting period* section, in April 2014 the Board decided to implement a directed convertible issue that will inject SEK 16.5 million into the Company. This contribution will be used to run day-to-day operations over the next 12 months. The implementation of the issue is conditional upon shareholder approval.

The interim report was prepared assuming a going concern in view of the Company's existing operation, activities over the next 12 months, existing cash and cash equivalents, and the previously mentioned directed issue of convertibles.

Risks and uncertainty factors

A detailed description of the Company's risks can be found in Crown Energy's 2013 Annual Report. No pervasive modifications to significant risks and uncertainty factors were made during the period for the Group or the Parent Company. Following is a summary of some of the major risks.

The main risk associated with Crown Energy's exploration and appraisal operations is that the assets the Group holds will not be developed into commercial reservoirs. Oil prices affect the operation even though the Group currently does not produce any oil. For example, lower oil prices could affect the Group through fluctuations in expected profitability, decreased interest in farm-out projects, or possible sales of assets.

Crown Energy has operations in several countries, which means that the Group is subject to currency exposure, primarily in USD. Currency exposure in USD affects net investments in foreign operations as well as anticipated future income.

Oil and gas exploration is a capital-intensive business, which means that in the future the Group may need capital injections to continue operating activities or to acquire new licences. Historically, financing has been primarily through new share issues. The main risk associated with financing is that new shares may be issued under less favourable market conditions.

Given that Crown Energy is engaged in and may expand its activities in developing countries, it can be affected by factors such as political, social, economic, and religious instability, including terrorism, military coercion, war, and general and political unrest. This instability could have a very negative impact on the Company's operations as regards permits and partnerships. The countries in which the Company operates may also have legal systems that differ greatly from Sweden's, which could affect the Company's ability to exercise or enforce its rights and obligations. These risks have become even more relevant due to the acquisition of a license in Iraq during the year.

Parent Company

The Parent Company's earnings before tax for Q1 totalled SEK -3,926 thousand (-291). The Parent Company's earnings before tax decreased compared to prior years due to interest expenses arising from the convertible loan.

For full year 2013, the Company recognized deferred tax revenue in the income statement attributable to capitalization of tax losses. In Q1 2014, no tax was recognized in the income statement.

Cash and cash equivalents at 31 March 2014 totalled SEK 34,526 thousand compared with SEK 35,957 thousand at 31 December 2013.

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

Equity at the end of the period was SEK 77,341 thousand compared with SEK 81,268 thousand at 31 December 2013. No changes were reported besides net profit/loss for the period.

The convertible loan 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. At 31 March 2014, the carrying amount of the convertible loan totalled SEK 37,085 thousand. As a result of the convertible loan, accrued interest expenses of SEK 5,676 thousand were also recognized.

Reporting dates

- | | |
|--|------------------|
| ▪ Annual General Meeting 2014 | 14 May 2014 |
| ▪ Interim report Q2 2014 (January-June 2014) | 14 August 2014 |
| ▪ Interim report Q3 (January-September 2014) | 14 November 2014 |

Publication pursuant to Swedish law

Crown Energy AB (publ) discloses this information pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was released for publication on 14 May 2014 at 8 AM.

Financial information

All financial information is published on www.crownenergy.se as soon as it is released. Shareholders, other players in the stock market, and the public are free to subscribe to the Company's press releases and financial reports through NG News, Nordic Growth Markets news service, at www.ngnews.se.

For additional information, contact:

Ulrik Jansson, CEO +46 (0)8 400 207 20

About Crown Energy AB (publ)

Crown Energy is an international oil and gas company engaged in oil and gas exploration in Africa and the Middle East. 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. Find out more at www.crownenergy.se.

Address:

Crown Energy AB (publ)
Norrandsgatan 18
SE-111 43 Stockholm, Sweden
www.crownenergy.se

Condensed consolidated income statement

All amounts in SEK thousand	Note	2014-01-01	2013-01-01	2013-01-01
		2014-03-31	2013-03-31	2013-12-31
Revenue		–	–	–
Other operating income		–	–	–
Other external costs		-755	-1,276	-3,948
Employee benefit expenses		-1,517	-857	-5,259
Depreciation/amortization and impairment of property, plant, and equipment and intangible assets		-8	–	-33
Other operating expenses		-12	-13	-31
Operating profit/loss		-2,292	-2,146	-9,271
Financial income		83	32	19
Financial expenses		-3,264	-113	-8,590
Loss before tax		-5,473	-2,227	-17,842
Income tax	9	–	–	3,443
Net loss for the period		-5,473	-2,227	-14,399
Earnings per share and share related data				
Average number of basic shares, thousand	3	27,823	25,755	25,917
Average number of diluted shares, thousand	3	27,823	25,755	25,917
Basic earnings per share, SEK	3	-0.20	-0.09	-0.56
Diluted earnings per share, SEK	3	-0.20	-0.09	-0.56

Condensed consolidated statement of comprehensive income

All amounts in SEK thousand	2014-01-01	2013-01-01	2013-01-01
	2014-03-31	2013-03-31	2013-12-31
Net loss for the period	-5,473	-2,227	-14,399
Other comprehensive income			
<i>Items that can be reclassified to profit or loss:</i>			
Translation differences	-8	3	-37
Total items that can be reclassified to profit or loss:	-8	3	-37
Other comprehensive income, net of tax	-8	3	-37
Total comprehensive income for the period	-5,481	-2,224	-14,436
Total comprehensive income attributable to:			
Parent Company shareholders	-5,481	-2,224	-14,436
Comprehensive income for the period	-5,481	-2,224	-14,436

Condensed consolidated balance sheet

ASSETS

All amounts in SEK thousand	Note	2014-03-31	2013-03-31	2013-12-31
ASSETS				
Non-current assets				
Intangible assets	4, 11	93,718	61,305	91,879
Property, plant, and equipment	11	124	–	132
Total non-current assets		93,842	61,305	92,011
Current assets				
Other receivables	7	5,864	5,223	5,616
Cash and cash equivalents	5	35,040	5,358	36,584
Total current assets		40,904	10,581	42,200
TOTAL ASSETS		134,746	71,886	134,211

EQUITY OCH LIABILITIES

All amounts in SEK thousand	Note	2014-03-31	2013-03-31	2013-12-31
EQUITY				
Share capital, 27,597,745 shares		819	757	811
Non-registered share capital, 246,934 shares		–	–	8
Other contributed capital		95,446	67,662	95,446
Reserves		-278	-230	-270
Accumulated earnings		-27,152	-12,753	-12,753
Net loss for the period		-5,473	-2,227	-14,399
Total equity		63,362	53,209	68,843
LIABILITIES				
Non-current liabilities				
Loans from related parties	1, 8	4,854	2,854	2,854
Convertible loans	7, 8	37,085	–	35,412
Deferred tax liabilities	9	11,295	11,311	11,297
Other provisions	6, 7	8,847	2,662	8,890
Total non-current liabilities		62,081	16,827	58,453
Current liabilities				
Other current liabilities	7	9,303	1,850	6,915
Total current liabilities		9,303	1,850	6,915
TOTAL EQUITY AND LIABILITIES		134,746	71,886	134,211
Pledged assets and contingent liabilities		34,385	None	35,932

Condensed consolidated statement of changes in equity

All amounts in SEK thousand	2014-03-31	2013-03-31	2013-12-31
Opening balance	68,843	55,433	55,433
Net loss for the period	-5,473	-2,227	-14,399
Other comprehensive income, net of tax	-8	3	-37
Comprehensive income for the period	-5,481	-2,224	-14,436
Convertible loan, net	-	-	7,745
Conversions, KV1 2013/2016	-	-	1,846
Non-cash issue	-	-	18,611
Issue expenses, non-cash issue	-	-	-356
Closing balance	63,362	53,209	68,843
Attributable to:			
Parent Company shareholders	63,362	53,209	68,843
Total equity	63,362	53,209	68,843

*Deferred tax on issue expenses were not accounted for.

Condensed consolidated statement of cash flows

All amounts in SEK thousand	Note	2014-01-01	2013-01-01	2013-01-01
		2014-03-31	2013-03-31	2013-12-31
Cash flow from operating activities		-1,688	-6,049	-16,283
Cash flow from investing activities		-1,853	-354	-2,664
Cash flow from financing activities	10	2,000	-	43,768
Cash flow for the period		-1,541	-6,403	24,821
Cash and cash equivalents at start of period		36,584	11,762	11,762
Cash flow for the period		-1,541	-6,403	24,821
Exchange gains/losses on cash and cash equivalents		-3	-1	1
Cash and cash equivalents at end of period	5	35,040	5,358	36,584

Consolidated key ratios

Quarterly summary

All amounts in SEK thousand unless otherwise stated	Note	2014-01-01	2014-01-01	2013-07-01	2013-04-01	2013-01-01
		2014-03-31	2014-03-31	2013-09-30	2013-06-30	2013-03-31
		Q1	Q4	Q3	Q2	Q1
Profit/loss						
Other operating income		–	–	8	–	–
Operating profit/loss		-2,292	-2,684	-1,769	-2,671	-2,146
Net income for the period, after tax		-5,473	-5,808	-5,498	-865	-2,227
Earnings yield						
Return on equity, %		neg	neg	neg	neg	neg
Return on capital employed, %		neg	neg	neg	neg	neg
Financial position						
Equity/assets ratio, %		47.0%	51.2%	48.9%	51.8%	74.0%
Net indebtedness, times		0.03	-0.03	-0.15	-0.25	n/a
Net asset value per share, SEK		2.30	2.49	2.10	2.37	2.07
Total assets		134,746	134,426	110,395	117,737	71,886
Equity		63,362	68,843	53,996	61,002	53,209
Cash flow from investments		-1,853	-1,324	-617	-368	-354
Ratios per share						
Dividend per share, SEK		n/a	n/a	n/a	n/a	n/a
Number of basic shares outstanding, thousand	3	27,598	27,598	25,755	25,755	25,755
Number of diluted shares outstanding, thousand		27,598	27,598	25,755	25,755	25,755
Average number of shares, thousand	3	27,823	26,396	25,755	25,755	25,755
Average number of diluted shares, thousand	3	27,823	26,396	25,755	25,755	25,755
Basic earnings per share, SEK	3	-0.20	-0.22	-0.21	-0.03	-0.09
Diluted earnings per share, SEK	3	-0.20	-0.22	-0.21	-0.03	-0.09
Equity per share, SEK		2.30	2.49	2.10	2.37	2.07
Cash flow from operating activities per share, SEK		0.00	-0.21	-0.19	0.01	-0.23
Employees						
Average number of employees		3.0	3.0	3.0	3.0	3.0

Yearly summary

All amounts in SEK thousand unless otherwise stated	Note	2013-01-01	2012-01-01	2011-01-01
		2013-12-31	2012-12-31	2011-12-31
		Full year	Full year	Full year
Profit/loss				
Other operating income		–	–	342
Operating profit/loss		-9,271	-9,300	-3,158
Net income for the period, after tax		-14,399	-9,710	-3,042
Earnings yield				
Return on equity, %		neg	neg	neg
Return on capital employed, %		neg	neg	neg

Financial position

Equity/assets ratio, %		47.0%	71.9%	2.4%
Net indebtedness, times		0.03	n/a	n/a
Net asset value per share, SEK		2.30	2.15	0.07
Total assets		134,211	77,133	51,958
Equity		63,843	55,434	1,247
Cash flow from investments		-2,664	-11,791	-17,974

Ratios per share

Dividend per share, SEK		n/a	n/a	n/a
Number of basic shares outstanding, thousand	3	27,598	25,755	17,031
Number of diluted shares outstanding, thousand		27,598	25,755	17,031
Average number of shares, thousand	3	25,917	20,929	3,906
Average number of diluted shares, thousand	3	25,917	20,929	3,906
Basic earnings per share, SEK	3	-0.56	-0.46	-0.78
Diluted earnings per share, SEK	3	-0.56	-0.46	-0.78
Equity per share, SEK		2.49	2.15	0.07
Cash flow from operating activities per share, SEK		-0.59	-0.37	-0.16

Employees

Average number of employees		3.0	2.0	0.0
-----------------------------	--	-----	-----	-----

Definitions of key ratios

Earnings yield

Return on equity, per cent

Net income as a percentage of average equity. Average equity is calculated as the opening and closing balance divided by two.

Financial position

Equity, SEK

Equity at end of period.

Equity/assets ratio, per cent

Equity including the minority as a percentage of total assets.

Net debt/equity ratio

Interest-bearing net debt divided by equity, where interest-bearing net debt is interest-bearing liabilities minus interest-bearing current receivables and cash and cash equivalents.

Investments

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

Per share data

Total number of shares outstanding

Number of shares outstanding at end of period.

Weighted average number of shares

Weighted number of shares outstanding during the year.

Equity per share, SEK

Equity at end of period divided by number of shares at end of period.

Return on equity, per cent

Equity at end of period divided by average equity for the period.

Return on capital employed, per cent

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.

Parent Company – Condensed income statement

All amounts in SEK thousand	Note	2014-01-01	2013-01-01	2013-01-01
		2014-03-31	2013-03-31	2013-12-31
Other operating income		–	–	–
Other external costs		-635	-854	-3,933
Employee benefit expenses		-1,517	-857	-5,258
Depreciation/amortization and impairment of property, plant, and equipment and intangible assets		-8	–	-33
Other operating expenses		–	0	-6
Operating profit/loss		-2,160	-1,711	-9,230
Interest income and similar items		0	89.0	85
Interest income, inter-company		1,456	1,331	5,474
Interest expenses and similar items		-3,222	–	-8,450
Loss before tax		-3,926	-291	-12,121
Tax	9	–	–	3,443
Net loss for the period		-3,926	-291	-8,678

Parent Company – Condensed statement of comprehensive income

All amounts in SEK thousand	Note	2014-01-01	2013-01-01	2013-01-01
		2014-03-31	2013-03-31	2013-12-31
Net loss for the period		-3,926	-291	-8,678
Other comprehensive income				
Total items that can be reclassified to profit or loss		–	–	–
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		-3,926	-291	-8,678

Parent Company – Condensed balance sheet

ASSETS

All amounts in SEK thousand	Note	2014-03-31	2013-03-31	2013-12-31
ASSETS				
Non-current assets				
Participations in Group companies		19,704	500	19,704
Property, plant, and equipment		124	–	132
Receivables from Group companies		21,244	21,244	21,244
Total non-current assets		41,072	21,744	41,080
Current assets				
Receivables from Group companies		49,722	38,013	46,848
Current receivables	7	752	1,798	910
Cash and bank balances	5	34,526	4,943	35,957
Total current assets		85,000	44,754	83,715
TOTAL ASSETS		126,072	66,498	124,795

EQUITY OCH LIABILITIES

All amounts in SEK thousand	Note	2014-03-31	2013-03-31	2013-12-31
EQUITY				
Equity				
Restricted equity				
Share capital, 27,597,745 shares		819	757	811
Non-registered share capital, 246,934 shares		–	–	8
Total restricted equity		819	757	819
Non-restricted equity				
Share premium reserve		91,446	63,663	91,446
Accumulated earnings		-10,997	-2,320	-2,319
Net loss for the year		-3,927	-291	-8,678
Total non-restricted equity		76,522	61,052	80,449
Total equity		77,341	61,809	81,268
Non-current liabilities				
Convertible loan	7, 8	37,085	–	35,412
Loans from related parties	1, 7	4,854	2,854	2,854
Total non-current liabilities		41,939	2,854	38,266
Current liabilities				
Other current liabilities	7	6,792	1,835	5,261
Total current liabilities		6,792	1,835	5,261
TOTAL EQUITY AND LIABILITIES		126,072	66,498	124,795
Pledged assets		34,385	None	35,932
Contingent liabilities		None	None	None

Parent Company – Condensed changes in equity

All amounts in SEK thousand	2014-03-31	2013-03-31	2013-12-31
Opening balance	81,268	62,100	62,100
Net loss for the period	-3,927	-291	-8,678
Other comprehensive income for the period	–	–	–
Comprehensive income for the period	-3,927	-291	-8,678
Convertible loan, net	–	–	7,745
Conversions, KV1 2013/2016	–	–	1,846
Non-cash issue	–	–	18,611
Issue expenses, non-cash issue	–	–	-356
Closing balance	77,341	61,809	81,268

**Deferred tax on issue expenses were not accounted for.*

Notes

General information

Crown Energy AB (publ), corporate identity number 556804-8598, with subsidiaries, is an international oil and gas group focused on exploration opportunities with high potential for recoverable oil and gas reserves in underexploited areas. The Group has focussed on Equatorial Guinea (Block P), South Africa (Block 2B), and Madagascar (3108 Manja), and decided in Q2 2013 to also acquire a licence in Iraq.

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

The street address of the main office is Norrlandsgatan 18, Stockholm.

Accounting policies

This interim report was prepared pursuant to IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act, and RFR 1 Supplementary Accounting Regulations for Groups. As with the 2013 annual accounts, the consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities.

The same accounting policies were used during the period as were used for the 2013 financial year and as described in the 2013 Annual Report. No new or revised standards, interpretations, or amendments adopted by the EU had an effect on the Group's earnings or position.

This interim report does not contain all the information and disclosures contained in the Annual Report, so the interim report should be read alongside the 2013 Annual Report.

Note 1 Transactions with related parties

Purchases and sales within the Group

The Parent Company's revenue represents 0 per cent (0) of sales to other companies within the Group. Of the Parent Company's interest income, 100 per cent relates to other companies within the Group at 31 March 2014.

Loans from related parties

The Parent Company holds an interest-free loan from Ulrik Jansson (via Varukungen AB) totalling SEK 4,854 thousand at 31 March 2014. The loan has increased by SEK 2,000 thousand since year-end 2013.

Purchase of services

Three persons in management, Peter Mikkelsen, David Jones, and Surinder Rai, work in their respective management positions under consultancy agreements. Their services are purchased on normal commercial terms and they invoice regularly for work performed. Peter Mikkelsen invoiced for about GBP 8 thousand for the period. Surinder Rai invoiced for about GBP 51 thousand.

Crown Energy also purchases technical consulting services from Simco Petroleum Ltd (Simco). Alan Simonian, Crown Energy's board chairman, owns 33 per cent of Simco and also sits on Simco's board. Services from Simco are purchased on normal commercial terms. During the period, services amounting to about USD 15 thousand were purchased.

Note 2 Ownership structure

Crown Energy has about 2,000 shareholders. The Company's shares are listed on NGM Equity.

The five shareholders holding the most shares as of publication of this interim report:

Aktieägare	Antal aktier	Andel (%)
Ulrik Jansson, privat och via bolag	15 529 726	55,7%
Comtrack Ventures Ltd	2 163 811	7,8%
T Intressenter AB	1 580 215	5,7%
Mocoh Resources Ltd	1 239 227	4,5%
Alan Simonian	1 175 377	4,2%
Övriga aktieägare	6 123 717	22,1%
Totalt antal aktier	27 844 679	100%

Note 3 Earnings per share and number of shares

Crown Energy previously issued 814,954 warrants that could be converted into an equivalent number of ordinary shares. In May 2013, convertibles were also issued that could also be converted into an equivalent number of ordinary shares. As the issue prices for the share options exceeded the average market price of ordinary shares during the recognized periods, there is no dilutive effect. Nor are convertibles and options considered dilutive if they cause earnings per share to improve more (larger gain or smaller loss) after dilution than before dilution. Neither warrants nor outstanding convertibles are dilutive.

Note 4 Intangible assets

Intangible assets consist of acquisition of rights, planning costs, etc. No depreciation is taken during the exploration and development phase. Capital expenditures for the period refer to costs incurred for exploration, i.e., measurements, geological and geophysical surveys, etc.

The translation differences relate to the acquisition of Amicoh Resources Ltd and the fact that these assets were translated at the closing rate. The translation difference that arises is recognized directly in the currency translation reserve in other comprehensive income.

Group (SEK thousand)	2014-01-01 2014-03-31	2013-01-01 2013-03-31	2013-01-01 2013-12-31
Opening carrying amount	91,879	60,946	60,946
Capital expenditures for the period	1,853	354	3,229
Increase through acquisition of subsidiaries for the period, net	–	–	27,767
Translation differences	-14	5	-63
Closing accumulated cost of acquisition	93,718	61,305	91,879

Note 5 Cash and cash equivalents

At 31 March 2014, cash and cash equivalents included SEK 34,335 thousand for payment of shares in the company that owns 40.5 per cent of the Block 2B licence in South Africa. The bank funds have been placed in an escrow account, which means that they are in the custody of a third party until the acquisition is completed. Completion of the acquisition requires the approval of Petroleum Agency SA, a South African authority. Crown Energy expects this approval to be given within a 12 month period from the reporting date.

At 31 December 2013, the funds in escrow totalled SEK 35,882 thousand. The decrease in 2014 is attributable to a payment made from the escrow account in Q1 2014 to Crown Energy's business account to cover the upcoming so-called cash calls from the operator in 2014. The payment was approved by all parties involved.

Note 6 Provisions

Following is a summary of the provisions:

Group (SEK thousand)	2014-03-31	2013-03-31	2013-12-31
Acquisition of Amicoh Resources Ltd			
Additional consideration, commercial reservoir	2,552	2,412	2,516
Additional consideration, warrants	91	250	170
Acquisition of Crown Energy Iraq			
Provision for buy-back option	6,204	–	6,204
Closing balance	8,847	2,662	8,890

Provisions related to the acquisition of Amicoh Resources Ltd

In connection with the acquisition of subsidiary Amicoh Resources Ltd in 2011, an additional consideration of up to USD 4,000 thousand was agreed upon in the event of a commercial reservoir discovery on Madagascar. The portion paid at discovery of a commercial reservoir is recognized as a provision at a value of SEK 2,615 thousand after present value calculations.

As part of the consideration for Amicoh Resources Limited, it was resolved at a Crown Energy AB general meeting to also issue warrants directed to the seller of Amicoh Resources Limited. The carrying amount and fair value of the issued options at 31 March 2014 were determined in accordance with an established option pricing model (Black & Scholes).

For more information on provisions, see the 2013 Annual Report. No changes have occurred in Crown Energy's assessments of provisions since 31 December 2013.

Provision related to acquisition of Crown Energy Iraq AB

The share transfer agreement that was signed with the sellers of Crown Energy Iraq included an option to repurchase Crown Energy Iraq 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 per cent of the company's shares. A provision of SEK 6,204 thousand was made on the assumption that the option will be exercised.

Under IAS 39, an entity shall measure financial liabilities related to equity instruments at fair value except when the instrument does not have a quoted price in an active market. Crown Energy Iraq is an unlisted company so it is deemed not possible nor practical to establish a fair value measurement of its shares. In subsequent accounting, therefore, the provision will be carried at historic cost. No changes have occurred in Crown Energy's assessments of provisions since 31 December 2013.

Note 7 Accounting of financial instruments

Recognized and fair value

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

The present value of loans from related parties, corresponding to estimated fair value at 31 December 2013, was estimated at SEK 5,097 thousand, which is based on an interest rate of 5 per cent if the loan had been subscribed to at market conditions.

The convertible loan is recognized at amortized cost using the effective interest method. This means that the cash flows were discounted at a lending rate of about 20 per cent. At 31 March 2014, the carrying amount was estimated to be a reasonable approximation of its fair value. The convertible loan was traded at 31 March 2014 on NGM Equity at 85 per cent of the nominal value, corresponding to an annual rate of 11.7 per cent.

As mentioned in Note 6, *Provisions*, the provision for the Crown Energy Iraq buy-back option is recognized at cost in accordance with the exemption in IAS 39.

Financial instruments measured at fair value

Crown Energy classifies fair value measurement using a fair value hierarchy (three levels) that reflects the reliability of the inputs used in making the measurements in compliance with IFRS 13 Fair Value Measurement. In accordance with IFRS 7, disclosures about fair value measurement of financial instruments must be made by level. The following table shows the financial items recognized at fair value via the income statement, divided into these three levels.

Group (SEK thousand)				
2014-03-31	Level 1	Level 2	Level 3	Total
Total assets	–	–	–	–
Liabilities				
Financial liabilities measured at fair value via the income statement:				
- Provision for additional consideration, commercial reservoir	-	-	2,552	2,552
- Provision for additional consideration, warrants	-	91	-	91
Total liabilities	-	91	2,552	2,643

Provisions were recognized for contracted additional considerations in conjunction with the acquisition of subsidiary Amicoh Resources Ltd (see Note 6, *Provisions*). No changes have occurred in Crown Energy's assessments of fair value measurement applicable to provisions since 31 December 2013. The period's total net effect due to revaluation to fair value was SEK 46 thousand (-119) and was recognized in the income statement as (unrealized) financial income or expense.

Note 8 Convertible loans

Carrying amounts

Classification of the convertible loans is as follows:

Long-term borrowing			
Group and Parent Company (SEK thousand)	2014-03-31	2013-03-31	2013-12-31
Convertible loans	37,085	–	35,412
	37,085	–	35,412

For a description of the calculation of fair value, see Note 7, *Accounting of financial instruments*. Fair value corresponds with carrying amounts at 31 March 2014:

Group and Parent Company (SEK thousand)	Carrying amount	Fair value
Convertible loans	37,085	37,085
	37,085	37,085

The accrued interest payable attributable to the convertible loans was recognized as a current liability and at 31 March 2014 amounted to SEK 5,676 thousand. The fair value of the short-term interest payable corresponds to its carrying amount, as the impact of discounting is not significant.

Direct transaction costs attributable to the liability component are accrued over the life of the loan. Deferred tax recognized in equity is attributable to the discounting being done as a result of valuation at amortized cost.

Financial expenses in the income statement for Q1 2014 amounted to SEK -3,221 thousand as a result of the convertible loan.

Note 9 Deferred tax

A deferred tax liability was recognized and is related to the surplus value of intangible assets and to temporary differences resulting from the valuation of the convertible loan at amortized cost.

Crown Energy has an unused tax loss and, as a precaution and in view of uncertainty in the Company's ability to generate future taxable profits, historically has not capitalized a deferred tax asset relating to it. However, Crown Energy has now chosen to offset the loss against the deferred tax liability related to measurement of the convertible loan. A deferred tax asset is recognized at the same amount as the deferred tax liability. The deferred tax liability and asset were offset in the balance sheet. Deferred tax revenue of SEK 3,443 thousand was recognized in the income statement in the 2013 financial year due to capitalization of the tax loss.

Note 10 Cash flow from financing activities

Following is a breakdown of cash flow attributable to financing activities. For gross accounting of the 2013 convertible and non-cash issues, see the 2013 Annual Report.

Financing activities, SEK thousand	2014-01-01	2013-01-01	2013-01-01
	2014-03-31	2013-03-31	2013-12-31
Convertible issue, net	–	–	44,124
Non-cash issue, net	–	–	-356
Borrowings from related parties	2,000	–	–
Total cash flow from financing activities	2,000	–	43,768

Note 11 Segments

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

Group, all amounts in SEK thousand	Property, plant, and equipment			Intangible assets			Total fixed assets		
	2014-03-31	2013-03-31	2013-12-31	2014-03-31	2013-03-31	2013-12-31	2014-03-31	2013-03-31	2013-12-31
Geographic areas									
Sweden	124	–	132	–	–	–	124	–	132
Equatorial Guinea	–	–	–	4,693	4,570	4,667	4,693	4,570	4,667
Madagascar	–	–	–	58,830	56,735	57,703	58,830	56,735	57,703
Iraq	–	–	–	30,195	–	29,509	30,195	–	29,509
Total	124	–	132	93,718	61,305	91,879	93,842	61,305	92,011

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

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

STOCKHOLM, 14 MAY 2014

Ulrik Jansson
CEO
Board member

Alan Simonian
Chairman of the Board

Andrew Harriman
Board member