



**CROWN
ENERGY**

Interim report
First quarter 2016
CROWN ENERGY AB (PUBL)

12 May 2016

Crown Energy AB (publ)

First quarter 2016

The consolidated financial statements of the Crown Energy Group ("Crown Energy", "the Group"), of which Crown Energy AB (publ) with corporate identity number 556804-8598 is the parent company ("the Parent Company"), are hereby presented for the three-month period ended on 31 March 2016.

FIRST QUARTER – JANUARY–MARCH 2016

- No sales were recognised.
- The operating loss totalled SEK -1,856 thousand (-1,791), consisting primarily of employee benefit expenses and other external costs.
- Loss after tax was SEK -4,073 thousand (-2,827), corresponding to SEK -0.07 per share (-0.10).
- Investments in exploration and evaluation assets totalled SEK 1,639 thousand (3,936).

KEY EVENTS DURING THE QUARTER

- On 26 January 2016, an extraordinary general meeting approved the directed issue proposed by the board in December 2015. The issue was directed to a small number of investors and share subscriptions were made from 30 December 2015 to 31 January 2016. The issue was completed in February 2016, raising SEK 11 million before issue expenses for Crown Energy. A total of 5,500,000 shares were subscribed.
- In March 2016, Crown Energy received final approval from the responsible department in Madagascar to extend the Manja licence until 15 November 2019.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-01-01	2015-01-01	2015-01-01
	2016-03-31	2015-03-31	2015-12-31
	Q1	Q1	FULL YEAR
Operating expenses	-1,856	-1,791	-8,717
Operating profit/loss	-1,856	-1,791	-8,644
Net financial items	-2,217	-1,036	-6,933
Net loss for the period, after tax	-4,073	-2,827	-15,577
Earnings per share	-0.07	-0.10	-0.35
Equity per share	2.21	2.07	2.34
Change in cash and cash equivalents	6,835	-22,734	-34,543
Cash flow from investments in exploration and evaluation assets	-417	-284	-3,688

CEO statement

Dear shareholders and investors,

We are now a little further into 2016, a year that will be very exciting for Crown Energy. We have maintained a high level of activity the last three months. Following the transaction with Africa Energy in our South Africa project late last year, we kicked off 2016 with two directed issues aimed at propelling Crown Energy into the future with completely new resources and a broader contact network, which will be very important to us. This will enable us to fulfil the plan and strategy we previously announced. Developing our assets is naturally a key part in this, but now we have the strength to actually carry out concrete investments and activities. The final steps are currently being taken to complete the transaction with Cement Fund, which will join the Company via a major directed issue, injecting significant capital into Crown Energy.

BUSINESS DECISIONS THAT AFFECTED THE COMPANY'S PERFORMANCE

The change process initiated in the second half of 2015 has played a major part in enabling us to conduct a couple of very interesting transactions. These have had and will continue to have a major impact on the Company's growth. The decisions made have all been focused on finding partners for financing the continuing development of the Company's assets. Farm-out agreements and a stronger financing base are musts for an exploration company these days. The partners we are entering into transactions with, all have one thing in common – confidence in a continuing increase in the oil price over the long term – and they are therefore prepared to invest in the oil sector now. We have thus seen a positive response to our adaptation to this scenario, in terms of choices and strategies for asset

development and in terms of financing strategies. In addition, our organisation has been adapted to implement such partnerships, which has also borne fruit.

OUTLOOK

The Company's outlook is bright thanks to the aforementioned transactions. As soon as the issue can be completed, Crown Energy will have access to capital in an order of magnitude never before seen in the Company's history. The ability to work aggressively in the knowledge that the resource base is in place plays an absolutely crucial role in future value creation.

FINANCING

Agreements have been entered into with an investor to issue shares and warrants. The AGM held on 4 May unanimously resolved to conduct this issue and we are currently working on completing the transaction and thus receiving the issue proceeds at the time this report is being written. We are in the process of preparing a prospectus which is subject to approval by the Swedish Financial Supervisory Authority. Once that is done and the other administrative steps of the issue have been completed, we can use the issue proceeds and thus become completely free of debt to our convertible holders and have adequate working and investment capital going forward.

We are looking forward to continuing our efforts to capitalise on our assets and thus create value for you, our shareholders.

Andreas Forssell

CEO Crown Energy AB (publ)

Summary of accounts and operations – January–March 2016

INCOME STATEMENT

Operating loss

The Group did not have any revenue or other operating income in Q1 2016.

Other external costs for Q1 2016 totalled SEK -761 thousand (-622). The year-on-year increase is mainly the result of higher costs for legal counsel in connection with drafting and amending various contracts.

Employee benefit expenses came in at SEK -1,059 thousand (-1,146) and are approximately in line with the past year, as expected. Even though the Company had three employees in Q1 2015, in comparison to two in 2016, the former CEO did not receive any salary in the first quarter of the previous year.

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

Other operating expenses of SEK -28 thousand (-15) mainly relate to exchange rate effects in operating items.

Net financial items

Net financial items for Q1 2016 totalled SEK -2,217 thousand (-1,036). Financial income for Q1 amounted to SEK 0 thousand (3,623). Financial income normally refers to exchange rate effects as a result of translation of internal transactions in foreign currency. Instead of an exchange rate income, an exchange rate loss was incurred in Q1 2016 (see below). The major difference in comparison to the same period of the previous year can be explained by the fact that Group company Simbo Petroleum No.2 Ltd held a loan in a foreign currency for a limited period in 2015. Financial expenses amounted to SEK -2,217 thousand (-4,659), of which SEK -1,055 thousand (-4,304) was related to interest expenses due to the convertible loans. The remaining financial expenses are mainly exchange rate effects as a result of translation of internal transactions in foreign currency.

Tax

No tax was recognised in the income statement in 2015 and 2016. See Note 9, Deferred tax, for more information.

Earnings after tax

Earnings after tax for Q1 2016 totalled SEK -4,073 thousand (-2,827), corresponding to SEK -0.07 per share (-0.10).

FINANCIAL POSITION

Non-current assets

Property, plant, and equipment, in the form of office equipment, totalled SEK 58 thousand (91) after depreciation of SEK -8 thousand (-8) was taken for the period.

Exploration and evaluation assets totalled SEK 175,530 thousand at 31 March 2016. The net change in exploration and evaluation assets was SEK -915 thousand (67,458) in Q1 2016. The change in Q1 partially consists of new capital expenditures during the period of SEK 1,639 thousand (3,936) and translation differences of SEK -2,554 thousand (8,079). Assets also increased with SEK 55,443 thousand in the comparative quarter of 2015 as a result of the acquisition of Simbo Petroleum No.2 Ltd. The translation differences are due to the fact that some of the assets were acquired in USD and were translated at the closing rate (see Note 5, Exploration and evaluation assets). As a result of the major changes that occurred over the past years 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. In the first quarter of 2016, the translation resulted in a decrease in the assets, which can mainly be explained by the fact that the Swedish krona has strengthened against the US dollar. See Note 5, Exploration and evaluation assets, for a breakdown of changes for the period.

Current assets

Other receivables amounted to SEK 1,060 thousand, compared to SEK 791 thousand on 31 December 2015. The decrease in comparison to year-end 2015 is mainly due to higher VAT receivables in Q1 2016.

Cash and cash equivalents at the end of the period totalled SEK 6,964 thousand compared with SEK 156 thousand on 31 December 2015. The increase in cash and cash equivalents is due to the directed share issue conducted in Q1 2016. See Note 10, Cash flow, and the section entitled Key events during the reporting period.

Equity

Equity totalled SEK 134,814 thousand. The increase since year-end 2015 is attributable to the directed share issue completed in February 2016. The issue increased equity by SEK 11,000 before issue expenses. Issue expenses totalled SEK 1,287 thousand, thus reducing equity.

Non-current liabilities

Loans from related parties amounted to SEK 6,404 thousand, a net decrease of SEK 300 thousand since 31 December 2015 as the result of a repayment.

Deferred tax liabilities totalled SEK 14,142 thousand and are attributable to surplus values in exploration and evaluation assets. The change of SEK 356 thousand since year-end 2015 is attributable to translation differences because some of the underlying assets were acquired in USD and translated using the closing rate.

Other provisions at 31 March 2016 totalled SEK 9,219 thousand compared with SEK 9,250 thousand at year-end 2015. The change since year-end refers to revaluations to fair value. For more information on provisions, see Note 6, Provisions.

Current liabilities

Convertible loans totalled SEK 11,959 thousand. The change of SEK -750 thousand since year-end 2015 is due to the fact that the liability is revalued to amortised cost in each period. Only six convertibles were converted into the same number of shares during the final conversion period of KV1 2013/2016 in March 2016. The effect of this conversion was insignificant and did not have any significant impact on the liability. The convertible loan was classified as a non-current liability in Q1 2015.

Other current liabilities consist principally of accounts payable, employee-related tax liabilities, and miscellaneous accrued expenses. The total amount of other current liabilities is SEK 7,074 thousand. This amount included accrued interest of SEK 1,221 thousand attributable to the convertible loans.

CASH FLOW

Cash flow from operating activities for Q1 totalled SEK -2,161 thousand (-1,813). Cash flow from operating activities can vary significantly between quarters and years, which makes it difficult to compare periods. The biggest reason for the higher outflows is that the issue in 2016 enabled payment of accounts payable that were outstanding at year-end 2015.

Cash flow from investing activities for Q1 2016 totalled SEK -417 thousand (-21,721). There was also a major outflow in the comparison period of 2016 as a result of the acquisition of Simbo Petroleum No.2 Ltd. See Note 10, Cash flow, for a more detailed specification.

Net cash flow from financing activities for Q1 totalled SEK 9,413 thousand (800). The positive cash flow consists of a directed issue of SEK 11,000 thousand, total issue expenses of SEK -1,287 thousand and a repayment of SEK -300 thousand for loans to related parties. See Note 10, Cash flow, for a detailed specification.

PROJECTS

Following are project status updates.

Block 2B – South Africa

Crown Energy announced the signing of a farm-out agreement with Africa Energy for Block 2B on 17 December 2015. The agreement leaves Crown Energy with 10 per cent participating interest in licence in exchange for Africa Energy paying for future drilling of the AJ prospect. The farm-out agreement gives Crown Energy the opportunity to be a part of very interesting exploration/appraisal drilling in Block 2B, in partnership with a player with world-class financial and technical backing. Africa Energy is a partner that is a very good match for Crown Energy at this time. As mentioned in December 2015, Africa Energy is simultaneously acquiring the other partners' shares of the licence. As a result, the operator will also be changed in the long term. All of the shares in Block 2B acquired by Africa Energy are subject to regulatory approval. According to information received, Africa Energy has recently registered and applied for upcoming changes with the relevant authorities in South Africa. It is estimated that approval will be received within the next six months.

Neither the partnership nor Crown Energy have engaged in any activities involving the licence since the farm-out agreement was signed in December 2015 in anticipation of an official permit in South Africa. Instead, Crown Energy is looking forward to collaborating with Africa Energy and planning future activities with them, once they have taken over their share of the licence.

Block P PDA – Equatorial Guinea

As mentioned in the 2015 Annual Report, work on Block P (PDA) is progressing slowly. The partnership is currently working on reviewing the operatorship, attempting to optimise costs and finding a development option that works financially given the current low oil prices.

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

3108 Manja – Madagascar

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 agreement was subject to final approval from the oil ministry in Madagascar, which was received in March 2016.

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 over the two-year period.

Crown Energy has now begun planning an FTG on the licence by obtaining quotes from external suppliers containing both cost and planning proposals for implementation.

Salah ad-Din – Iraq

As mentioned previously with regard to this licence, the agreement with Salah ad-Din includes an exploration and production licence. The licence covers several existing oil fields and discoveries, but in spite of the large and obviously commercial discoveries, there has only been limited production – under the auspices of federally controlled North Oil Company at the time. However, regulatory approval is required from both the regional (Salah ad-Din) and the federal (Baghdad) authorities for resuming production on the fields where North Oil Company previously was active and where facilities and installations may be in place. In addition to the oil fields mentioned above, there are many fields that have also been drilled and partially tested. These fields could also be interesting in terms of looking into whether they can be put into production. Any oil export sales from both existing and new fields will require approval from the federal (Baghdad) authorities.

It has been impossible to operate in this area for long periods of time, but this has now changed: the security situation is better, the region is nearly completely free from crisis hotspots and the regions have greater influence. Crown Energy hopes to be able to resume activities in Salah ad-Din to a certain extent in 2016.

KEY EVENTS DURING THE REPORTING PERIOD

Extraordinary general meeting

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

The meeting affirmed that Ulrik Jansson and Andrew Harriman resigned from the board (3 July 2015 and 26 January 2016) 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 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.

Shares were subscribed for 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 issue was registered in February 2016.

Conversions, KV1 2013/2016

The final conversion period for KV1 2013/2016 was in March 2016. In total, only six convertibles were converted into the same number of shares. The Company's share capital thereby increased by SEK 0.18. The conversion was registered in April 2016.

EVENTS AFTER THE REPORTING PERIOD

Directed issue to international investors

On 4 April 2016, Crown Energy announced upon an agreement with Cement Fund SCSp (Société en Commandite Spéciale) ("the Investor") on a directed issue of shares and warrants in Crown Energy for a minimum of SEK 63 million and a maximum of SEK 126 million. The initial total amount of unit subscriptions is SEK 63 million before expenses, giving the Investor approximately 34 per cent of ownership and votes in Crown Energy. In the event that the Investor opts to exercise its warrants and subscribe for additional shares, an additional amount of SEK 63 million would be raised for the Company and the Investor would then have a total of 50.8 per cent of ownership and votes. The directed issue results in an initial dilutive effect for existing shareholders of 34 per cent and an additional 25.4 per cent (total 50.8 per cent) in the event that all warrants are exercised and subscribed. For more information, see the press release on the website.

On 4 May 2016, the AGM approved the Board of Director's proposal to issue 31,500,000 units, where each unit consists of one (1) share and one (1) warrant. The subscription price for the new shares is SEK 2 per unit (equivalent to SEK 2 per share), in total SEK 63,000,000 if all units are subscribed for. The warrants are issued at no consideration. Each warrant entitles to subscription of one (1) new share in the Company at a subscription price of SEK 2. Subscription of a new share by exercise of warrant shall take place during the period from 24 May 2016 up to and including 24 May 2018. Through the issuance of shares the Company's share capital will increase with a maximum of SEK 926,086.36 and the number of shares with a maximum of 31,500,000 shares. At subscription of shares through the warrants the Company's share capital may increase with an additional maximum of SEK 926,086.36 and the number of shares with an additional

maximum of 31,500,000 shares. The units were issued to Cement Fund SCSp.

At the time of the publishing of this interim report, Crown Energy is working on finalising the transaction and thereby receive the issue proceeds. For instance, a prospectus is produced and for this we need an approval from the Swedish Financial Supervisory Authority. When the prospectus is approved and other administrative steps are completed, the directed share issue can be finalised.

Postponement of repayment of convertible loan and interest

The board of directors announced on April 28 that the board has decided to postpone the repayment of the outstanding convertible loan KV1 2013/2016 including interest owed. The interest was due on April 29 2016 and the principal amount was due on May 2 2016. There has been none or very little interest to convert the loans into newly issued shares, and the board of directors assess that it has not been possible to procure a commercially acceptable alternative financing option to repay the loan on the maturity date. In addition, the agreement to raise funds will provide a cash amount of SEK 63 million (see section Directed issue to international investors), as soon as the share issue is finalised and registered with the Swedish Companies Office.

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 as mentioned above. 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. However, it was not estimated that the Company's outstanding convertible loans could be repaid with the aforementioned funds. As mentioned under the section Events after the reporting period, Crown Energy decided to postpone the payment of the convertible loan and associated interest. The Company's convertible loan and associated interest were due on 29 April and 2 May 2016 respectively. The reason is the ongoing directed share issue (see below) and the fact that the share issue, provided it is finalised, will permit payments in the near future.

The Company entered into an agreement with an international investor in early April 2016 on a directed issue of shares and warrants for a minimum of SEK 63 million and a maximum of SEK 26 million. The issue is subject to several conditions, including approval from the AGM, a new board composition and a prospectus approved by the Swedish Financial Supervisory Authority. The issue and the new board members were approved by the AGM on 4 May 2016. Crown Energy is currently working on a prospectus, which will need an approval from the Swedish Financial Supervisory Authority. If this investment is finalised, Crown Energy will be able to take a major step forward in the Company's growth and will have secured financing for both the short and long term. The investment will also create opportunities for greater investments of capital and resources in existing projects.

Our Plan A is to extinguish all outstanding capital obligations within the next 12 months, i.e. investments, routine administration and repayment of loans using one of the already completed issues and the issue recently approved by the AGM and described above. However, it cannot be ruled out that the Company may need or want to raise capital from existing shareholders for investments beyond those described thus far. This may be done via new share issues, directed share issues or preferential rights issues, or via other offers to existing shareholders or a combination of the above.

The interim report was prepared assuming a going concern in view of the Company's existing operations, activities planned for the next twelve months, existing cash and cash equivalents, and the above-mentioned conducted and ongoing issues.

RISKS AND UNCERTAINTY FACTORS

A detailed description of the Company's risks can be found in Crown Energy's 2015 Annual Report. No pervasive modifications to significant risks and uncertainty factors were made during the period for the Group or the Parent Company. Following is a summary of some of the major risks.

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

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

With regard to financial risks, Crown Energy estimates that the greatest risk is the fact that oil and gas exploration is a capital-intensive business and funds may need to be raised during a less favourable market situation. Depending on operational developments in general, Crown Energy may need additional capital to acquire assets, to further develop the assets under favourable conditions, or to continue its operating activities. If Crown Energy cannot raise enough funds, the extent of its operations may be limited, which in

the long run could result in the Company being unable to implement its long-term exploration plan. Crown Energy works continuously with its capital raising and refinancing.

MARKET

During this quarter and up until today, we have seen a gentle increase in the oil price which does indicate that consumption is slowly starting to catch up with supply, despite the strong levels of oil production coming from countries like Saudi Arabia and Iran.

Service costs remain low, which is good for the exploration and production side of the industry, and present opportunities to companies which are in a position to take advantage of this competitive cost environment.

PARENT COMPANY

The Parent Company's revenue totalled SEK 0 thousand (806). The revenue in 2015 was related to invoicing of subsidiaries.

The Parent Company's earnings before tax for Q1 totalled SEK 225 thousand (-2,730).

Cash and cash equivalents at 31 March 2016 totalled SEK 5,369 thousand compared with SEK 72 thousand at 31 December 2016. This increase is attributable to the directed issue completed in February 2016, which raised SEK 11,000 thousand in cash and cash equivalents for the company before issue expenses.

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 in Q3 2015.

Equity at the end of the period was SEK 158,438 thousand compared with SEK 148,500 thousand at 31 December 2015. The change is due to the issue during the period. For details, see Condensed statement of changes in equity on page 19.

The Company's convertible loan totals SEK 11,959 thousand and changes since year-end 2015 are principally due to effects resulting from revaluation to amortised cost. The effect of the conversion of six convertibles in March 2016 was insignificant and did not have any significant impact on liabilities. It should be noted that the convertible loans were not reclassified from non-current to current liabilities until Q2 2015. See Note 8, Convertible loans, for more information.

Condensed consolidated income statement

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-01-01	2015-01-01	2015-01-01
		2016-03-31	2015-03-31	2015-12-31
Revenue		-	-	-
Other operating income		-	-	73
Other external costs		-761	-622	-4,607
Employee benefit expenses		-1,059	-1,146	-4,077
Depreciation/amortisation and impairment of property, plant, and equipment		-8	-8	-33
Other operating expenses		-28	-15	-
Operating loss		-1,856	-1,791	-8,644
Financial income		0	3,623	2,447
Financial expenses		-2,217	-4,659	-9,380
Earnings before tax		-4,073	-2,827	-15,577
Income tax	9	-	-	-
Net profit/loss for the period		-4,073	-2,827	-15,577
Earnings per share and share related data				
Average number of basic shares, thousand	4	58,236	28,218	45,001
Average number of diluted shares, thousand	4	58,236	28,218	45,001
Basic earnings per share, SEK	4	-0.07	-0.10	-0.35
Diluted earnings per share, SEK	4	-0.07	-0.10	-0.35

Condensed consolidated statement of comprehensive income

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-01-01	2015-01-01	2015-01-01
		2016-03-31	2015-03-31	2015-12-31
Net profit/loss for the period		-4,073	-2,827	-15,577
Other comprehensive income:				
Translation differences		-1,003	4,258	2,699
Total items that can be reclassified to profit or loss:		-1,003	4,258	2,699
Other comprehensive income, net of tax		-1,003	4,258	2,699
Total comprehensive income for the year		-5,076	1,431	-12,878
Total comprehensive income attributable to:				
Parent Company shareholders		-5,076	1,431	-12,878
Comprehensive income for the period		-5,076	1,431	-12,878

Condensed consolidated balance sheet

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-03-31	2015-03-31	2015-12-31
ASSETS				
Non-current assets				
Equipment, tools, fixtures, and fittings	11	58	91	66
Exploration and evaluation assets	4, 11, 12	175,530	174,917	176,445
Total non-current assets		175,588	175,008	176,511
Current assets				
Other receivables	7	1,060	928	791
Cash and cash equivalents		6,964	11,877	156
Total current assets		8,024	12,805	947
TOTAL ASSETS		183,612	187,813	177,458
EQUITY				
Capital and reserves attributable to Parent Company shareholders				
Share capital		1,794	830	1,633
Non-registered share capital		0	-	-
Other contributed capital		192,828	98,114	183,276
Reserves		8,110	10,671	9,112
Accumulated earnings		-63,845	-48,267	-48,267
Net profit/loss for the period		-4,073	-2,827	-15,577
Total equity		134,814	58,521	130,177
LIABILITIES				
Non-current liabilities				
Loans from related parties	2, 8	6,404	6,904	6,704
Convertible loans	7, 8	-	71,177	-
Deferred tax liabilities	9	14,142	14,968	14,498
Other provisions	6, 7	9,219	9,215	9,250
Total non-current liabilities		29,765	102,264	30,452
Current liabilities				
Convertible loans	7, 8	11,959	-	11,209
Other current liabilities	7	7,074	27,028	5,620
Total current liabilities		19,033	27,028	16,829
TOTAL EQUITY AND LIABILITIES		183,612	187,813	177,458
Pledged assets and contingent liabilities	13	102,863	50	102,863

Condensed consolidated statement of changes in equity

ALL AMOUNTS IN SEK THOUSAND	2016-03-31	2015-03-31	2015-12-31
Opening equity	130,177	57,090	57,090
Net profit/loss for the period	-4,073	-2,827	-15,577
Other comprehensive income, net of tax	-1,003	4,258	2,699
Comprehensive income for the period	-5,076	1,431	-12,878
Transactions with shareholders:			
Conversions, KV1 2013/2016	0	-	-
Option component, KV1 2013/2016	-	-	3,219
Directed share issue	11,000	-	-
Preferential rights issue	-	-	4,913
Offset issues	-	-	79,432
Issue expenses 1)	-1,287	-	-1,599
Closing equity	134,814	58,521	130,177
Attributable to:			
Parent Company shareholders	134,814	58,521	130,177
Total equity	134,814	58,521	130,177

1) Deferred taxes on issue expenses were not recognised.

Condensed consolidated statement of cash flows

	2016-01-01	2015-01-01	2015-01-01
ALL AMOUNTS IN SEK THOUSAND	2016-03-31	2015-03-31	2015-12-31
Cash flow from operating activities	-2,161	-1,813	-8,533
Cash flow from investing activities	10	-417	-21,721
Cash flow from financing activities	10	9,413	800
Cash flow for the period	6,835	-22,734	-34,543
Cash and cash equivalents at start of period	156	34,626	34,626
Cash flow for the period	6,835	-22,734	-34,543
Exchange gains/losses on cash and cash equivalents	-27	-15	73
Cash and cash equivalents at end of period	6,964	11,877	156

Consolidated key ratios

Definitions of key ratios, see pages 24-25.

QUARTERLY SUMMARY – GROUP

Quarterly summary of the past eight quarters:

ALL AMOUNTS IN SEK THOUSAND UNLESS OTHERWISE STATED	NOTE	2016-01-01	2015-10-01	2015-07-01	2015-04-01	2016-01-01	2014-10-01	2014-07-01	2014-04-01	2014-01-01
		2016-03-31	2015-12-31	2015-09-30	2015-06-30	2015-03-31	2014-12-31	2014-09-30	2014-06-30	2014-03-31
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Earnings										
Other operating income		-	140	-	-	-	-	-	-	-
Operating profit/loss		-1,856	-2,361	-1,975	-2,517	-1,791	-3,370	-1,417	-2,369	-2,292
Net loss for the period, after tax		-4,073	-3,733	-2,418	-6,599	-2,827	-6,489	-4,520	-4,088	-5,473
Earnings yield										
Return on equity, %		neg	neg	neg	neg	neg	neg	neg	neg	neg
Return on capital employed, %		neg	neg	neg	neg	neg	neg	neg	neg	neg
Financial position										
Equity/assets ratio, %		73.4%	73.4%	74.5%	74.9%	31.2%	38.3%	41.3%	43.4%	47.0%
Net debt/equity ratio, times		0.04	0.08	0.06	0.07	1.01	0.37	0.31	0.22	0.03
Net asset value per share, SEK		2.21	2.34	2.41	2.42	2.07	2.03	2.12	2.22	2.30
Total assets		183,612	177,458	179,947	174,871	187,813	149,083	144,655	142,255	134,746
Equity		134,814	130,177	134,139	131,044	58,521	57,090	59,795	61,783	63,362
Cash flow from investments		-417	-722	-2,436	-3,816	-21,721	-515	-563	-899	-1,853
Ratios per share										
Dividend per share, SEK		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of basic shares outstanding, thousand	4	61,047	55,547	55,547	54,072	28,243	28,143	28,143	27,845	27,598
Number of diluted shares outstanding, thousand	4	61,047	55,547	55,547	54,072	28,243	28,143	28,143	27,845	27,598
Average number of shares, thousand	4	58,236	55,547	55,419	40,405	28,218	28,143	28,062	27,823	27,823
Average number of diluted shares, thousand	4	58,236	55,547	55,419	40,405	28,218	28,143	28,062	27,823	27,823
Basic earnings per share, SEK	4	-0.07	-0.07	-0.04	-0.16	-0.10	-0.23	-0.16	-0.15	-0.20
Diluted earnings per share, SEK	4	-0.07	-0.07	-0.04	-0.16	-0.10	-0.23	-0.16	-0.15	-0.20
Equity per share, SEK		2.21	2.34	2.41	2.42	2.07	2.03	2.12	2.22	2.30
Cash flow from operating activities per share, SEK		-0.04	-0.03	-0.02	-0.08	-0.06	-0.08	0.00	0.00	0.00
Employees										
Average number of employees		2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0

YEARLY SUMMARY – GROUP

Yearly summary of the past five years:

ALL AMOUNTS IN SEK THOUSAND UNLESS OTHERWISE STATED	NOTE	2015-01-01	2014-01-01	2013-01-01	2012-01-01	2011-01-01
		2015-12-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
		FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR
Earnings						
Other operating income		73	–	–	–	342
Operating profit/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
Financial position						
Equity/assets ratio, %		73.4%	38.3%	51.3%	71.9%	2.4%
Net debt/equity ratio, times		0.08	0.08	-0.02	n/a	n/a
Net asset value per share, SEK		2.34	2.07	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
Ratios per share						
Dividend per share, SEK		n/a	n/a	n/a	n/a	n/a
Number of basic shares outstanding, thousand	4	55,547	28,143	27,598	25,755	17,031
Number of diluted shares outstanding, thousand	4	55,547	28,143	27,598	25,755	17,031
Average number of shares, thousand	4	45,001	27,969	25,917	20,929	3,906
Average number of diluted shares, thousand	4	45,001	27,969	25,917	20,929	3,906
Basic earnings per share, SEK	4	-0.35	-0.75	-0.56	-0.46	-0.78
Diluted earnings per share, SEK	4	-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	-0.59	-0.37	-0.16
Employees						
Average number of employees		2.5	3.0	3.0	2.0	0.0

Condensed Parent Company income statement

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-01-01	2015-01-01	2015-01-01
		2016-03-31	2015-03-31	2015-12-31
Revenue		–	806	806
Other operating income		–	17	137
Other external costs		-534	-460	-3,443
Employee benefit expenses		-1,058	-1,146	-4,077
Depreciation/amortisation and impairment of property, plant, and equipment		-8	-8	-33
Other operating expenses		-25	–	–
Operating profit/loss		-1,625	-791	-6,610
Interest income and similar items		0	486	326
Interest income, intercompany		3,024	1,881	10,768
Interest expenses and similar items		-1,174	-4,306	-8,931
Earnings before tax		225	-2,730	-4,447
Tax	9	–	–	–
Net profit/loss for the period		225	-2,730	-4,447

Condensed Parent Company statement of comprehensive income

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-01-01	2015-01-01	2015-01-01
		2016-03-31	2015-03-31	2015-12-31
Net profit/loss for the period		225	-2,730	-4,447
Other comprehensive income:				
<i>Total items that can be reclassified as profit or loss</i>		–	–	–
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		225	-2,730	-4,447

Condensed Parent Company balance sheet

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-03-31	2015-03-31	2015-12-31
ASSETS				
Non-current assets				
Participations in Group companies		20,204	19,704	20,204
Property, plant, and equipment		58	91	66
Receivables from Group companies		21,244	21,244	21,244
Total non-current assets		41,506	41,039	41,514
Current assets				
Receivables from Group companies		132,590	111,636	127,342
Current receivables	7	1,044	508	563
Cash and bank balances	5	5,369	11,702	72
Total current assets		139,003	123,846	127,977
TOTAL ASSETS		180,509	164,885	169,491
EQUITY				
Equity				
Restricted equity				
Share capital		1,794	830	1,633
Non-registered share capital		0	-	-
Total restricted equity		1,794	830	1,633
Non-restricted equity				
Share premium reserve		188,828	94,114	179,276
Accumulated earnings		-32,409	-27,962	-27,962
Net loss for the year		225	-2,730	-4,447
Total non-restricted equity		156,644	63,422	146,867
Total equity		158,438	64,252	148,500
Non-current liabilities				
Convertible loans	7, 8	-	71,177	-
Loans from related parties	1, 7	6,404	6,904	6,704
Total non-current liabilities		6,404	78,081	6,704
Current liabilities				
Convertible loans	7, 8	11,959	-	11,209
Other current liabilities	7	3,708	22,552	3,078
Total current liabilities		15,667	22,552	14,287
TOTAL EQUITY AND LIABILITIES		180,509	164,885	169,491
Pledged assets		50	50	50
Contingent liabilities		None	None	None

Parent Company – Condensed statement of changes in equity

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-03-31	2015-03-31	2015-12-31
Opening equity		148,500	66,982	66,982
Net profit/loss for the period		225	-2,730	-4,447
Other comprehensive income for the period		-	-	-
Comprehensive income for the period		225	-2,730	-4,447
Conversions, KV1 2013/2016		0	-	-
Option component, KV1 2013/2016		-	-	3,219
Directed share issue		11,000	-	-
Offset issues		-	-	79,432
Preferential rights issue		-	-	4,913
Issue expenses 1)		-1,287	-	-1,599
Closing equity		158,438	64 52	148 0

1) Deferred taxes on issue expenses were not recognised.

Notes

NOTE 1 GENERAL INFORMATION, ACCOUNTING POLICIES

General information

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

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

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

Accounting policies

This interim report was prepared pursuant to IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act, and RFR 1 Supplementary Accounting Regulations for Groups. As with the 2015 annual accounts, the consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The financial statements of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities.

The same accounting policies were used during the period as were used for the 2015 financial year and as described in the 2015 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 2015 Annual Report.

Seasonal variations

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

NOTE 2 TRANSACTIONS WITH RELATED PARTIES

Purchases and sales within the Group

The Parent Company's revenue in Q1 2016 represents 0 per cent (100) of re-invoicing to other companies within the Group. Of the Parent Company's total interest income in the same period, 100 per cent (79) relates to other companies within the Group.

Loans from related parties

The Parent Company holds an interest-free loan from shareholder Ulrik Jansson (privately and via companies) totalling SEK 6,404 thousand at 31 March 2016. The loan decreased by SEK 300 thousand since year-end 2015 due to a repayment.

Purchase of services

Peter Mikkelsen works in his management position under a consultancy agreement. Technical services are also contracted from board member Nick Johnson. Their services are purchased on normal commercial terms and they invoice regularly for work performed. In Q1 2016, Peter Mikkelsen invoiced a total amount of GBP 3 thousand (3) and Nick Johnson GBP 1 thousand (3), which is equivalent to SEK 32 thousand and SEK 8 thousand respectively at an average exchange rate for the period from January to March 2016.

Crown Energy also purchases technical consulting services from Simco Petroleum Ltd. (Simco). Alan Simonian, Crown Energy's Chairman of the Board, currently 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 in Q1 2016 in the amount of USD 30 thousand (30), which is equivalent to SEK 247 thousand calculated using an average rate for the period from January to March 2016.

Other transactions

No other transactions with related parties were entered into in Q1 2016. However, the acquisition of Simbo Petroleum No.2 Ltd, which holds the Block 2B licence in South Africa, was completed in the comparative period of 2015. The sellers were Comtrack Ventures Ltd (major shareholder of Crown Energy AB) and Alan Simonian (owner of Crown Energy AB and Chairman of the Board). 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"). For more information on the transaction, see the 2015 Annual Report.

NOTE 3 OWNERSHIP STRUCTURE

The number of shares registered in Crown Energy AB's share register as of publication of this report is 61,047,373 with a quotient value of SEK 0.03 per share.

The Company's shares are listed on NGM Equity. The five largest shareholders together own 61.7 per cent of the total share capital at 31 March 2016. Ownership structure at 31 March 2016 and known subsequent changes:

SHAREHOLDERS	NUMBER OF SHARES	% OF OWNERSHIP
USB Investment BV	16,012,132	26.2%
Andreas Forssell, privately and via companies	8,404,609	13.8%
Comtrack Ventures Ltd	7,933,156	13.0%
Alan Simonian, privately and via companies	3,429,521	5.6%
Försäkringsbolaget Avanza Pension	1,893,036	3.1%
Other shareholders	23,374,919	38.3%
Total number of shares	61,047,373	100.0%

NOTE 4 EARNINGS PER SHARE AND NUMBER OF SHARES

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

Dilutive effect

At 31 March 2016, the Parent Company had issued a total of 1,221,101 convertibles that could be converted into an equivalent number of ordinary shares. The final conversion period was between 1 and 31 March 2016, and six convertibles were converted into shares during this period. The convertibles have historically and at 31 March 2016 not been considered dilutive given that they caused earnings per share to improve more (larger gain or smaller loss) after dilution than before dilution.

Earnings per share and number of shares

The number of outstanding shares at 31 March 2016 was 61,047,373. Due to an issue in Q1, the average number of shares was 58,236,262. As mentioned above, there is no dilutive effect.

Earnings before tax amounted to SEK -4,073 thousand, which puts earnings per share at 31 March 2016 at SEK -0.07 (both before and after dilution).

NOTE 5 EXPLORATION AND EVALUATION ASSETS

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

Translation differences are attributable to the acquisition of Amicoh Resources Ltd (which was made in USD) and the fact that these assets are translated using the exchange rate at the balance sheet date. The translation difference that arises is recognised directly in the currency translation reserve in other comprehensive income.

GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-01-01	2015-01-01	2015-01-01
	2016-03-31	2015-03-31	2015-12-31
Opening carrying amount	176,445	107,459	107,459
Capital expenditures for the period	1,639	3,936	8,532
Increase through acquisition of assets	–	55,443	55,355
Translation differences	-2,554	8,079	5,099
Closing accumulated cost of acquisition	175,530	174,917	176,445

NOTE 6 PROVISIONS

Following is a summary of the Group's provisions:

GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-03-31	2015-03-31	2015-12-31
Acquisition of Amicoh Resources Ltd			
<i>Additional consideration, commercial discovery</i>	3,015	3,011	3,046
<i>Additional consideration, warrants</i>	–	0	–
Acquisition of Crown Energy Iraq			
<i>Provision for buy-back option</i>	6,204	6,204	6,204
Closing balance	9,219	9,215	9,250

Provisions related to the acquisition of Amicoh Resources Ltd

In connection with the acquisition of subsidiary Amicoh Resources Ltd. in 2011, an additional consideration of up to USD 4,000 thousand was agreed upon in the event of a commercial discovery on Madagascar. The portion paid for a commercial discovery is recognised at 31 March 2016 as a provision at a value of SEK 3,015 thousand (3011) 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 were determined in accordance with an established option pricing model (Black & Scholes). The warrants expired on 30 November 2015 without any share subscriptions. As a result, the provision no longer exists. The carrying amount was less than SEK 1 thousand at 31 March 2015.

For more information on provisions, see the 2015 Annual Report. No changes have occurred in Crown Energy's assessments of provisions since 31 December 2015.

Provision related to acquisition of Crown Energy Iraq AB

The share transfer agreement that was signed with the sellers of Crown Energy Iraq AB ("Crown Energy Iraq") included an option to buy back Crown Energy Iraq shares. The buy-back option entails that the sellers of Crown Energy Iraq can buy back 250 shares in the sold company within 30 months of the takeover date. This means that the option expires on 19 May 2016. 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. In conjunction with the acquisition, an assumption was made that the option will be exercised, and a provision was therefore made in the amount of SEK 6,204 thousand.

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 neither possible nor practical to establish a fair value measurement of its shares. The provision is therefore recognised at historical cost.

For more information on provisions, see the 2015 Annual Report. No changes have occurred in Crown Energy's assessments of provisions since 31 December 2015.

NOTE 7 RECOGNITION OF FINANCIAL INSTRUMENTS

Carrying amount and fair value

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

The fair value of financial liabilities is calculated for disclosure purposes by discounting the future contractual cash flow at the current market interest rate available to the Group for similar financial instruments. The present value of loans from related parties, corresponding to 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.

The nominal value of the convertible loans at 31 December 2015 amounted to SEK 12,211 thousand. These convertible loans are recognised at amortised cost using the effective interest method. This means that the cash flows were discounted at a lending rate of about 20 per cent. The convertible loans were traded at 31 December 2015 on NGM Equity at 85 per cent of the nominal value, corresponding to a total fair value of SEK 10,379 thousand (including conversion option) and an annual interest rate of about 11.8 per cent (compared with actual interest rate of 10 per cent per year).

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

As mentioned in Note 6, Provisions, the provision for the Crown Energy Iraq buy-back option was recognised 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 13, financial instruments require disclosures about fair value measurement by level. The following table shows the financial items recognised at fair value via the income statement, divided into the three levels:

GROUP, ALL AMOUNTS IN SEK THOUSAND				
2016-03-31	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Total assets	-	-	-	-
Liabilities				
Financial liabilities measured at fair value via income statement:				
<i>Provision for additional consideration, commercial discovery</i>	-	-	3,015	3,015
Total liabilities	-	-	3,015	3,015

Provisions were recognised for contracted additional consideration in conjunction with the acquisition of subsidiary Amicoh Resources Ltd (see Note 6, Provisions). No changes have occurred in Crown Energy's assessments of fair value measurement applicable to provisions since 31 December 2015. The period's total net effect due to revaluation to fair value was SEK 31 thousand (0) and was recognised in the income statement as (unrealised) financial income or expense.

NOTE 8 CONVERTIBLE LOANS

Crown Energy (Parent Company) had two outstanding convertible loan series until May 2015: KV1 2013/2016 and KV2 2014/2016. Convertibles valued at SEK 66,432 thousand were bought during April 2015, which corresponded to about 85 per cent of the previous total convertible debt. Totally, 2,924,830 new shares were issued as a result of the buy-back.

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. The nominal amount of these convertibles totalled SEK 12,211 thousand after the buy-back. 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. The terms, conditions and accounting policies for the remaining convertible series, KV1 2013/2016, are described in the 2015 Annual Report. KV1 2013/2016 is traded on NGM Equity.

Carrying amounts

Classification of the convertible loans is shown in the following tables. The remaining convertible loans were repaid on 29 April 2016. The accrued interest matured on 2 May 2016.

NON-CURRENT BORROWINGS GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND			
	2016-03-31	2015-03-31	2015-12-31
Convertible loans:			
KV1 2013/2016	–	54,270	–
KV2 2014/2016	–	16,907	–
Total	–	71,177	–

CURRENT BORROWINGS GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND			
	2016-03-31	2015-03-31	2015-12-31
Convertible loans:			
KV1 2013/2016	11,959	–	11,209
KV2 2014/2016	–	–	–
Total	11,959	–	11,209

Changes for the period:

GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	
At 1 January 2016	12,125
Conversion 31 March 2016	0
Interest expenses Jan-Mar 2016	1,055
Liability component at 31 March 2016	13,180
The liability consists of the following components:	
Convertible loans	11,959
Accrued interest	1,221
Liability component at 31 March 2016	13,180

Conversion during March 2016 amounted to an amount under SEK 1 thousand and concerned a conversion of six convertible bonds to six shares.

The accrued interest payable attributable to the convertible loans was recognised as a current liability and at 31 March 2016 amounted to SEK 1,221 thousand, in comparison to SEK 916 thousand at year-end 2015. The fair value of the short-term interest payable corresponds to its carrying amount, as the impact of discounting is not significant.

Financial expenses in the income statement for Q1 2016 came in at a net amount of SEK -1,055 thousand (4,305) as a result of the convertible loan.

See Note 7, Recognition of financial instruments, for a description of fair value calculation. The fair value corresponds to the price that the convertible loan traded at on NGM Equity at 31 March 2016, including the conversion option. Note that the recognised liability in the balance sheet does not include the conversion option:

GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	CARRYING AMOUNT (EXCL. CONVERSION OPTION)	NOMINAL VALUE (INCL. CONVERSION OPTION)	FAIR VALUE (INCL. CONVERSION OPTION)
Convertible loans	11,959	12,211	10,379
Total	11,959	12,211	10,379

NOTE 9 DEFERRED TAX

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

Crown Energy has unused tax losses and historically has not capitalised a deferred tax asset relating to them as a precaution and in view of uncertainty in the Company's ability to generate future taxable profits. However, Crown Energy has now chosen to offset the loss against the deferred tax liability related to measurement of the convertible loan. A deferred tax asset is recognised at the same amount as the deferred tax liability. The deferred tax liability and tax asset were offset in the balance sheet. There was no further capitalisation of the tax losses in 2016 and 2015, so no deferred tax was recognised in the income statement

NOTE 10 CASH FLOW

Financing and investing activities are specified as follows:

Financing activities

GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-01-01	2015-01-01	2015-01-01
	2016-03-31	2015-03-31	2015-12-31
Directed share issue	11,000	–	–
Preferential rights issue	–	–	4,912
Issue expenses	-1,287	–	-1,599
Interest payment on convertible loan	–	–	-1,228
Borrowings from related parties	–	800	800
Repayment of loans from related parties	-300	–	-200
Total net cash flow from financing activities	9,413	800	2,685

Investing activities

GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-01-01	2015-01-01	2015-01-01
	2016-03-31	2015-03-31	2015-12-31
Acquisition of subsidiaries	–	7	7
<i>Cash and cash equivalents in Simbo Petroleum No.2 Ltd</i>	–	7	7
Expenditures on exploration and evaluation assets	-417	-21,728	-28,702
<i>Increase in exploration and evaluation assets through acquisition of subsidiaries, see Note 12</i>	–	-21,444	-25,014
<i>Expenditures on exploration and evaluation assets</i>	-417	-284	-3,688
Total net cash flow from investing activities	-417	-21,721	-28,695

NOTE 11 SEGMENTS

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

GROUP, ALL AMOUNTS IN SEK THOUSAND	EQUIPMENT, TOOLS, FIXTURES & FITTINGS			EXPLORATION AND EVALUATION ASSETS			TOTAL NON-CURRENT ASSETS		
	2016-03-31	2015-03-31	2015-12-31	2016-03-31	2015-03-31	2015-12-31	2016-03-31	2015-03-31	2015-12-31
Sweden	58	91	66	–	–	–	58	91	66
Equatorial Guinea	–	–	–	4,851	4,779	4,839	4,851	4,779	4,839
Madagascar	–	–	–	78,636	79,298	79,119	78,636	79,298	79,119
Iraq	–	–	–	31,326	31,116	31,252	31,326	31,116	31,252
South Africa	–	–	–	60,717	59,724	61,235	60,717	59,724	61,235
Total	58	91	66	175,530	115,193	115,210	175,588	175,008	176,511

NOTE 12 ACQUISITION OF SIMBO PETROLEUM NO.2 LTD

Background

On 27 January 2015, Crown Energy Ventures Corporation, a Crown Energy AB subsidiary was legally entitled to the shares in Simbo Petroleum No. 2 Ltd ("Simbo No. 2"). Simbo No.2 holds 40,5 per cent stake in the Block 2B licence in South Africa.

For more information on the acquisition, see note 26 in the 2015 Annual Report. Disclosures follow that explain the comparative periods ending 31 March 2015 and 31 December 2015.

Accounting in Group

Crown Energy recognised the acquisition of Simbo 2 as an asset acquisition. Accounting in the Group is presented below.

EXPLORATION AND EVALUATION ASSETS	2016-01-01	2015-01-01	2015-01-01
GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-03-31	2015-03-31	2015-12-31
Increase through acquisition of subsidiaries:			
Acquired assets (licences)	–	18,149	18,149
Surplus values	–	33,563	33,563
Directly attributable acquisition costs	–	3,731	3,643
Total increase in exploration and evaluation assets due to acquisition of Simbo No. 2	–	55,443	55,355

Cash flows attributable to acquisition

Following is a breakdown of cash flow attributable to the acquisition.

CASH FLOWS ATTRIBUTABLE TO ACQUISITION	2015-01-01	2015-01-01	2015-01-01
GROUP, ALL AMOUNTS IN SEK THOUSAND	2015-12-31	2015-03-31	2015-12-31
Cash consideration, subsidiary/licence	–	-35,882	-35,882
Directly attributable acquisition costs	–	-3,731	-3,643
Disbursement from escrow in 2014 for cash calls	–	1,548	1,548
Adjustments for non-cash items:			
Directly attributable acquisition costs (non-cash 2015)	–	482	283
Directly attributable acquisition costs (non-cash Q1 2015)	–	3,139	–
Adjustment to consideration at takeover (non-cash)	–	12,680	12,680
Repayment to seller as relates to cash calls (non-cash Q1 2015)	–	320	–
Cash flow attributable to increase in exploration and evaluation assets through acquisition of subsidiary	–	-21,444	-25,014

NOTE 13 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets refers to 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.

Contingent liabilities refer to the additional consideration for Simbo Petroleum No.2 Ltd and have been presented at the maximum amount that may be paid at settlement. For more information on the additional consideration, see the 2015 Annual Report. No changes to the estimate of the contingent liability have been made since 31 December 2015.

Following is a summary of pledged assets and contingent liabilities.

GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-03-31	2015-03-31	2015-12-31
Pledged assets			
Bank guarantee	50	50	50
Contingent liabilities			
Additional consideration Block 2B	102,813	–	102,813
Total pledged assets and contingent liabilities	102,863	50	102,863

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

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

Stockholm, 12 May 2016

Andreas Forssell
CEO
Board member

Alan Simonian
Chairman of the Board

Nick Johnson
Board member

REPORTING DATES

- Six-month report 11 August 2016
- Nine-month report 11 November 2016

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 12 May 2016 at 8:30 AM.

FINANCIAL INFORMATION

All financial information is posted at www.crownenergy.se as soon as it published. 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.

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This is Crown Energy

GENERAL INFORMATION

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

- Iraq – Onshore exploration licence over an area of 24,000 square kilometres located in northern Iraq south-west of Kurdistan. The licence area contains 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.
- 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.

BUSINESS CONCEPT

Through exploration and reprocessing, Crown Energy develops oil and gas projects in underexplored areas, initially in Africa. 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.

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.

BUSINESS MODEL

To effectively manage and develop Crown Energy, focus will be concentrated on these factors: asset strategy, costs, experience, and expertise. Assets are selected based on a well-defined selection process that encompasses technical and geographical criteria and that is conducive to a balanced risk profile. Crown Energy has a streamlined organisation in which suitable partners take over continued funding of major operational activities such as drilling and development. Crown Energy has offices in Stockholm and London and its organisation is made up of individuals with long-standing experience and a high level of expertise in the oil and gas industry.

Value is created 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.

MORE INFORMATION

See the 2015 Annual Report and the website at www.crownenergy.se.

Glossary and definitions

GLOSSARY – CONCEPTS AND MEASUREMENTS RELATED TO THE OIL INDUSTRY

Block/Concession/Licence

A country's exploration and production area is divided into different geographic blocks. Agreements are entered into with the host country that grant the company the right to explore and produce oil and gas within the specified area in exchange for the company paying a licence and royalties on production.

Farm-in

Farm-in means that a company reaches an agreement with another company concerning the financing of part or all of the other company's project in return for a participating interest in the project.

Farm-out

Farm-out means that a company reaches an agreement with a partner that bears the cost of part or all of a project in return for a participating interest in the project.

Mboe/Mmboe

Thousand barrels of oil equivalents/Million barrels of oil equivalents

Onshore

Refers to operations on land.

Offshore

Refers to operations at sea.

Operator

A company that has the right to explore for oil in an area and to pursue production at an oil discovery. Small operators often let other companies buy working interests in their rights to reduce the risk and share costs.

Prospect

A geographic exploration area in which it has been determined that commercial quantities of oil or gas exist.

Exploration

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

Reserves and resources

Oil assets are divided into reserves and resources. The difference is in how far the oil company has come in working with the licence, 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 proven, probable, and possible. Resources are divided into contingent and prospective categories. Crown Energy calculates reserves and resources in accordance with the Society of Petroleum Engineers Petroleum Resources Management System of 2007.

Reservoirs

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

Seismic data

Seismic surveys are conducted to describe geological structures in the bedrock. Sound signals (blasts) are sent from the surface of the ground or the sea and the reflections are captured by special measuring instruments. Used to localise hydrocarbon deposits.

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, SEK
Equity at end of period.

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

Net debt/equity ratio

Interest-bearing net debt divided by equity, where interest-bearing net debt is interest-bearing liabilities 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, %

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.