



**CROWN  
ENERGY**

**Interim report**  
**January-September 2016**  
**CROWN ENERGY AB (PUBL)**

**11 November 2016**

# Crown Energy AB (publ)

## Q3 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 nine-month period ended on 30 September 2016.

### Q3 – JULY-SEPTEMBER 2016

- No sales were recognised.
- The operating loss totalled SEK -1,907 thousand (-1,975), consisting primarily of employee benefit expenses and other external costs.
- Profit after tax was SEK -1,283 thousand (-2,418), corresponding to SEK -0.01 per share (-0.04), both before and after dilution.
- Investments in exploration and evaluation assets totalled SEK 262 thousand (2,491).

### NINE-MONTH PERIOD – JANUARY-SEPTEMBER 2016

- No sales were recognised.
- The operating loss totalled SEK -6,253 thousand (-6,283), consisting primarily of employee benefit expenses and other external costs.
- Profit after tax was SEK -632 thousand (-11,844), corresponding to SEK -0.01 per share (-0.29), both before and after dilution.
- Investments in exploration and evaluation assets totalled SEK 2,737 thousand (7,891).

### KEY EVENTS DURING THE QUARTER

- Crown Energy's activities during the quarter were focused on completing the directed issue to Cement Fund SCSp.
- On 7 July Crown Energy published its latest resource report of the Company's assets. This report was prepared as a result of the directed issue.
- The prospectus prepared as a result of the directed issue was approved by the Swedish Financial Supervisory Authority on 15 July 2016. As a result of this approval, 31,500,000 shares were admitted to trading on NGM Equity and a short time later delivered to Cement Fund. This made Cement Fund the largest owner of Crown Energy.

### CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	2016-07-01	2015-07-01	2016-01-01	2015-01-01	2015-01-01
	2016-09-30	2015-09-30	2016-09-30	2015-09-30	2015-12-31
GROUP, ALL AMOUNTS IN SEK THOUSAND	Q3	Q3	Q1-3	Q1-3	FULL YEAR
Operating expenses	-1,953	-1,975	-6,253	-6,283	-8,717
Operating profit/loss	-1,907	-1,975	-6,253	-6,283	-8,644
Net financial items	624	-443	5,621	-5,561	-6,933
Net profit/loss for the period, after tax	-1,283	-2,418	-632	-11,844	-15,577
Earnings per share, before and after dilution	-0.01	-0.04	-0.01	-0.29	-0.35
Equity per share	2.12	2.41	2.12	2.41	2.34
Change in cash and cash equivalents	-9,520	1,290	42,678	-32,264	-34,543
Cash flow from investments in intangible assets	-241	-2,436	-1,444	-27,980	-28,702



# CEO statement

*Dear shareholders and investors,*

These are very exciting times for Crown Energy. The fact that we have now entered an agreement to acquire a service company in the oil industry broadens our operations to include both exploration and service with significant operating cash flows. This has been the strategy of the owners, the Board and management for over a year. Through this transaction, we managed to realise this strategy, making us a well-financed and profitable company that has very interesting assets with strong growth potential and a diversified risk profile. We believe this will be very attractive to shareholders and the market going forward.

During the third quarter, we published a prospectus for the directed share issue, which means that Cement Fund came into the Company and brought with it much-needed capital. We subsequently began the work that led to the acquisition agreement with ESI Group in November. After the end of the reporting period the farm-out of Block 2B in South Africa was finalised, so we are now formally partners with Africa Energy and look forward to this collaboration and future activities under this licence.

The acquired business' concept is to develop and offer customised solutions as regards homes and offices along with ancillary services primarily to companies in the oil and gas industry. Their process includes everything from project planning and construction to administration and other value-added services, such as security, transportation, telecommunications, catering and recreational facilities. Customers include some of the world's leading oil and gas companies.

As part of the acquisition, entrepreneur Yoav Ben-Eli will also join the Company, and as the largest shareholder through his company YBE Ventures Ltd., we will gain a strong character who built ESI Group into a well-run business with stable cash flows.

After the acquisition, Crown Energy will consist of two business areas: Energy and Property Development and Services. The acquisition makes Crown Energy a major player in the oil and gas industry while creating significant growth potential for both business areas through expansion in existing and new markets.

We are now looking forward to an extra general meeting that is scheduled to be held on 12 December to decide on the

issue of the shares pledged as payment for the acquired company. After that, we will continue to work on completing the transaction, which is planned for the end of the first quarter or during the second quarter of 2017. We will keep you informed regularly as developments arise.

## **BUSINESS DECISIONS THAT AFFECTED THE COMPANY'S PERFORMANCE**

We will acquire a well-run company that is profitable and has great growth potential. The strong cash flow also increases our ability to develop existing operations in Crown Energy, as the end market in exploration operations and in the property services business consists largely of the same companies and customers, i.e. the oil and gas industry. As a larger joint company, we see new opportunities for generating future business in both business areas.

## **OUTLOOK**

The Company now continues its progress towards a larger and more stable foundation to stand on. Through the merger with ESI Group, we can reap the benefits of prominent contacts in the oil industry, and future cash flows should guarantee faster development of the Company's existing assets. Our capital and organisation are adapted to accommodate an exciting continuation of Crown Energy's development efforts.

An important part of incorporating ESI Group in a listed company in Europe is to have better access to the international capital market, which is important for faster growth and further expansion of the business.

We can now continue to take an active approach to our assets and assume a position of strength when new transactions arise going forward. This ensures a bright future for the Company.

## **FINANCING**

The issue of shares and warrants to Cement Fund earlier this year means the Company will continue to have adequate working and investment capital going forward.

We look forward to continuing our efforts to capitalise on our assets, thus creating value for you, our shareholders.

***Andreas Forssell***

***CEO Crown Energy AB (publ)***

# Summary of accounts and operations – January–September 2016

## INCOME STATEMENT

### Operating loss

#### Q3

The Group did not have any revenue or other operating income in Q3 2016 (2015).

Other external costs for Q3 2016 (2015) totalled SEK -590 thousand (-963). Crown Energy has, in general, cut its external costs year-on-year.

Employee benefit expenses came in at SEK -1,354 thousand (-953). The reason for this increase is that one more person, Alan Simonian, was employed by the Company in August. Alan will work with the Company's oil and gas projects regarding contacts with other licence partners, market analysis etc.

Depreciation of equipment in Q3 totalled SEK -8 thousand and is at the same level as compared year-on-year.

Other operating expenses of SEK 0 thousand (-50) mainly relate to exchange rate effects on operating items. The net effect of exchange rate effects on operating items was positive for Q3 2016, amounting to SEK 46 thousand.

#### Interim period from January to September ("the interim period")

The Group did not have any revenue or other operating income in the 2016 interim period.

Other external costs in the 2016 (2015) interim period totalled SEK 2,602 thousand (-2,972). As mentioned above, Crown Energy has cut its recurring external costs year-on-year.

Employee benefit expenses came in at SEK -3,423 thousand (-3,219). As mentioned above, employee benefit expenses now also include an additional monthly salary.

Depreciation of equipment in the 2016 interim period totalled SEK -25 thousand and is at the same level as compared year-on-year.

Other operating expenses of SEK -203 thousand (-67) mainly relate to exchange rate effects on operating items.

### Net financial items

#### Q3

Net financial items for Q3 2016 (2015) totalled SEK 624 thousand (-443). Net financial items comprise revenue in the amount of SEK 799 thousand (817), which mainly comprises exchange rate effects as a result of the restatement of internal transactions in foreign currency. Financial expenses amounted to SEK -175 thousand (-1,260), of which SEK 0 thousand (-1,144) was related to interest expenses due to the convertible loans.

#### Interim period from January to September ("the interim period")

Net financial items for the 2016 (2015) interim period amounted to SEK 5,621 thousand (-5,561). The financial income of SEK 7,628 thousand mainly comprises an accounting effect of SEK 6,204 thousand, since the buy-back option for Crown Energy Iraq AB expired in May 2016. The buy-back option was previously recognised as a provision in the balance sheet. Once the option expired without any shares being claimed, the provision was removed, which had a positive effect in the income statement. This income does not impact cash flow. Other financial income comprises exchange rate differences of SEK 1,424 thousand. The financial expenses of SEK -2,007 thousand (-8,276) mainly consist of interest expenses attributable to the convertible loans.

### Tax

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

### Earnings after tax

Loss (after tax) for Q3 2016 (2015) totalled SEK -1,283 thousand (-2,418), corresponding to SEK -0.01 per share (-0.04).

Loss (after tax) for the 2016 (2015) interim period was SEK -632 thousand (-11,844), corresponding to SEK -0.02 per share (-0.29).

## FINANCIAL POSITION

### Non-current assets

Property, plant, and equipment, in the form of office equipment, totalled SEK 41 thousand (74) after depreciation

of SEK -25 thousand (-25) was taken for the period since year-end 2015 (2014).

Exploration and evaluation assets totalled SEK 182,943 thousand at 30 September 2016. The net change in exploration and evaluation assets since year-end 2015 (2014) was SEK 6,498 thousand (68,879). The change in this period partially consists of new capital expenditures in the interim period in the amount of SEK 2,737 thousand (7,891) and translation and revaluation effects in the amount of SEK 3,761 thousand (5,501). These assets also increased in the comparison year of 2015 by SEK 55,487 thousand because of the acquisition of Simbo Petroleum No.2 Ltd. The translation and revaluation effects are due to the fact that some of the assets were acquired in USD and were translated to the closing rate (see Note 5, Exploration and evaluation assets) and the fact that some of the subsidiaries have the USD as their functional currency. Because of the major changes that occurred over the past years in the rate between SEK and USD, the translation and revaluation effects between the periods were significant and affect the assets by increasing or decreasing them. These effects do not affect cash flow. See Note 5, Exploration and evaluation assets, for a breakdown of changes for the period.

### **Current assets**

Other receivables amounted to SEK 883 thousand, compared to SEK 791 thousand on 31 December 2015.

Cash and cash equivalents at the end of the period totalled SEK 42,834 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 Q2 2016. See Note 10, Cash flow, and the section entitled Key events during the reporting period.

### **Equity**

Equity totalled SEK 196,202 thousand. The increase since year-end 2015 is attributable to the two directed share issues completed in February and June 2016. The issues increased equity by a total of SEK 74,000 thousand before issue expenses. Issue expenses totalled SEK 8,641 thousand for both issues, thus reducing equity.

### **Non-current liabilities**

Loans from related parties amounted to SEK 6,054 thousand, a net decrease of SEK 650 thousand since 31 December 2015 as the result of repayments.

Deferred tax liabilities totalled SEK 14,961 thousand and are attributable to surplus values in exploration and evaluation assets. The increase 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 30 September 2016 totalled SEK 3,284 thousand compared with SEK 9,250 thousand at year-end 2015. The change since year-end is mainly attributable to the

reversal of the previous provision of SEK 6,204 thousand for a buy-back option in Crown Energy Iraq AB. Other changes refer to revaluations to fair value attributable to other remaining provisions. For more information on provisions and reversals for the period, see Note 6, Provisions.

### **Current liabilities**

The convertible loans and associated interest were repaid in late June 2016 (see Key events during the reporting period) Crown Energy thus does not have any remaining convertible loans.

Other current liabilities amount to SEK 6,200 thousand and consist principally of accounts payable, employee-related tax liabilities and miscellaneous accrued expenses.

## **CASH FLOW**

### **Q3**

Cash flow from operating activities in Q3 totalled SEK -2,620 thousand (-1,020). Cash flow from operating activities can vary significantly between quarters and years, which makes it difficult to compare periods.

Cash flow from investing activities for Q3 2016 totalled SEK -241 thousand (-2,436). In both Q3 and in the comparison period of 2015, cash flow was related to investments in exploration assets. See Note 10, Cash flow, for a more detailed specification.

Net cash flow from financing activities for Q3 totalled SEK -6,659 thousand (4,746). In this quarter, cash flow comprises issue expenses of SEK -6,409 thousand and a repayment of SEK -250 thousand on loans to related parties. See Note 10, Cash flow, for a detailed specification.

### **Interim period from January to September ("the interim period")**

Cash flow from operating activities in the interim period totalled SEK -6,770 thousand (-6,976). Cash flow from operating activities can vary significantly between quarters and years, which makes it difficult to compare periods.

Cash flow from investing activities in the 2016 (2015) interim period totalled SEK -1,444 thousand (-27,973). There was an outflow in the amount of SEK -24,947 thousand in the comparison period of 2015 because of the acquisition of Simbo Petroleum No.2 Ltd. Cash flow otherwise consists of investments in exploration assets. See Note 10, Cash flow, for a more detailed specification.

Net cash flow from financing activities for the 2016 (2015) interim period totalled SEK 50,895 thousand (2,685). The positive cash flow can be explained by two directed issues totalling SEK 74,000 thousand, issue expenses of SEK -8,641 thousand, repayment of convertible loans (including interest) totalling SEK -13,817 thousand and

repayments of SEK -650 thousand for loans to related parties. See Note 10, Cash flow, for a detailed specification.

## PROJECTS

On 30 September, Crown Energy issued a press release with an update on operations for all projects. Following are project status updates. The text below is based on the latest update on operations as well as events that occurred afterwards.

### Block 2B – South Africa

The previously announced transaction with Africa Energy Corp. (“Africa Energy”) regarding the acquisition of a 30.5 per cent participating interest in Block 2B was completed on 21 October 2016. Crown Energy retains 10 per cent and this share will be financed by Africa Energy for drilling and testing the next well. Africa Energy will now take over the operatorship from Thombo Petroleum.

According to Africa Energy they are ready to take the licence to the next level with its team of experienced staff and knowledge as well as the resources it can bring in for these efforts. Preparations within the current licence period have proceeded according to plan, to pave the way for the planned drilling of a well on the licence in the next extension period. A detailed environmental impact assessment has also been submitted to the authorities, which has now been approved and is an important step forward.

### Block P PDA – Equatorial Guinea

The Company has been in contact with other licence partners, including independent oil company Vaalco Energy Inc from Houston, to discuss the current situation and to obtain additional information from the licence operator about plans for 2017. The operator continues technical activities within the licence and we expect it will hold an operators’ meeting in November 2016, where the parties will discuss what the next steps will be. Crown Energy has been waiting for information about the strategy and it is therefore positive that activities are now being reviewed. The Company has not incurred any costs for the licence during the periods of inactivity.

### 3108 Manja – Madagascar

Crown Energy has completed preparations to conduct a technical exploration project on existing structures over the licence area, based on airborne gravimetric/magnetic surveys and in accordance with the licence commitments. Three quotes have been obtained from industry specialists in the field. Madagascar is approaching a rainy period, and it is therefore prudent to postpone implementation of the project and wait until spring 2017 instead. The Company will meet the authorities in an annual update meeting and work on finding a suitable partner to continue planned projects and take further joint steps in the future.

### Salah ad-Din – Iraq

The Company is tracking developments in Salah ad-Din and in Iraq in general and has a positive outlook on the improved security situation we have received reports on and which has been reported on in the international media.

The Company is now working on initiating concrete operating activities in the form of planning for initial on-the-ground geological, technical and engineering activities in the region covered by our exploration licence. The Company is examining existing infrastructure and technical facilities alongside geological and geophysical activities. Because of this, the Board of Directors of Crown Energy has resolved to hire suitable contractors to prepare the development plans required. Given that the Company has the financing to engage in technical activities on site, we are looking forward to commencing development of the licence.

## KEY EVENTS DURING THE REPORTING PERIOD

### Directed issue January 2016

On 26 January 2016, an extraordinary general meeting approved the directed issue proposed by the board in December 2015. 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 deviation of shareholders’ preferential rights. The issue raised SEK 11 million before issue expenses for Crown Energy.

### Directed issue to new international investor

In Q2 2016, a share issue was directed to a new international investor, Cement Fund SCSp (Société en Commandite Spéciale) (“Cement Fund”). Cement Fund subscribed for 31,500,000 units, with each unit consisting of one (1) share and one (1) warrant. The issue price was SEK 2 per unit, which allowed Crown Energy to raise a total of SEK 63 million before issue expenses. The issue was approved by the AGM on 4 May 2016. The directed issue had a dilutive effect of 34 per cent for existing shareholders.

The proceeds of the subscriptions were paid in June 2016. A prospectus was prepared due to the size and extent of the issue. This prospectus was approved by the Swedish Financial Supervisory Authority on 15 July 2016. In conjunction with this approval, 31,500,000 shares were admitted to trading on NGM Equity and delivered to Cement Fund’s subsidiary Cement Sweden S.a.r.l on 25 July 2016. The prospectus requirement also included a requirement for an updated resource report. Read more about this report below.

As mentioned above, warrants were issued as well. For more information about the terms and conditions of these warrants and potential dilutive effects, please see Note 4 Earnings per share and number of shares

## 2016 AGM

The Crown Energy AGM was held on 4 May 2016. In addition to customary resolutions to adopt the income statement and balance sheet, to appropriate profits, to discharge the board and CEO from liability as well as a resolution on remuneration guidelines, a resolution was passed to approve the issue.

In addition, the composition of the board changed. Nick Johnson and Alan Simonian were re-elected as board members. Jean Benaïm and Pierre-Emmanuel Weil were elected as new board members, with Pierre-Emmanuel Weil elected as the new chairman of the board. Andreas Forssell declined to run for re-election and left the board.

## Conversion and repayment of convertible loans

The final conversion period for KV 1 2013/2016 was in March 2016. In total, six convertibles were converted into the same number of shares, putting the change in equity below SEK 1 thousand.

The board announced in April 2016 that it had decided to postpone repayment of convertible loan KV1 2013/2016 and associated interest. An interest payment for the convertible loan matured on 29 April 2016 and the convertible loan matured for final payment on 2 May 2016. The convertible loans and their interest were repaid in connection with Crown Energy receiving payment for the aforementioned directed issue. The convertible holders received additional compensatory interest of 18 per cent per year from the maturity date until 30 June 2016 on the nominal amount and the overdue interest. Following the repayment, Crown Energy no longer has any convertible loans outstanding.

## Publication of resource report

On 7 July 2016 Crown Energy published a Competent Persons Report (CPR) of the Company's assets. The report was prepared in support of the Company's prospectus (see above). The report shows that, except for the exploration and production licence in Iraq, the oil assets are unchanged since the Company's most recent CPR from May 2015. The change in Iraq involves Crown Energy's participating interest and the fact that an in-depth legal interpretation of the production licence agreement has been conducted. According to this change, Crown Energy is estimated to hold 60 per cent of the licence, in comparison to its previous 100 per cent. The change has not resulted in any need of impairment of the book value of the license.

## EVENTS AFTER THE REPORTING PERIOD

### Farm-out transaction with Africa Energy completed

The previously announced transaction with Africa Energy Corp. ("Africa Energy") regarding the acquisition of a 30.5 per cent participating interest in Block 2B in South Africa was completed on 21 October 2016. Africa Energy reimburses Crown Energy for certain costs previously incurred and will finance Crown Energy's remaining 10 per cent participating interest regarding costs incurred in connection with drilling and testing the next well. Africa Energy also acquired the shares of the other partners, giving Africa Energy 90 per cent of Block 2B.

The completion of this transaction makes Africa Energy the operator.

### Agreement for acquisition of property development and service business in Angola

On 10 November 2016, Crown Energy announced that the Company has entered into an agreement with YBE Ventures Ltd ("YBE Ventures") to acquire all shares of ESI Group SA ("ESI Group"), which in turn is the owner of a portfolio of real estate assets in Angola, valued at SEK 910 million ("Transaction"). The commercial purpose of the acquired business is to lease out residential and offices and offer services tailored for personnel in mainly the oil and gas industry. Customers include some of the world's leading oil companies. Payment of the Transaction is proposed to be carried out through issuance of 364 million C-shares, which are assigned a value of 2.50 SEK per new share.

ESI Group's business model is to develop and offer customized solutions relating to (staff) residential and offices to companies primarily in the oil and gas industry. Their offer includes everything from planning and construction to management and other value-added services, such as security, transportation, telecommunications, catering and recreational facilities. The business has worked for around 15 years and was founded by the current owner Yoav Ben-Eli.

After the Transaction, Crown Energy will consist of two business units - Energy and Property Development & Services. The Transaction makes Crown Energy a major player in the oil and gas industry and creates significant growth potential for both business units through expansion on current and new markets.

The Transaction and the share issue is conditional upon a decision by a general meeting, which is planned to be held on 12 December 2016.



At the extra general meeting, the shareholders of the Company are proposed to resolve on introducing a new share class and a subsequent directed share issue of a maximum of 364 million new C-shares, where ESI Group's current owner, YBE Ventures is entitled to subscribe for the new shares in the Company. After completed conversion of C-shares to ordinary shares, YBE Ventures will be the major shareholder and own approximately 75-80 per cent of the share capital and votes in Crown Energy.

The Transaction is expected to be fully complete during the first half of 2016.

As Crown Energy will get a new major shareholder, the Transaction will from accounting perspective be considered as a reverse acquisition.

For more information, please see the press release, dated 10 November 2016 and notice to extra general meeting. All information is available at the Crown Energy's website. Crown Energy will continue to update the market about the status of the transaction.

## 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.

On 10 November, the Company announced that it had signed an agreement for the acquisition of ESI Group S.A. with a portfolio of cash flow generating property assets in Angola. If and when this transaction is carried out, which is expected to occur during the first six months of 2017, a new business area will be added to the existing oil and gas exploration area. This will expand operations and Crown Energy will have two business areas with very interesting prospects for both business areas. Crown Energy will become a larger and more significant player in the oil and gas industry with positive cash flow and a diversified business, which means reduced risk. We see increased opportunities to capitalise on existing assets through a stronger financial position and stronger customer relationships with several of the world's leading oil and gas companies. The acquired business will also provide increased opportunities for expansion of property and service operations through access to the international capital market as a public company.

There are undoubtedly major challenges at the current oil price levels, but given that both property projects and oil development projects span 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 year to position itself in the current market conditions for its oil assets. 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.

Crown Energy will continue to focus on activities that create value. This has been demonstrated by acquisition agreements as well as various types of partnerships and new shareholders of the Company.

### Financing and going concern

Since the Group has not generated any revenue or profits, financing has historically been done through new share issues.

In the second quarter, the Company implemented a directed issue of shares and warrants for SEK 63 million to a maximum of SEK 126 million (see section entitled Key events during the reporting period). The investor initially subscribed for SEK 63 million and the issue proceeds were received in late June 2016. This investment has enabled Crown Energy to continue to take steps forward with the Company's growth and has secured financing for both the short and long term. The investment has and will continue to create opportunities for greater investments of capital and resources in existing projects. The investment also enabled Crown Energy to repay the outstanding convertible loan, including interest.

Our objective is to deal with all outstanding obligations within the next 12 months, i.e. investments, recurring administration and repayment of loans, using the already completed issues. 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. In addition, financing conditions may change significantly if the transaction for the acquisition of ESI Group S.A. is completed per the description in the Operations section and other sections.

The interim report was prepared assuming a going concern in view of the Company's existing operations, activities planned for the next 12 months and existing cash and cash equivalents.



## RISKS AND UNCERTAINTY FACTORS

A detailed description of the Company's risks can be found in Crown Energy's 2015 Annual Report. No material 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 as good control as it is possible to retain over any changes to or new requirements for its licences.

The main risks related to the market and industry are 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 social 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 does not lead to development and production and that the estimated volumes are not realised. To reduce the risk of misjudging a licence's potential, Crown Energy hires competent persons with good geological experience and always follows established procedures and models for estimating resources and reserves.

Regarding 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 less favourable market periods. 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 to be able to address any capital raising and refinancing requirements.

### Market

Oil prices during the third quarter of this year have started to edge up again and having gone briefly above the USD 50 mark, they are now settled in the upper USD 40's. There are a number of reasons for this. One is that the market now feels that OPEC and particularly the Saudis will need to take some action to ensure prices stay up, otherwise their domestic economies will continue to suffer, and this situation will be unsustainable to such countries, including Saudi Arabia itself. Additionally, the difference between supply and demand, as we have mentioned before, is getting smaller, and this is having an effect. There are ongoing declines in existing production fields from around the world and although new fields that have previously been developed, are coming on stream now, there is very little further new exploration and development work being carried out to replace these sources. So our view continues to be that oil prices will go up gently for the rest of this year and into 2017.

## PARENT COMPANY

The Parent Company's revenue for the interim period totalled SEK 0 thousand (806). The revenue in 2015 was related to invoicing of subsidiaries. Q3 revenue came in at SEK 0 (0) thousand.

The Parent Company's earnings before tax for the interim period totalled SEK 1,822 thousand (-4,446). Q3 earnings before tax totalled SEK 1321 thousand (175).

Cash and cash equivalents at 30 September 2016 totalled SEK 41,446 thousand compared with SEK 72 thousand at 31 December 2015. This increase is attributable to the directed issue completed in June 2016, which raised SEK 63,000 thousand in cash and cash equivalents for the Company before issue expenses.

There were 3 persons (2) employed by the Parent Company at the end of the period. Alan Simonian was hired by the Company in August 2016. Alan is a member of the board, but will no longer receive any board fees due to his employment with the Company.

Equity at the end of the period was SEK 215,681 thousand compared with SEK 148,500 thousand at 31 December 2015. The change consists of the two issues during the period. For details, see the Parent Company's statement of changes in equity on page 16.

As mentioned previously, the Company repaid the entire convertible loan and associated interest in late June 2016. Thus, there are no longer any convertible loans. See Note 8, Convertible loans, for more information.

# Condensed consolidated income statement

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-07-01	2015-07-01	2016-01-01	2015-01-01	2015-01-01
		2016-09-30	2015-09-30	2016-09-30	2015-09-30	2015-12-31
Revenue		-	-	-	-	-
Other operating income		46	-	-	-	73
Other external costs		-590	-963	-2,602	-2,972	-4,607
Employee benefit expenses		-1,354	-953	-3,423	-3,219	-4,077
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets		-9	-9	-25	-25	-33
Other operating expenses		-	-50	-203	-67	-
<b>Operating profit/loss</b>		<b>-1,907</b>	<b>-1,975</b>	<b>-6,253</b>	<b>-6,283</b>	<b>-8,644</b>
Financial income		799	817	7,628	2,715	2,447
Financial expenses		-175	-1,260	-2,007	-8,276	-9,380
<b>Earnings before tax</b>		<b>-1,283</b>	<b>-2,418</b>	<b>-632</b>	<b>-11,844</b>	<b>-15,577</b>
Income tax	9	-	-	-	-	-
<b>Net profit/loss for the period</b>		<b>-1,283</b>	<b>-2,418</b>	<b>-632</b>	<b>-11,844</b>	<b>-15,577</b>
<b>Earnings per share and share related data</b>						
Average number of basic shares, thousands	4	92,547	55,419	41,447	41,447	45,001
Average number of diluted shares, thousands	4	92,547	55,419	41,447	41,447	45,001
Basic earnings per share, SEK	4	-0.01	-0.04	-0.02	-0.29	-0.35
Diluted earnings per share, SEK	4	-0.01	-0.04	-0.02	-0.29	-0.35

# Condensed consolidated statement of comprehensive income

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-07-01	2015-07-01	2016-01-01	2013-01-01	2015-01-01
		2016-09-30	2015-09-30	2016-09-30	2015-09-30	2015-12-31
<b>Net profit/loss for the period</b>		<b>-1,283</b>	<b>-2,418</b>	<b>-632</b>	<b>-11,844</b>	<b>-15,577</b>
<b>Other comprehensive income</b>						
Translation differences		667	-1,329	1,298	2,929	2,699
<b>Total items that can be reclassified to profit or loss</b>		<b>667</b>	<b>-1,329</b>	<b>1,298</b>	<b>2,929</b>	<b>2,699</b>
<b>Other comprehensive income, net of tax</b>		<b>667</b>	<b>-1,329</b>	<b>1,298</b>	<b>2,929</b>	<b>2,699</b>
<b>Total comprehensive income for the period</b>		<b>-616</b>	<b>-3,747</b>	<b>666</b>	<b>-8,915</b>	<b>-12,878</b>
<b>Total comprehensive income attributable to:</b>						
Parent Company shareholders		-616	-3,747	666	-8,915	-12,878
<b>Comprehensive income for the period</b>		<b>-616</b>	<b>-3,747</b>	<b>666</b>	<b>-8,915</b>	<b>-12,878</b>

# Condensed consolidated statement of financial position

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-09-30	2015-09-30	2015-12-31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Equipment, tools, fixtures, and fittings	11	41	74	66
Exploration and evaluation assets	5, 11, 12	182,943	176,338	176,445
<b>Total non-current assets</b>		<b>182,984</b>	<b>176,412</b>	<b>176,511</b>
<b>Current assets</b>				
Other receivables	7	883	1,239	791
Cash and cash equivalents		42,834	2,296	156
<b>Total current assets</b>		<b>43,717</b>	<b>3,535</b>	<b>947</b>
<b>TOTAL ASSETS</b>		<b>226,701</b>	<b>179,947</b>	<b>177,458</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to Parent Company shareholders</b>				
Share capital		2,721	1,633	1,633
Other contributed capital		247,547	183,276	183,276
Reserves		10,411	9,341	9,112
Accumulated earnings		-63,845	-48,267	-48,267
Net profit/loss for the period		-632	-11,844	-15,577
<b>Total equity</b>		<b>196,202</b>	<b>134,139</b>	<b>130,177</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans from related parties	2, 8	6,054	6,704	6,704
Deferred tax liabilities	9	14,961	14,560	14,498
Other provisions	6, 7	3,284	9,219	9,250
<b>Total non-current liabilities</b>		<b>24,299</b>	<b>30,483</b>	<b>30,452</b>
<b>Current liabilities</b>				
Convertible loans	7, 8	-	10,465	11,209
Other current liabilities	7	6,200	4,860	5,620
<b>Total current liabilities</b>		<b>6,200</b>	<b>15,325</b>	<b>16,829</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>226,701</b>	<b>179,947</b>	<b>177,458</b>
Pledged assets and contingent liabilities	13	102,863	50	102,863



# Condensed consolidated statement of changes in equity

ALL AMOUNTS IN SEK THOUSAND	2016-09-30	2015-09-30	2015-12-31
<b>Opening equity</b>	<b>130,177</b>	<b>57,090</b>	<b>57,090</b>
Net profit/loss for the period	-632	-11,844	-15,577
Other comprehensive income, net of tax	1,298	2,929	2,699
<b>Comprehensive income for the period</b>	<b>666</b>	<b>-8,915</b>	<b>-12,878</b>
Transactions with shareholders:			
Conversions, KV1 2013/2016 1)	0	-	-
Option component, KV1 2013/2016	-	3,219	3,219
Directed issue, January 2016	11,000	-	-
Directed issue, June 2016	63,000	-	-
Shares 2)	44,100	-	-
Warrants 2)	18,900	-	-
Preferential rights issue	-	4,912	4,913
Offset issues	-	79,432	79,432
Issue expenses 3)	-8,641	-1,599	-1,599
<b>Closing equity</b>	<b>196,202</b>	<b>134,139</b>	<b>130,177</b>
<b>Attributable to:</b>			
Parent Company shareholders	196,202	134,139	130,177
<b>Total equity</b>	<b>196,202</b>	<b>134,139</b>	<b>130,177</b>

1) The conversion amounts are less than SEK 1 thousand.

2) The issue price for 1 unit (consisting of one [1] share and one [1] warrant) was SEK 2. There was no allocation made between the value of shares and warrants in the acquisition agreement with Cement Fund. In accordance with applicable accounting regulations, there was an allocation made in equity between shares and warrants, based on an option valuation calculated under Black & Scholes. Each warrant was valued at SEK 0.60.

3) Deferred taxes on issue expenses were not recognised.

# Condensed consolidated statement of cash flows

ALL AMOUNTS IN SEK THOUSAND	2016-07-01	2015-07-01	2016-01-01	2015-01-01	2015-01-01
	2016-09-30	2015-09-30	2016-09-30	2015-09-30	2015-12-31
<b>Cash flow from operating activities</b>	<b>-2,620</b>	<b>-1,020</b>	<b>-6,770</b>	<b>-6,976</b>	<b>-8,533</b>
<b>Cash flow from investing activities</b>	<b>10 -241</b>	<b>-2,436</b>	<b>-1,444</b>	<b>-27,973</b>	<b>-28,695</b>
<b>Cash flow from financing activities</b>	<b>10 -6,659</b>	<b>4,746</b>	<b>50,892</b>	<b>2,685</b>	<b>2,685</b>
<b>Cash flow for the period</b>	<b>-9,520</b>	<b>1,290</b>	<b>42,678</b>	<b>-32,264</b>	<b>-34,543</b>
Cash and cash equivalents at start of period	52,354	1,056	156	34,626	34,626
Cash flow for the period	-9,520	1,290	42,678	-32,264	-34,543
Exchange gains/losses on cash and cash equivalents	0	-50	0	-66	73
<b>Cash and cash equivalents at end of period</b>	<b>42,834</b>	<b>2,296</b>	<b>42,834</b>	<b>2,296</b>	<b>156</b>

# Consolidated key ratios

For definitions of key ratios, see pages 25-26.

## QUARTERLY SUMMARY – GROUP

Quarterly summary of the last eight quarters:

ALL AMOUNTS IN SEK THOUSAND UNLESS OTHERWISE STATED	NOTE	2016-07-01	2016-04-01	2016-01-01	2015-10-01	2015-07-01	2015-04-01	2016-01-01	2014-10-01	2014-07-01
		2016-09-30	2016-06-30	2016-03-31	2015-12-31	2015-09-30	2015-06-30	2015-03-31	2014-12-31	2014-09-30
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Earnings</b>										
Other operating income		46	–	–	140	–	–	–	–	–
Operating profit/loss		-1,907	-2,490	-1,856	-2,361	-1,975	-2,517	-1,791	-3,370	-1,417
Net profit/loss for the period, after tax		-723	4,724	-4,073	-3,733	-2,418	-6,599	-2,827	-6,489	-4,520
<b>Earnings yield</b>										
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
<b>Financial position</b>										
Equity/assets ratio, %		86.5%	84.2%	73.4%	73.4%	74.5%	74.9%	31.2%	38.3%	41.3%
Net debt/equity ratio, times		-0.22	-0.27	0.04	0.08	0.06	0.07	1.01	0.37	0.31
Net asset value per share, SEK		2.12	2.13	2.21	2.34	2.41	2.42	2.07	2.03	2.12
Total assets		226,701	233,956	183,612	177,458	179,947	174,871	187,813	149,083	144,655
Equity		196,202	196,927	134,814	130,177	134,139	131,044	58,521	57,090	59,795
Cash flow from investments		-241	-786	-417	-722	-2,436	-3,816	-21,721	-515	-563
<b>Ratios per share</b>										
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	92,547	92,547	61,047	55,547	55,547	54,072	28,243	28,143	28,143
Number of diluted shares outstanding, thousand	4	92,547	92,547	61,047	55,547	55,547	54,072	28,243	28,143	28,143
Average number of shares, thousand	4	92,547	61,394	58,236	55,547	55,419	40,405	28,218	28,143	28,062
Average number of diluted shares, thousands	4	92,547	61,394	58,236	55,547	55,419	40,405	28,218	28,143	28,062
Basic earnings per share, SEK	4	-0.01	0.08	-0.07	-0.07	-0.04	-0.16	-0.10	-0.23	-0.16
Diluted earnings per share, SEK	4	-0.01	0.08	-0.07	-0.07	-0.04	-0.16	-0.10	-0.23	-0.16
Equity per share, SEK		2.12	2.13	2.21	2.34	2.41	2.42	2.07	2.03	2.12
Cash flow from operating activities per share, SEK		-0.03	-0.02	-0.04	-0.03	-0.02	-0.08	-0.06	-0.08	0.00
<b>Employees</b>										
Average number of employees		3.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0

## INTERIM AND FULL-YEAR SUMMARY – GROUP

Interim summary, comparison period and full-year summary of the last four years (five years not possible):

ALL AMOUNTS IN SEK THOUSAND UNLESS OTHERWISE STATED	NOTE	2016-01-01	2015-01-01	2015-01-01	2014-01-01	2013-01-01	2012-01-01	2011-01-01
		2016-09-30	2015-09-30	2015-12-31	2014-12-31	2013-12-31	2012-12-31	2011-12-31
		Q1-Q3	Q1-Q3	FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR	FULL YEAR
<b>Earnings</b>								
Other operating income		–	–	73	–	–	–	342
Operating profit/loss		-6,253	-6,283	-8,644	-9,448	-9,271	-9,300	-3,158
Net profit/loss for the period, after tax		-632	-11,844	-15,577	-21,115	-14,399	-9,710	-3,042
<b>Earnings yield</b>								
Return on equity, %		neg	neg	neg	neg	neg	neg	neg
Return on capital employed, %		neg	neg	neg	neg	neg	neg	neg
<b>Financial position</b>								
Equity/assets ratio, %		86.5%	74.5%	73.4%	38.3%	51.3%	71.9%	2.4%
Net debt/equity ratio, times		-0.22	0.06	0.08	0.08	-0.02	n/a	n/a
Net asset value per share, SEK		3.53	2.41	2.34	2.07	2.49	2.15	0.07
Total assets		226,701	179,947	177,458	149,083	134,211	77,133	51,958
Equity		196,202	134,139	130,177	57,090	68,843	55,434	1,247
Cash flow from investments		-1,444	-27,973	-28,695	-3,830	-2,664	-11,791	-17,974
<b>Ratios per share</b>								
Dividend per share, SEK		n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of basic shares outstanding, thousand	4	92,547	55,547	55,547	28,143	27,598	25,755	17,031
Number of diluted shares outstanding, thousand	4	92,547	55,547	55,547	28,143	27,598	25,755	17,031
Average number of shares, thousand	4	70,851	41,447	45,001	27,969	25,917	20,929	3,906
Average number of diluted shares, thousands	4	70,851	41,447	45,001	27,969	25,917	20,929	3,906
Basic earnings per share, SEK	4	-0.01	-0.29	-0.35	-0.75	-0.56	-0.46	-0.78
Diluted earnings per share, SEK	4	-0.01	-0.29	-0.35	-0.75	-0.56	-0.46	-0.78
Equity per share, SEK		2.12	2.41	2.34	2.03	2.49	2.15	0.07
Cash flow from operating activities per share, SEK		-0.21	-0.21	-0.21	-0.40	-0.59	-0.37	-0.16
<b>Employees</b>								
Average number of employees		2.2	2.7	2.5	3.0	3.0	2.0	0.0



# Condensed Parent Company income statement

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-07-01	2015-07-01	2016-01-01	2015-01-01	2015-01-01
		2016-09-30	2015-09-30	2016-09-30	2015-09-30	2015-12-31
Revenue	2	–	–	–	806	806
Other operating income		–	-32	–	–	137
Other external costs		-529	-719	-2,190	-2,289	-3,443
Employee benefit expenses		-1,328	-953	-3,356	-3,219	-4,077
Depreciation/amortisation and impairment of property, plant, and equipment and intangible assets		-9	-9	-25	-25	-33
Other operating expenses		46	-1	-200	-1	–
<b>Operating profit/loss</b>		<b>-1,820</b>	<b>-1,714</b>	<b>-5,771</b>	<b>-4,728</b>	<b>-6,610</b>
Interest income and similar items		86	327	172	345	326
Interest income, intercompany	2	3,055	2,940	9,115	7,813	10,768
Interest expenses and similar items		–	-1,378	-1,694	-7,876	-8,931
<b>Earnings before tax</b>		<b>1,321</b>	<b>175</b>	<b>1,822</b>	<b>-4,446</b>	<b>-4,447</b>
Tax	9	–	–	–	–	–
<b>Net profit/loss for the period</b>		<b>1,321</b>	<b>175</b>	<b>1,822</b>	<b>-4,446</b>	<b>-4,447</b>

# Condensed Parent Company statement of comprehensive income

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-07-01	2015-07-01	2016-01-01	2015-01-01	2015-01-01
		2016-09-30	2015-09-30	2016-09-30	2015-09-30	2015-12-31
<b>Net profit/loss for the period</b>		<b>1,321</b>	<b>175</b>	<b>1,822</b>	<b>-4,446</b>	<b>-4,447</b>
<b>Other comprehensive income</b>						
<i>Total items that can be reclassified as profit or loss</i>		–	–	–	–	–
<b>Other comprehensive income, net of tax</b>		–	–	–	–	–
<b>Total comprehensive income</b>		<b>1,321</b>	<b>175</b>	<b>1,822</b>	<b>-4,446</b>	<b>-4,447</b>

# Condensed Parent Company balance sheet

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-09-30	2015-09-30	2015-12-31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Participations in Group companies		20,204	19,704	20,204
Property, plant, and equipment		41	74	66
Receivables from Group companies		21,244	21,244	21,244
<b>Total non-current assets</b>		<b>41,489</b>	<b>41,022</b>	<b>41,514</b>
<b>Current assets</b>				
Receivables from Group companies		140,489	124,039	127,342
Current receivables	7	827	813	563
Cash and bank balances		41,446	2,191	72
<b>Total current assets</b>		<b>182,762</b>	<b>127,043</b>	<b>127,977</b>
<b>TOTAL ASSETS</b>		<b>224,251</b>	<b>168,065</b>	<b>169,491</b>
<b>EQUITY</b>				
<b>Equity</b>				
<b>Restricted equity</b>				
Share capital		2,720	1,633	1,633
<b>Total restricted equity</b>		<b>2,720</b>	<b>1,633</b>	<b>1,633</b>
<b>Non-restricted equity</b>				
Share premium reserve		243,548	179,276	179,276
Accumulated earnings		-32,409	-27,962	-27,962
Net profit/loss for the year		1,822	-4,446	-4,447
<b>Total non-restricted equity</b>		<b>212,961</b>	<b>146,868</b>	<b>146,867</b>
<b>Total equity</b>		<b>215,681</b>	<b>148,501</b>	<b>148,500</b>
<b>Non-current liabilities</b>				
Convertible loans	7, 8	-	-	-
Loans from related parties	2.7	6,054	6,704	6,704
<b>Total non-current liabilities</b>		<b>6,054</b>	<b>6,704</b>	<b>6,704</b>
<b>Current liabilities</b>				
Convertible loans	8	-	10,465	11,209
Other current liabilities	7	2,516	2,395	3,078
<b>Total current liabilities</b>		<b>2,516</b>	<b>12,860</b>	<b>14,287</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>224,251</b>	<b>168,065</b>	<b>169,491</b>
Pledged assets		50	50	50
Contingent liabilities		None	None	None

# Parent Company – Condensed statement of changes in equity

ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-09-30	2015-09-30	2015-12-31
<b>Opening equity</b>		<b>148,500</b>	<b>66,982</b>	<b>66,982</b>
Net profit/loss for the period		1,822	-4,446	-4,447
Other comprehensive income for the period		-	-	-
<b>Comprehensive income for the period</b>		<b>1,822</b>	<b>-4,446</b>	<b>-4,447</b>
Conversions, KV1 2013/2016 1)		0	-	-
Option component, KV1 2013/2016		-	3,219	3,219
Directed issue, January 2016		11,000	-	-
Directed issue, June 2016		63,000	-	-
Shares 2)		44,100	-	-
Warrants 2)		18,900	-	-
Offset issues		-	79,432	79,432
Preferential rights issue		-	4,913	4,913
Issue expenses 3)		-8,641	-1,599	-1,599
<b>Closing equity</b>		<b>215,681</b>	<b>148,501</b>	<b>148,500</b>

1) The conversion amounts are less than SEK 1 thousand.

2) The issue price for 1 unit (consisting of one [1] share and one [1] warrant) was SEK 2. There was no allocation made between the value of shares and warrants in the acquisition agreement with Cement Fund. In accordance with applicable accounting regulations, there was an allocation made in equity between shares and warrants, based on an option valuation calculated under Black & Scholes. Each warrant was valued at SEK 0.60.

3) 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 Norrlandsgatan 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 influenced 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 the 2016 (2015) interim period represents 0 per cent (100) of re-invoicing to other companies within the Group. In Q3 2016 (2015), the Parent Company's revenue represents 0 per cent (100) of re-invoicing to other companies within the Group. Of the Parent Company's total interest income in the 2016 (2015) interim period, 98 per cent (96) relates to other companies within the Group. Of the Parent Company's interest income in Q3 2016 (2015), 97 per cent (90) relates to other companies within the Group.

### Loans from related parties

The Parent Company holds interest-free loans from former CEO Ulrik Jansson. Ulrik Jansson raised these loans on an ongoing basis privately and via companies, including via USB Investment BV (second-largest owner of Crown Energy). The loans totalled SEK 6,054 thousand at 30 September 2016. The loans decreased by SEK 650 thousand since 31 December 2015 due to repayments.

### 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 the period from January to September 2016 (2015), Peter Mikkelsen invoiced a total amount of GBP 4.5 thousand (6) and Nick Johnson GBP 0.5 thousand (6.5), which is equivalent to SEK 54 thousand and SEK 7 thousand respectively at an average exchange rate for the 2016 interim period.

Crown Energy also purchases technical consulting services from Simco Petroleum Ltd. (Simco). Alan Simonian, employee and board member, currently owns 33 per cent of Simco and sits on Simco's board. Services from Simco are purchased on normal commercial terms. Services were purchased in the period from January to September 2016 (2015) in the amount of USD 90 thousand (80), which is equivalent to SEK 764 thousand calculated using an average rate for the 2016 interim period.

### Other transactions

No other transactions with related parties were entered in Q3 2016. However, the acquisition of Simbo Petroleum No.2 Ltd, which holds the Block 2B licence in South Africa, was completed in the comparison period of 2015. The sellers were Comtrack Ventures Ltd (major shareholder of Crown Energy AB) and Alan Simonian (shareholder of Crown Energy AB). 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 92,547,379 with a quotient value of SEK 0.03 per share.

The Company's shares are listed on NGM Equity. The five largest shareholders together owned 72 per cent of the total share capital at 30 September 2016. Ownership structure at 30 September 2016 and known subsequent changes:

SHAREHOLDERS	NUMBER OF SHARES	% OF OWNERSHIP
Cement Fund SCSp 1)	31,500,000	34.0%
USB Investment BV	15,313,107	16.6%
Andreas Forssell, privately and via companies	8,404,609	9.1%
Comtrack Ventures Ltd	7,933,156	8.6%
Alan Simonian, privately and via companies	3,429,521	3.7%
Other shareholders	25,966,986	28.0%
<b>Total number of shares</b>	<b>92,547,379</b>	<b>100.0%</b>

1) The shares are held via wholly-owned subsidiary Cement Sweden S.a.r.l.

## 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

The Parent Company had 31,500,000 warrants issued to its largest owner Cement Fund SCSp at 30 September 2016. The warrants can be converted into an equivalent number of ordinary shares upon conversion. If Cement Fund opts to exercise its warrants and subscribe for additional shares, Cement Fund may then hold a total of 50.8 per cent of shares and votes in Crown Energy. Subscriptions for new shares by exercising warrants will be permitted during the period from 24 May 2016 until 24 May 2018. The issue price is SEK 2 per share. The warrants do not have any dilutive effect at this time, because the issue price is higher than the average price for Crown Energy's shares during the relevant periods (January-September and July-September).

### Earnings per share and number of shares

The number of outstanding shares at 30 September 2016 totalled 92,547,379. The average number of shares for the interim period was 70,851,406, and this figure for Q3 (July-September) was 92,547,379. As mentioned above, there is no dilutive effect.

Earnings before tax for the 2016 interim period amounted to SEK -632 thousand, which puts earnings per share at 30 September 2016 at SEK -0.02 (both before and after dilution). Q3 earnings before tax amounted to SEK -1,283 thousand, which corresponds to earnings per share of SEK -0.01 (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 the Group's exploration and evaluation assets are classified as intangible assets.

Revaluation effects are attributable to the acquisition of Amicoh Resources Ltd (which was made in USD) and the fact that these assets are translated using the closing rate. The revaluation effect that arises is recognised directly in the currency translation reserve in other comprehensive income. Translation differences are due to the fact that certain subsidiaries have the USD as their functional currency.

GROUP, ALL AMOUNTS IN SEK THOUSAND	NOTE	2016-07-01	2015-07-01	2016-01-01	2015-01-01	2015-01-01
		2016-09-30	2015-09-30	2016-09-30	2015-09-30	2015-12-31
Opening carrying amount		180,527	172,024	176,445	107,459	107,459
Capital expenditures for the period		262	2,491	2,737	7,891	8,532
Increase through acquisition of assets	12	–	–	–	55,487	55,355
Translation and revaluation effects		2,154	1,823	3,761	5,501	5,099
<b>Closing accumulated cost of acquisition</b>		<b>182,943</b>	<b>176,338</b>	<b>182,943</b>	<b>176,338</b>	<b>176,445</b>

## NOTE 6 PROVISIONS

Following is a summary of the Group's provisions:

GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-09-30	2015-09-30	2015-12-31
Acquisition of Amicoh Resources Ltd			
<i>Additional consideration, commercial discovery</i>	3,284	3,015	3,046
<i>Additional consideration, warrants</i>	–	0	–
Acquisition of Crown Energy Iraq			
<i>Provision for buy-back option</i>	–	6,204	6,204
<b>Closing balance</b>	<b>3,284</b>	<b>9,219</b>	<b>9,250</b>

### 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. This additional consideration is recognised at 30 September 2016 (2015) as a provision at a value of SEK 3,284 thousand (3,015) after present value calculations.

As part of the consideration for Amicoh Resources Limited, Crown Energy AB also issued 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. Thus, the provision no longer exists. The carrying amount was less than SEK 1 thousand at 30 September 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 enabled the sellers of Crown Energy Iraq to buy back 250 shares in the sold company within 30 months of the takeover date. With Crown Energy Iraq's current 1,000 shares, the sellers would have had 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 would be exercised, and a provision was therefore made in the amount of SEK 6,204 thousand. However, the option period expired in May 2016 without any share subscriptions. Therefore, a provision is no longer recognised in the balance sheet. Given that the provision was a financial liability, the reversal has been recognised in the income statement as financial income in the amount of SEK 6,204 thousand.

## 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 30 September 2016, was estimated at SEK 5,766 thousand, which is based on an interest rate of 5 per cent if the loans had been taken out at market conditions.

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

### 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	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2016-09-30				
<b>Total assets</b>	-	-	-	-
<b>Liabilities</b>				
Financial liabilities measured at fair value via income statement:				
<i>Provision for additional consideration, commercial discovery</i>	-	-	3,284	3,284
<b>Total liabilities</b>	-	-	<b>3,284</b>	<b>3,284</b>

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 -237 thousand (-237) 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 back in April 2015, which corresponded to about 85 per cent of the previous total convertible debt. The convertibles holders who chose not to sell their convertibles as offered remained under the original terms of the convertible and these convertibles continued to be traded on NGM Equity as before. The nominal amount of these convertibles totalled SEK 12,211 thousand after the buy-back. The KV2 2014/2016 convertible series was bought back in its entirety.

An interest payment for the remaining convertible loan matured on 29 April 2016 and the convertible loan matured for final payment on 2 May 2016. The repayment was postponed due to the issue in progress. A payment of a nominal amount of SEK 12,211 thousand and interest was made on 29 June for the convertible loan in accordance with the convertible terms and conditions as well as additional interest of 18 per cent (per year) from the maturity date until 30 June 2016 (on the nominal amount of the convertibles at 2 May 2016 and on the interest overdue at 29 April 2016). Following this repayment, Crown Energy no longer has any outstanding convertible loans.



## Carrying amounts

Classification of the convertible loans during the comparison periods was as follows below.

CURRENT BORROWINGS			
GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	2016-09-30	2015-09-30	2015-12-31
Convertible loans:			
KVI 2013/2016	–	10,465	11,209
<b>Total</b>	<b>–</b>	<b>10,465</b>	<b>11,209</b>

Changes for the period:

GROUP AND PARENT COMPANY, ALL AMOUNTS IN SEK THOUSAND	
<b>At 1 January 2016</b>	<b>12,125</b>
Conversion 31 March 2016	0
Interest expenses Jan-April 2016	1,692
Repayment liabilities and interest	-13,817
<b>Liability component at 30 September 2016</b>	<b>–</b>

The conversions in March 2016 corresponded to amounts below SEK 1 thousand and only referred to conversion of six convertibles to six shares.

## 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 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:

### Investing activities

GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-07-01	2015-07-01	2016-01-01	2015-01-01	2015-01-01
	2016-09-30	2015-09-30	2016-09-30	2015-09-30	2015-12-31
Acquisition of subsidiaries	–	–	–	7	7
Cash and cash equivalents in Simbo Petroleum No.2 Ltd	–	–	–	7	7
Expenditures on exploration and evaluation assets	-241	-2,436	-1,444	-27,980	-28,702
Increase in exploration and evaluation assets through acquisition of subsidiaries, see Note 12	–	–	–	-24,947	-25,014
Expenditures on exploration and evaluation assets	-241	-2,436	-1,444	-3,033	-3,688
<b>Total cash flow from investing activities</b>	<b>-241</b>	<b>-2,436</b>	<b>-1,444</b>	<b>-27,973</b>	<b>-28,695</b>

## Financing activities

	2016-07-01	2015-07-01	2016-01-01	2015-01-01	2015-01-01
GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-09-30	2015-09-30	2016-09-30	2015-09-30	2015-12-31
Directed issues	–	–	74,000	–	–
Preferential rights issue	–	4,912	–	4,912	4,912
Issue expenses	-6,409	-166	-8,641	-1,599	-1,599
Interest payment convertible loans	–	–	-1,606	–	-1,228
Repayment convertible loans	–	–	-12,211	-1,228	–
Borrowings from related parties	–	–	–	800	800
Repayment of loans from related parties	-250	–	-650	-200	-200
<b>Total net cash flow from financing activities</b>	<b>-6,659</b>	<b>4,746</b>	<b>50,892</b>	<b>2,685</b>	<b>2,685</b>

## 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, AND FITTINGS			EXPLORATION AND EVALUATION ASSETS			TOTAL NON-CURRENT ASSETS		
	2016-09-30	2015-09-30	2015-12-31	2016-09-30	2015-09-30	2015-12-31	2016-09-30	2015-09-30	2015-12-31
Sweden	41	74	66	–	–	–	41	74	66
Equatorial Guinea	–	–	–	4,887	4,827	4,839	4,887	4,827	4,839
Madagascar	–	–	–	83,699	79,006	79,119	83,699	79,006	79,119
Iraq	–	–	–	31,624	31,222	31,252	31,624	31,222	31,252
South Africa	–	–	–	62,733	61,283	61,235	62,733	61,283	61,235
<b>Total</b>	<b>41</b>	<b>74</b>	<b>66</b>	<b>182,943</b>	<b>176,338</b>	<b>176,445</b>	<b>182,984</b>	<b>176,412</b>	<b>176,511</b>

## NOTE 12 ACQUISITION OF SIMBO PETROLEUM NO.2 LTD

### Background

On 27 January 2015, Crown Energy AB's subsidiary, Crown Energy Ventures Corporation, took over the shares of Simbo Petroleum No. 2 Ltd ("Simbo No. 2"). Simbo No. 2 currently holds 40.5 per cent of licence Block 2B in South Africa, but this figure will be 10 per cent once the farm-out to Africa Energy is completed.

For more information on the acquisition, see Note 26 in the 2015 Annual Report. Disclosures are made below to explain the comparison periods of 30 September 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	2016-09-30	2015-09-30	2015-12-31
Increase through acquisition of subsidiaries:			
<i>Acquired assets (licences)</i>	–	18,149	18,149
<i>Surplus values</i>	–	33,563	33,563
Directly attributable acquisition costs	–	3,775	3,643
<b>Total increase in exploration and evaluation assets due to acquisition of Simbo No. 2</b>	<b>–</b>	<b>55,487</b>	<b>55,355</b>

## Cash flows attributable to acquisition

Below is a breakdown of cash flow attributable to the acquisition:

GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-01-01	2015-01-01	2015-01-01
	2016-09-30	2015-09-30	2015-12-31
Cash consideration, subsidiary/licence	–	-35,882	-35,882
Directly attributable acquisition costs	–	-3,775	-3,643
Disbursement from escrow in 2014 for cash calls	–	1,548	1,548
Adjustments for non-cash items:			
<i>Directly attributable acquisition costs (non-cash 2015)</i>	–	482	283
<i>Adjustment to consideration at takeover (non-cash)</i>	–	12,680	12,680
<b>Cash flow attributable to increase in exploration and evaluation assets through acquisition of subsidiary</b>	<b>–</b>	<b>-24,947</b>	<b>-25,014</b>

## 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 are currently presented at the maximum amount that may be paid at the time of 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.

On the next page is a summary of pledged assets and contingent liabilities:

GROUP, ALL AMOUNTS IN SEK THOUSAND	2016-09-30	2015-09-30	2015-12-31
Pledged assets			
<i>Bank guarantee</i>	50	50	50
Contingent liabilities			
<i>Additional consideration Block 2B</i>	102,813	–	102,813
<b>Total pledged assets and contingent liabilities</b>	<b>102,863</b>	<b>50</b>	<b>102,863</b>

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 Swedish interim report was reviewed by the Company's auditors. The English interim report is a translation of the Swedish interim report and was not reviewed by the auditors.

Stockholm 11 November 2016

Pierre-Emmanuel Weil  
Chairman of the Board

Nick Johnson  
Board member

Jean Benaim  
Board member

Alan Simonian  
Board member

## REPORTING DATES

➤ 2016 Year-End Report	Friday 10 February 2017
➤ 2016 Annual Report	At latest 21 April 2017
➤ 2017 AGM	Friday 12 May 2017
➤ 2017 Three-Month Report	Friday 12 May 2017
➤ 2017 Six-Month Report	Friday 11 August 2017
➤ 2017 Nine-Month Report	Friday 10 November 2017

## PUBLICATION PURSUANT TO SWEDISH LAW

This information constitutes such information as Crown Energy AB (publ) is required to disclose under the EU Market Abuse Regulation and the Securities Markets Act. The information was released for publication on 11 November 2016 on behalf of the contact person listed below at 8:30 CET.

## FINANCIAL INFORMATION

All financial information is posted at [www.crownenergy.se](http://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](http://www.ngnews.se).

## FOR ADDITIONAL INFORMATION, CONTACT

Andreas Forssell, CEO +46 (0)8 400 207 20

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Norlandsgatan 18  
SE-111 43 Stockholm, Sweden  
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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 several 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 because 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 several 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 by finding and developing assets in early stages and then introducing larger oil and gas industry players to the projects for further development and production.

## GOALS

Crown Energy's goals are to become an independent oil and gas player with a significant reserve and resource base and to maintain a balanced portfolio of development and exploration assets.

## STRATEGY

The Company's strategy is based on the overall objective of generating the highest possible return for shareholders with a balanced risk awareness.

- Crown Energy will benefit from its own and other player's experiences in order to carefully select exploration areas where the chance of oil and gas discoveries is high.
- Crown Energy will seek good risk diversification, geographical as well as geological, and pursue farm-out opportunities as exit strategies in order to capitalise as much as possible on its assets.
- Crown Energy intends to run multiple parallel projects in order to diversify.

## VISION

Crown Energy's vision is to eventually become a major, profitable player in the international oil market.

## 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 by finding and developing assets in early stages and then introducing larger oil and gas industry players to the projects for further development and production.

## MORE INFORMATION

See the 2015 Annual Report and website, [www.crownenergy.se](http://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 with the host country which grant the company the right to explore and produce oil and gas within the specified area in exchange for the company paying a licence fee 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 commercial quantities of oil or gas have been established.

### 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, if 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 licensing 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 hydrocarbons.

## 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 equity 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 less 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.

*The Swedish interim report was reviewed by the Company's auditors. The English interim report is a translation of the Swedish interim report and was not reviewed by the auditors. The auditor's report below is only a translation of the Swedish report.*

# Auditor report

## Report of Review of Interim Financial Information

### Introduction

We have reviewed the condensed interim financial information (interim report) of Crown Energy AB (publ) as of 30 September 2016 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.