ANNUAL REPORT 2017

Crown Energy

CONTENTS

Crown Energy

Crown Energy is an international group providing customised solutions for housing, offices and associated services, as well as oil and gas exploration in Africa and the Middle East. The Company creates value via two business areas: Asset Development and Management and Energy.

The Company creates value by offering international companies a one-stop-shop concept for residential premises, offices and associated services, as well as by finding and developing oil and gas assets in early stages and then introducing an appropriate oil and gas industry player to the projects for further development and production.

Crown Energy has offices in Stockholm, London, Luxembourg and Luanda.

This English Annual Report is a translation of the Swedish Annual Report for 2017. If any discrepancies exist in the translation, the Swedish language shall prevail. The translated English Annual Report has not been audited by the company's auditors.

ASSET DEVELOPMENT AND MANAGEMENT BUSINESS AREA

Crown Energy is a service company to the energy industry. We provide customised residential and office solutions and associated services to international companies. Crown Energy's offering spans the entire chain from needs based design and construction to leasing, property management and added-value services.

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ENERGY BUSINESS AREA

Crown Energy develops and explores oil assets in early stages with great potential for recoverable reserves. In the long term, the assets will be introduced to appropriate players in the oil sector for further development and production.

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2017 IN BRIEF

Crown Energy made a considerable change in 2017. Extensive efforts were made to complete the acquisition of ESI Group S.A. and integrate the new Asset Development and Management business area into the Company's operations and financial reporting. Crown Energy now provides tailored office and residential solutions via the new business area to companies mainly operating in the energy sector. In 2017, the company reported steady revenue streams and cash-generating operations for the first time.

The Company's exploration operations also performed well. In Iraq, the signing of a supplementary agreement to the oil licence agreement that the Company has had with Salah ad-Din Province since 2013 marked a breakthrough and included a five-year extension of the agreement. The Company's licence in Madagascar was extended by two years to November 2019.

Q1

- In February 2017, 363,401,823 newly issued C shares (and 363,401,823 votes) were transferred to YBE Ventures Ltd, which is controlled by Yoav Ben-Eli.
- Otherwise, Crown Energy focused its efforts on completing and finalising the ESI Group S.A. transaction.

Q2

- The sale of parts of property in Angola was announced on 13 April 2017. This sale enabled ESI Group S.A. to repay all its external loans.
- On 19 April 2017, the signing of a consultancy agreement with Proger S.p.A. regarding business support for exploration assets in Iraq was announced.
- The acquisition of ESI Group was completed on 30 June 2017. At the end of the quarter, recalculation of the final consideration and number of shares for conversion into ordinary shares remained to be done. This recalculation was announced by press release on 25 August 2017
- The acquisition of ESI Group is recognised as a reverse acquisition, which had substantial effects on the financial reporting for the period.

Q3

- The Company announced the final settlement for the acquisition of ESI Group S.A., the conversion of C shares into ordinary shares and the redemption of C shares on 25 August 2017. Following this, Crown Energy's outstanding shares were solely A shares.
- The updated resource report for the Energy business area was released on 28 September 2017.

Q4

- A prospectus was published on 13 October 2017 along with new financial and other information contained in the prospectus due to completion of the ESI Group acquisition.
- The Company announced on 30 October 2017 that it signed a supplementary agreement to the PSC with Salah ad-Din including extension of the contract period.
- The Company announced on 6 December 2017 that Cement Fund SCSp exercised warrants to subscribe for 31.5 million new shares, which raised SEK 63 million for Crown Energy.
- On 13 December 2017, the Company announced that it received a two-year extension of the Manja licence with a flexible production commitment.

ABOUT CROWN ENERGY

Crown Energy is an international group with two business areas – customised solutions for housing, offices and associated services, as well as oil and gas exploration. The operations are today conducted in Africa and the Middle East.

In Asset Development and Management business area, the Company offers a one-stop-shop concept for housing, offices and associated services to international companies. The Energy business area focuses on exploration opportunities with high potential for recoverable reserves.

BUSINESS CONCEPT

Crown Energy shall provide customised housing and office solutions, as well as develop oil and gas projects through exploration and processing, initially in Africa and the Middle East. Value is created by offering international companies a one-stop-shop concept for residential premises, offices and associated services as well as developing assets in early stages and then introducing suitable oil and gas industry players to the projects for further development and production.

GOALS

Crown Energy's objective is to generate the highest possible return for shareholders with a balanced risk awareness. The Company aims to have an established service business through property concepts in several geographic markets as well as a balanced portfolio of development and exploration assets.

VISION

To be an established player and an obvious partner in the international energy market, both in exploration and in development of customised residential and office solutions and value-added services.

ADVANTAGES OF COMBINED OPERATIONS

Several advantages are created by the combination of the Asset Development and Management business areas, and the Energy business area. Together, the business becomes more diversified, which means reduced risk. The cash flow generated within the service business can be used to further develop exploration assets. Establishing customer relationships with some of the world's leading energy companies in Asset Development and Management also increases Crown Energy's opportunities to capitalise on existing exploration assets. Crown Energy can also offer exploration and extraction partners related services in the form of customised residential properties and offices close to the assets.

STRATEGY

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

- To establish service operations in more markets requiring residential and office solutions in the oil and gas industry
- To carefully select exploration areas where the chance of oil and gas discoveries is high
- To exploit synergies between the two business areas and reinvest some of the cash flow from service operations to further develop the exploration assets
- To offer exploration and extraction partners tailored residential premises and offices associated with the assets
- To pursue farm-out opportunities as exit strategies to capitalise as much as possible on its assets
- To create a good risk spread through several parallel projects

13 LEASED PROPERTIES

3 OWNED PROPERTIES

4 OIL PROJECTS

SEK **111** MILLION, REVENUE IN 2017

GLOBAL PRESENCE

Crown Energy has a broad international presence with offices in Stockholm, London, Luxembourg and Luanda. The Company also has exploration operations in Iraq, Madagascar, Equatorial Guinea and South Africa. In March 2018, Crown Energy signed a strategic joint operation agreement with Italian engineering and consulting firm Proger, thus further broadening its international presence. The aim of the agreement is joint identification of projects and utilisation of supplementary skills and relationships in the business models and strategies of each company. Crown Energy's business is represented in over 20 countries through this collaboration.

Offices/Operations   Representation Offices

WE OPERATE IN MULTIPLE COUNTRIES WORLDWIDE AND ARE PRESENT IN ALL REGIONS WHERE OUR CUSTOMERS ARE ACTIVE. BY COMBINING EXTRAORDINARY INTERNATIONAL SERVICE LEVELS AND EXPERIENCED, SKILLED EMPLOYEES, WE STRIVE TO EXCEED OUR CUSTOMER'S EXPECTATIONS AND DEVELOP LONG-TERM RELATIONSHIPS BASED ON TRUST.

CEO'S STATEMENT

In 2017, Crown Energy has entered a new era. We have substantially grown with the acquisition of ESI Group, when we added a whole new cash flow generating service business to our oil and gas business. Now we have two business areas whose operations complement and support each other.

The combination of our two business areas Asset Development and Management and Energy creates several advantages. Together, the business becomes more diversified, which means reduced risk. Furthermore, the cash flow generated in the service business can be used to further develop prospective assets.

Crown Energy can now offer services to partners and contacts in the oil and gas industry in form of tailor-made accommodations and offices in connection with oil and gas assets. By establishing customer relationships with some of the world's leading energy companies within Asset Development and Management, Crown Energy also has the potential to capitalize on existing prospecting assets.

The acquisition meant that we spent a lot of time during the year creating the new group and getting everything in place. Now that we see positive trends within the oil and gas industry, we aim to establish service operations in a number of markets and with a balanced portfolio of prospective assets. Crown Energy's goal is to generate the highest possible return to shareholders with a well-balanced risk awareness.

BUSINESS AREA ASSET DEVELOPMENT AND MANAGEMENT
Within our new Asset Development and Management business area, is the launch of the concept in new markets ongoing. There is currently an exciting pipeline of new potential projects – some of them existing in the Angola market, but most of them in new geographic markets. We can count on more than half a dozen projects in as many markets. Some of them are being processed in cooperation with our partner, the Italian engineering firm Proger S.p.A., a collaboration that began in 2017.

After the end of the period, Crown Energy and Proger signed a strategic cooperation agreement that further strengthens the opportunities for our service activities, but also our oil and gas activities in the long run. We have agreed to work together to identify and develop commercial projects where each company's competencies complement each other. Both companies will represent each other in their respective office networks, and thereby expanding their presence in the international market.

Crown Energy's existing portfolio of assets in Angola, both leased and owned properties, runs according to plan and with existing contracts. The portfolio contains some properties which in 2017 lost tenants and have not yet been replaced by new ones. In return, new tenants have signed contracts for various properties in the portfolio and contracts have also been signed for the completed C-view property located in the Talatona district of Luanda. In addition, a couple of negotiations on further rental in the C-view property are being conducted in larger volumes. Currency effects, as well as the specific rental market in Angola, have been less favorable during 2017, mainly for rental of housing.

Our growth will primarily occur in new markets where international energy companies will develop oil fields for production or conduct other activities and therefore need accommodation, premises and services for staff and partners. With an improved situation in the oil industry, we can certainly see a boost even in this market. We will also work to increase the rental rate in existing portfolio in Angola. The business is steadily established in Angola with organization and a strong history as a good provider of services.

BUSINESS AREA ENERGY
2017 has generally been a better year for the oil industry. During the second half of the year, oil prices rose steadily at the end of the year at levels above USD 60 / barrel. This is because both OPEC producers and non-OPEC producers together decided to reduce oil production with the aim of supporting both the development of commodity prices and the industry in general. The reductions in production have begun to impact; during the first quarter of 2018, the price has shifted between 60 and 70 USD / barrel, and the talks among players in the oil and gas market have become more positive.

During the year, Crown Energy has conducted activities on some of our projects. In South Africa, the operator Africa Energy applied to begin phase 2 of our joint venture in Block 2B to the authorities, with the purpose of drilling an exploration well. During the year, the operator conducted detailed technical work to define the best location for drilling a well and to prepare for the procurement of necessary equipment. No costs for drilling will be charged to Crown Energy.
A government approval was received in February 2018 and thus the two-year phase involving drilling has now begun.

The situation in Salah-ad-Din province in Iraq has improved during the year. Following negotiations with representatives of Salah ad-Din province, an additional agreement has been signed to the oil license agreement that the Company has had with the province since 2013. The term of the agreement is thus extended by five years to September 2023, with a continued work program. The company is currently working with two tracks to develop the value of the license / asset. We perform extensive planning work, so that in the role as operator we could initiate the development of the very large potential of the license, but we also see an opportunity to include one or more partners in the license to

develop the asset. Regardless of what we do, we work in parallel to prepare the necessary permits from the central authorities needed to ultimately be able to produce and sell/export petroleum products in Iraq.

In our Madagascar project another positive meeting during the year was held with the OMNIS oil and gas authority to discuss our continued operations on Block 3108 Manja license in the southwestern part of the country. We have received a two-year extension of the existing license terms until November 2019, and we continue to search for a partner for the project.

In our Equatorial Guinea project no further activities have taken place on the Block P offshore license, in which Crown Energy has 5 percent license share. We continue to collaborate with our partners Vaalco Energy, Atlas Petroleum and the operator, the state oil company GePetrol. Discussions are ongoing about an extension and the establishment of a development plan.

FINANCIAL DEVELOPMENTS DURING THE YEAR

During the year, Crown Energy has strengthened its financial base and at the same time created a profitable and developable business with positive cash flows that further strengthen the Group's financial and operational position. The operations development is the result of a long-term strategy to broaden the Company's range of services and offers to be an established player in several segments of the energy industry. Due to the sale of parts of a property in Angola, an existing loan could be repaid and the Group is today debt free.

SUSTAINABILITY

For Crown Energy, it is important to conduct business in a sustainable way, whether it is in the exploration of oil and gas or in our service business. We have defined some areas as extra important to work with, namely openness and ethics, environment, social responsibility and health and safety. However, we are only at the beginning of our journey – we are looking forward to taking more initiatives in the area as the Group is growing.

> GROWTH WILL PRIMARILY OCCUR IN NEW MARKETS WHERE INTERNATIONAL OIL AND GAS COMPANIES WILL DEVELOP OIL FIELDS FOR PRODUCTION OR CONDUCT OTHER ACTIVITIES AND THEREFORE NEED ACCOMMODATION AND PREMISES FOR STAFF AND PARTNERS.

OUTLOOK

Crown Energy is now continuing its development to get a bigger and even more stable foundation. We will use our contacts in the oil industry, the positive development in the oil and gas market and our cash flows for a faster development of Crown Energy's assets and operations. Capital, processes and our organization will be further adapted to continue the development work.

We have an exciting time ahead of us and I look forward doing it together with you shareholders!

Andreas Forssell
CEO Crown Energy AB (publ)

ASSET DEVELOPMENT AND MANAGEMENT

Crown Energy delivers customised residential and office solutions to international companies that need to station staff abroad, primarily in Africa. This comprehensive offering of leasing and associated services enables customers to focus on their core business instead of worrying about major capital investments.

In addition to residential and office lease solutions, Crown Energy's business includes related support services such as security, transport and telecommunications. Crown Energy's offering spans the entire chain from needs-based design and construction to leasing, property management and added-value services. The goal is to provide customers with a smooth overall solution that is easy to administer and where tenants feel comfortable and safe.

This offering caters mainly to international companies in the energy sector, primarily in Africa. These companies need external professionals to meet their foreign workers' needs. Consequently, there is great demand for high-quality residential and office solutions, in which housing and property management and related services are offered. Existing customers include some of the world's leading energy companies with high credit ratings.

Crown Energy's offering is provided by both local and international teams. The focus is to always deliver the best quality to achieve a high level of customer satisfaction and generate new business.

> WE TAKE PRIDE IN CREATING A STREAMLINED TRANSITION FOR INTERNATIONAL COMPANIES IN THE MOST COMPLEX AND CHALLENGING LOCATIONS AROUND THE WORLD AND MEETING ALL THEIR NEEDS ON A DAY-TO-DAY BASIS.
>
> Yoav Ben-Eli, board member

BUSINESS MODEL

The Asset Development and Management business area focuses on providing a comprehensive offering for residential and office solutions and value-added services, primarily to companies operating in the energy industry. The business area is a cash-generating part of the business and customers are well-established in the oil and gas industry.

1 IDENTIFY CUSTOMER NEEDS

- In-depth understanding of customer needs for offices, housing and services.
- Identify most suitable solution.
- Proposals are presented based on the time frame, geographic location, type of residential/office solution, scope of the project, etc.

2 FIND SUITABLE LAND OR PROPERTY

- Crown Energy identifies suitable land and evaluates potential property acquisitions in collaboration with partners.
- Negotiations and contracts with landowners.
- After a contract is signed, the land is developed for later use during the contract period, either as a property owner or a landlord.
- Permits are obtained for financing, design, function, construction and operation.

3 CONSTRUCTION OF PROPERTY

- Develop the property in line with the customer's wishes.
- Obtain regulatory approval where required.
- Secure project financing.
- Commence construction with partners.
- Draw up leases with customers. The aim is to establish long-term contracts (10-15 years or longer) so that depreciation can be applied to the property during the same period.

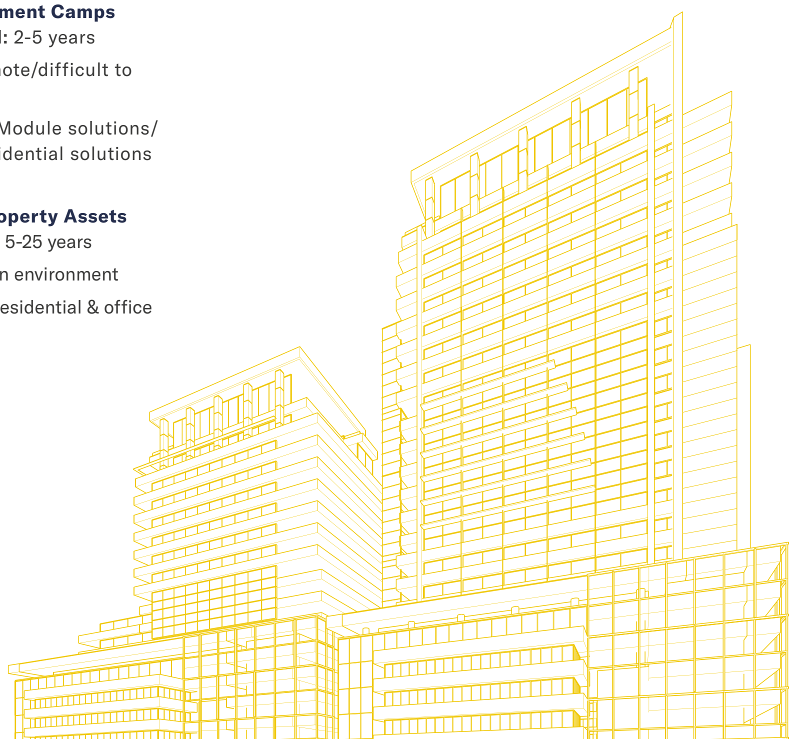
4 MANAGEMENT AND VALUE-ADDED SERVICES

- One-stop shop with offices, residential properties and all associated additional services.
- Customers are global companies with high credit ratings.
- Payments are made in USD or in local currency indexed to the USD. Most operating costs are paid in local currency.
- ISO 9001:2008 certified business.

CUSTOMISED SOLUTIONS

Rapid Deployment Camps
Project period: 2-5 years
Location: Remote/difficult to access
Project type: Module solutions/temporary residential solutions

Long-term Property Assets
Project period: 5-25 years
Location: Urban environment
Project type: Residential & office solutions



CUSTOMISED SERVICES

Management and service
- Maintenance
- Security solutions
- Refilling of water and diesel generators
- Caretaker and cleaning services

Value-added services
- Fully equipped and furnished flats, suites, common areas, conference rooms, etc.
- Premises designed for business and recreational activities such as gyms, conference activities, leisure activities, etc.
- IT infrastructure
- Transport solutions
- Support services and 24-hour service

MARKET

ANGOLA

Crown Energy's existing portfolio of property assets is in two of Luanda's four business districts: Downtown and Talatona. These business districts are also the areas where the highest growth is expected.

The development of the Angolan economy in general and its property market is directly linked to global price trends and demand for oil. In recent years, developments in the international oil market led to a decrease in the foreign capital entering the country, which has partially limited economic activity and office space needs. However, global demand has generally begun to rise again in 2017 and further increases are forecast.

International companies, especially large oil companies and oil industry service companies, have recently begun adapting to the fluctuating oil market. In the wake of increased requirements for more efficient use of resources, companies have begun looking for new and convenient residential and office solutions so that they can concentrate on their core business. This means that activities and business opportunities for landowners and property developers have increased.

The property development market in Angola is forecasted to grow in 2018 as there is also demand for premises and property services in the mining industry and other industries, in parallel with the oil and gas industry.

NEW MARKETS

Crown Energy is pursuing new markets in several countries and has built up a pipeline of several potential new business deals. Many of these projects are being pursued in collaboration with the Company's partner Proger, which is also already involved in the Company's Iraq project in the Energy business area. Crown Energy's collaboration with Proger was strengthened in March 2018, and now includes jointly identifying projects and utilising supplementary skills and relationships in the business models and strategies of each company. Such projects will be analysed in a systematic joint process, ultimately resulting in a joint venture at project start-up. Focus remains on the energy sector where both companies have strong existing relationships.

When assessing new markets, Crown Energy mainly targets international energy companies, primarily those with operations in Africa. The target group also includes companies engaged in mining and infrastructure projects in remote locations and diplomatic delegations or other entities that need to station staff abroad for long periods of time. These companies need external professionals to meet their foreign workers' needs. Consequently, there is a great demand for high-quality residential and office solutions, in which housing and property management and related services are offered.

Crown Energy sees that growth in this business area will primarily occur in new markets and its offering is primarily driven by customer needs. New markets are not limited to specific countries or sectors because Crown Energy actively evaluates new projects in dialogue with partners both in new geographic markets and outside of the energy sector.

Example project
This is an example of how a new potential project is presented to a client based on an initial needs analysis. The image was created in collaboration with Crown Energy's strategic partner Proger.

WITH FOCUS ON SERVICE

Crown Energy provides customised residential properties and offices at difficult-to-access locations around the world, primarily in Africa. Crown Energy designs and develops various types of solutions based on customer needs – everything from temporary projects lasting a few years to longer term projects running for several decades. Crown Energy provides property leasing and management as well as support and associated services that add value for both customers and shareholders.

PROJECT DEVELOPMENT IN LINE WITH INTERNATIONAL STANDARDS

Thanks to the acquisition of ESI Group, Crown Energy has vast experience providing a one-stop-shop concept in line with high international standards both in urban environments and in remote and difficult-to-access locations. Crown Energy's concept includes financing, design, construction and subsequent operations, management and value-added services.

In collaboration with partners, Crown Energy has the capacity to establish customised projects at new locations in a time-efficient manner. Various solutions are proposed depending on the geographic location, scope and time frame of the project, either in the form of rapid deployment camps or long-term property assets.

Rapid Deployment Camps

Projects with short to medium time horizons, usually between two and five years, entail the establishment of rapid deployment camps, which include everything from advanced tent solutions designed for small teams to modular buildings for up to 1,000 people. This is mainly for projects in remote and difficult-to-access locations where the customer needs to establish operations for a limited time.

Crown Energy builds tailored buildings and facilities in a timely manner, including comfortable accommodations and reliable electricity, heating, cooling, water, fuel depots, etc.

Long-term Property Assets

In urban environments and projects with longer time horizons, Crown Energy engages in more extensive construction and provides residential and office lease solutions that meet high international standards. The core of this offering is Crown Energy's goal to provide a high level of quality and service while saving customers the trouble of making large investments. Crown Energy coordinates financing, design, construction, operation and management while offering additional services that create pleasant environments for the occupants.

MANAGEMENT AND SERVICE

Regardless of geographic location, Crown Energy aims to provide high-quality housing and services with a high level of service. Within property management and service, Crown Energy provides:

- Maintenance
- Security solutions
- Logistics and transport
- Sanitation solutions and waste management
- Water and fuel depot maintenance
- Caretaker services
- Internet, TV and satellite connection
- Kitchen and laundry facilities

VALUE-ADDED SERVICES

Crown Energy offers an overall solution, enabling customers to focus on their core business and avoid unnecessary administration. This includes fully equipped and furnished apartments, suites, common areas, gyms and conference rooms. Selection of value-added services offered:

- Support services, 24-hour service and maintenance request service
- Catering services
- Security services
- Recreational and conference areas
- Cleaning, washing and domestic services
- Assistance with phone, TV and internet services
- Medical support when needed

CROWN MAKES THE FULL CAPEX INVESTMENT CLIENTS HAVE ONLY OPEX

We save management time for our clients using a unique single annual bill which includes all the services provided: Rent, asset management, maintenance, security, utilities and catering, telecoms, laundry and many more.

17
YEARS OF EXPERIENCE

PROJECT PORTFOLIO

The portfolio consists of 16 property assets in Angola, Africa. Three of the properties are owned by Crown Energy and the remainder are held through finance leases with landowners. The assets comprise 40,062 (including C-view, see below) square metres of residential and office space. The leases signed consist of both long- and short-term contracts with tenants as well as landowners and are regularly extended.

C-view, the largest property, is in the Talatona district and was completed in 2017. C-view consists of 13,119 square metres of rentable space, divided between three office buildings and a residential building. The first leases were signed in autumn 2017. Marketing and discussions with additional tenants are pursued regularly.

ANGOLA – LUANDA

PROPERTY VALUES

Crown Energy's properties are primarily held to generate rental income and service revenues. The Company conducted an external valuation of all properties at year-end except C-view, which was externally valued in late September 2017.

Fair value is determined by assessing the market value of each individual property. The main method is based on a calculation of the present value of future payment flows, which involves a computed future operating income assessment over calculation periods for each individual property, taking account of the present value of the estimated market value at the end of the calculation period. The calculation period is 2-5 years for owned properties, while for leased properties the period was based on the length of the lease with the landowner.

Each property has its own yield requirement depending on its location and available information relating to completed transactions. Estimated rent levels on contract expiry correspond to current market rents. Operating costs have been assessed based on the Company's actual costs.

16
PROPERTIES

40,062
SQUARE METRES OF SPACE

SEK 618
MILLION[1] FAIR VALUE

1) For more information, see Note 14.

PROPERTY DESIGNATION

	NAME OF BUILDING	TYPE OF BUILDING	TYPE OF ASSET	TYPE OF CONTRACT WITH TENANT	AREA IN ANGOLA	TOTAL AREA	NUMBER OF UNITS [1]	NUMBER OF PARKING SPACES
1	Soho	Apartments	Leases with property owners	One tenant	Luanda	4,955	22	22
2	Ponticelli	Apartments	Owned property	Several tenants	Luanda	1,817	9	12
3	Maria	Apartments and offices	Leases with property owners	One tenant	Luanda	4,968	29	18
4	C-View	Apartments and offices	Owned property	Still under construction	Luanda	13,119	270	151
5	Anabela	Apartments	Leases with property owners	Several tenants	Luanda	2,382	16	15
6	Manhattan	Apartments	Owned property	Several tenants	Luanda	943	6	9
7	Felipe	Suites (guest house)	Leases with property owners	One tenant	Luanda	350	12	3
8	Natalia	Suites (guest house)	Leases with property owners	One tenant	Luanda	400	14	3
9	Tereza	Suites (guest house)	Leases with property owners	One tenant	Luanda	350	12	4
10	Abel1	Apartments	Leases with property owners	One tenant	Luanda	2,348	20	10
11	Village 2	Suites (guest house)	Leases with property owners	One tenant	Luanda	350	12	2
12	Carla	Suites (guest house)	Leases with property owners	One tenant	Luanda	1,200	42	8
13	Gabriela	Suites (guest house)	Leases with property owners	One tenant	Luanda	400	12	2
14	Sergio	Suites (guest house)	Leases with property owners	One tenant	Luanda	400	12	4
15	Linda	Suites (guest house)	Leases with property owners	One tenant	Luanda	350	12	2
16	Park	Apartments	Leases with property owners	One tenant	Luanda	5,730	32	32
Total						**40,062**	**532**	**297**

1) Including apartments, offices, etc

ENERGY BUSINESS AREA

The Energy business area focuses on exploration opportunities with high potential for recoverable reserves. Crown Energy seeks good risk diversification, both geographical and geological, and pursues farm-out opportunities as exit strategies to capitalise as much as possible on its assets.

The portfolio consists of assets in Africa and the Middle East:

IRAQ
Onshore exploration licence over an area of approximately 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 due to additional prospects within the licence area. The Company has entered into a farm-out agreement which means that remaining licence shares are financed for well drilling.

MADAGASCAR
Onshore exploration licence on the western side of the island. After conducting seismic and geological studies, several structures have been identified. Future efforts include drilling, for which Crown Energy is seeking a partner.

EQUATORIAL GUINEA
Offshore exploration licence in the Rio Muni Basin. The licence area contains confirmed discoveries that are also surrounded by several structures with potential for further discoveries.

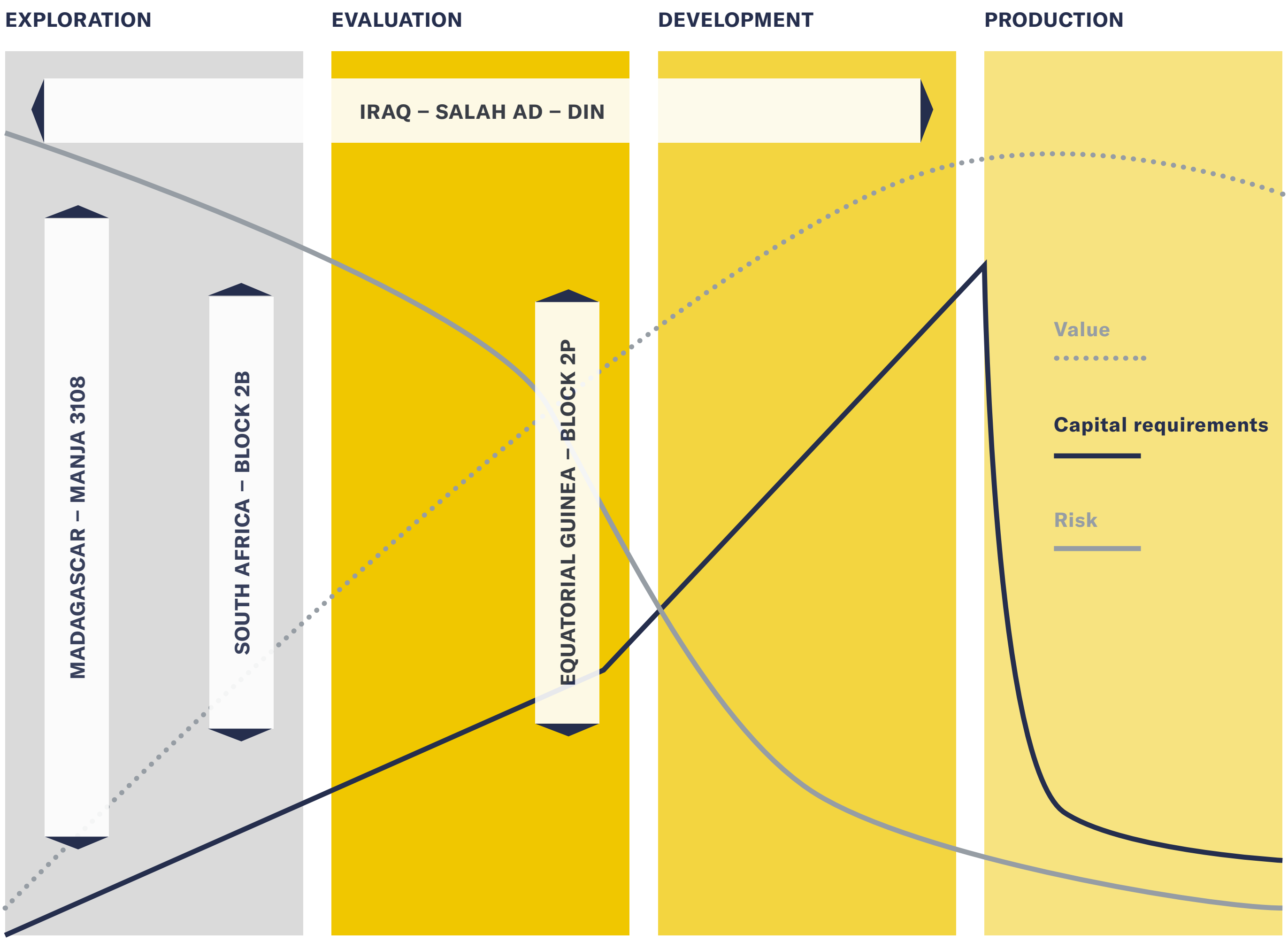
1) Wholly-owned subsidiary of Crown Energy AB.

BUSINESS MODEL

In the Energy business area, Crown Energy focuses on energy resources in underexplored areas in Africa and the Middle East. With a strategy of early-stage entry and further development of projects through exploration and resource optimisation, great value can be realised from successful results. When a licence or project is ready for production, Crown Energy intends to realise the potential increase in value by selling the project to a major oil and gas player.

To effectively manage and develop the Company's exploration opportunities, focus will be on the following factors: asset strategy, costs, experience, and expertise. Exploration assets are selected based on a well-defined selection process that encompasses geological and geographical criteria and that is conducive to a balanced risk profile.

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



ENERGY ASSETS

Crown Energy's existing projects are in Equatorial Guinea, South Africa, Madagascar and Iraq.

In Madagascar, the project is in an early exploration phase, while Block 2B in South Africa has come further along in the same phase, with a well due to be drilled in a specific area to evaluate the area's commercial potential. The cost of Crown Energy's stake is financed in accordance with the farm-out agreement with Africa Energy of December 2015.

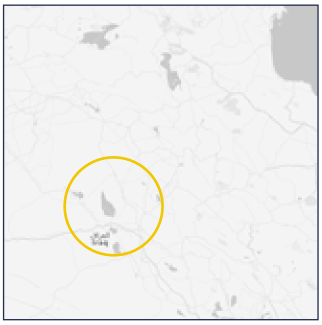
The project in Equatorial Guinea is in an evaluation phase and the partnership there is planning for preparations to develop the oil field. The licence in Salah-ad Din in Iraq extends from the exploration to the development phase and may even encompass areas that are ready for production now. However, regulatory approval and large-scale efforts to evaluate the area are required first. Crown Energy is seeking a financial and operational partner for this.

As of the end of the year, Crown Energy has both contingent resources (2C), and prospective resources, but mainly the latter. Prospective resources are resources estimated to exist in accumulations in the exploration areas that are considered potentially recoverable but where drilling has not yet been done. A contingent resource is one in which deposits have been proven by drilling but for one reason or another they have not yet met the requirements for a reserve.

The table below provides a summary of Crown Energy's project portfolio with the net potential stated in million barrels of oil equivalents (mmboe) based on the most recently updated competent persons report (CPR) of 28 September 2017.

Region	Stake	Stage	Gross contingent resources[1]	Gross prospective resources[1]	Crown Energy's stake in the licence[2]	Most recent update
Equatorial Guinea – Block P (PDA)	5%	Exploration/ development	18	142	8	September 2017
South Africa – Block 2B	10%	Exploration	37	376	41	September 2017
Madagascar – Manja Block 3108	100%	Exploration	–	1,071	1,071	September 2017
Iraq – Salah ad-Din	60%	Exploration/Evaluation/Development	181	2,612	1,567	September 2017
Totalt			**236**	**4,201**	**2,687**	

1) Miljoner fat oljeekvivalenter.
2) Crown Energys andel av de totala betingade och prospektiva resurserna i licensen i miljoner fat oljeekvivalenter.



1 IRAQ

The licence covers the entire Salah ad-Din region – about 24,000 square kilometres in northern Iraq. The licence area includes several existing oil fields, such as Ajeel, Hamrin, Tikrit, and Balad, which potentially contain several billion barrels of oil. Existing discoveries and fields have historically belonged to Iraq's central government and separate negotiations are required for permission to take them over and operate them for Salah ad-Din and the licence holder, i.e. Crown Energy. Despite the large, obvious commercial discoveries, production has been limited. Activities have been hampered due to the political instability of the last 20 years.

The security situation in the region has improved significantly since 2016 and discussions with the regional authorities have confirmed that the region is virtually free from crisis hot spots. The circumstances currently seem much more positive than previously, although some areas are still risky to operate in.

In addition to the oil fields mentioned above, there are many fields that have been drilled and partially tested. We are interested in finding out if these fields can start producing in a simple operation by only drilling a few more times and with equipment suitable for initial production. This would make the asset a considerable success and numerous discussions are under way with government authorities and potential partners for such a project. A couple of structures have been identified to determine if this would be possible. Some of them are located near the main town of Tikrit, which also facilitates the logistics.

The Iraq asset has been incorporated into the Company's CPR since May 2015. Following a technical analysis of new and existing data, both prospective and contingent resources have been found in the Iraq asset. A technical analysis of the licence conditions was conducted in 2016. This resulted in Crown Energy creating an extra margin of safety for a potential participating interest which the region (the Salah ad-Din Governorate) may be entitled to under certain circumstances according to the licence conditions.

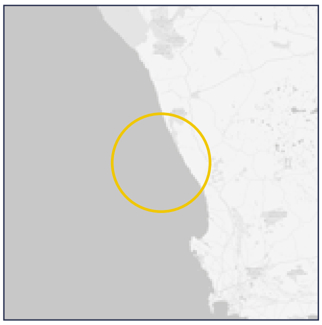
Crown Energy is now working on initiating operating activities by planning for initial geological and technical operations and field project planning in the region covered by the Company's production sharing contract. In collaboration with Crown Energy's strategic partner, Italian engineering firm Proger, the Company is examining existing infrastructure and technical capabilities and is also reviewing present and past geological and geophysical activities.

2 EQUATORIAL GUINEA – BLOCK P (PDA)

The licence area is close to the mainland in the Rio Muni Basin, which contains confirmed discoveries such as the oil-rich Ceiba Field and fields in Block G. These fields, located about 50 kilometres south, have reserves of about 500 million barrels of oil. In the Venus field in Block P, sand reservoirs like those in the Ceiba Field and fields in Block G have been identified and verified. Previous exploration drilling has also indicated potential for oil deposits in the area surrounding the Venus Field. Block P has proven oil discoveries and is therefore in the later phase of Crown Energy's business model.

The best estimate of the combined total prospective resources for these structures is around 150 million barrels of oil, all of which lie within the PDA.

The licence operator continues to conduct technical operations within the licence and the Company is still waiting for a formal announcement on the defined plans for 2018 and beyond. Crown Energy has not incurred any costs for the licence during the periods of inactivity aside from the costs of time spent on discussions and analyses of the current situation.

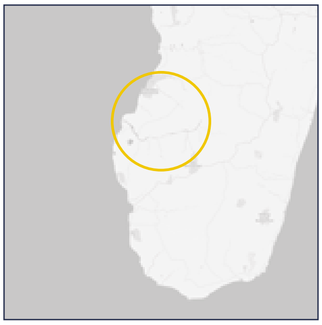


3 SOUTH AFRICA – BLOCK 2B

Exploration Block 2B in South Africa is located offshore on the Atlantic coast just south of the border with Namibia. A small oil discovery was previously made in the exploration area. As a result, the next step in this licence will be to drill an appraisal well to ascertain the size, extent, and production volumes, and thus establish that this is a commercially strong oil project.

An analysis of the A-J1 discovery was completed in June 2015, which found that the reservoir contains contingent 2C resources totalling 37 million barrels, with an average of 56 million barrels of oil and considerable potential beyond that with up to 118 million barrels of oil in the form of 3C resources.

Crown Energy owns a 10 per cent interest and the farm-out agreement stipulates that the licence partner Africa Energy will pay for all costs associated with the next drilling within the licence area, including additional well testing. Africa Energy, which owns the remaining 90 per cent, is the licence operator. In February 2018, the authorities in South Africa approved an application to enter the next two-year phase, which includes drilling. The operator has prepared all the technical work required to identify the optimal location for drilling an appraisal well. The operator has also commenced logistics activities, including early procurement of required equipment.



4 MADAGASCAR – 3108 MANJA

The Manja block is located on the west side of Madagascar and covers an area of 7,180 square kilometres. Several structures were identified and the largest is in the north-western part of the licence area. This structure may contain up to 1,250 million barrels of oil, and it is situated at a depth of 3,500 metres. Gas was found in the southern part of the licence area back in the 1950's. In recent years, major gas finds have been found in an adjoining licence area to the south.

In 2017, Crown Energy agreed with OMNIS, the oil and gas authority in Madagascar, to extend the licence for two years, to 15 November 2019. The production commitment is moved forward from the previous period and continues to include a full tensor gravity (FTG) survey of the licence area followed by additional voluntary 2D seismic data.

SUSTAINABILITY

Crown Energy prioritises sustainability in its business operations, whether in oil and gas exploration or in our service business.

This necessitates that we understand how our operations impact society and the environment in the areas in which we operate and work to meet the requirements and expectations of our operations to ensure they are not conducted in a way that causes a negative impact on the environment, human rights or health.

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

- Transparency and ethics
- The environment
- Corporate social responsibility
- Health and safety

SPECIAL DIVISION OF SUSTAINABILITY RESPONSIBILITIES IN OIL AND GAS EXPLORATION

In oil and gas exploration, sustainability responsibilities are divided between operators and partners via an exploration and evaluation licence. The operator is directly responsible for the licence's operations and is governed by the production sharing agreement (PSA) and/or local laws governing oil and gas extraction in the respective country. These PSAs signed with the licensing country/government agency (and/or laws) govern responsibility for the environment, working conditions, insurance and related areas.

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

POLICIES

In addition to PSAs, JOAs and local legislation, Crown Energy has adopted internal Group policies in the following areas:

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

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

TRANSPARENCY AND ETHICS

For Crown Energy, transparency and ethics mean conducting its operations lawfully and professionally and making ethical business decisions. We want our operations to be based on respect, honesty and integrity. Therefore, we strive to prevent corruption and all forms of bribery and facilitation of payments. We expect our counterparties (including government agencies, suppliers and operators of licences) to follow the same standards as well. Therefore, Crown Energy generally selects partners based on both financial strength and core values such as ethics, morals and the environment.

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

Crown Energy is a small organisation and the Board constantly strives to promote Crown Energy's fundamental view in its operations. The Board has adopted business ethics and anti-corrup-

tion policies with which both staff and consultants are required to comply. For guidance when needed, Crown Energy uses the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones.

THE ENVIRONMENT

Crown Energy strives to minimise harmful footprints in the implementation of our operations. Therefore, we always conduct an environmental risk assessment before commencing any of our property projects or oil and gas exploration projects. Where possible, we will prevent, or otherwise substantially minimise, reduce or remediate environmental damage resulting from our operations.

Our Business area Asset Development and Management require that we apply for relevant environmental licences from the authorities where the projects are conducted. Our operations are therefore subject to the environmental laws of various countries, but where possible we always attempt to do more than what is required by law.

All of Crown Energy's exploration licences are in the early stages of a normal exploration and production life cycle. There are activities in the exploration and evaluation stage that can result in a negative environmental impact, such as when conducting seismic surveys and test drilling. This type of activity may impact both flora and fauna. However, in exploration, there are extensive requirements in the PSAs to protect the environment, and Crown Energy's environmental responsibility is mainly governed by these agreements. One of the environmental requirements in the PSAs is that companies must conduct environmental impact assessments (EIAs). These are conducted prior to the commencement of large-scale activities in the licence area, such as prior to seismic surveys and test drilling. How drilling is performed and areas are restored is often based on the environmental legislation and oil production laws of the respective country.

Crown Energy invests in initiatives to improve the environment and we have a strong commitment to protect natural resources. We strive to ensure that our business is conducted sustainably via various partnerships.

EITI STANDARD

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

CORPORATE SOCIAL RESPONSIBILITY

For Crown Energy, corporate social responsibility means contributing both socially and economically to the growth of the countries and regions where we conduct our operations. It is also important to us that this does not result in segregation and inequality. For Crown Energy, corporate social responsibility also includes safeguarding human rights in all situations, both directly (people associated with our operations) and indirectly (local communities in the regions in which we operate).

In our Business area Asset Development and Management, we strive to always address social problems in the areas we have projects and work to benefit local communities. The social investments Crown Energy makes include both community development projects and strategic entrepreneurship initiatives. We work with local stakeholders to identify social risks and effects in each country and we strive to create tailored social investment plans for the communities we work with based on their priorities and needs.

The oil and gas exploration PSAs include certain requirements concerning responsibility for local communities. The annual licence commitment normally includes a portion earmarked for education. These funds are commonly for education and training of employees at government agencies involved in oil and mineral operations in the respective countries. Crown Energy currently does not have any operational activities on site in the countries and regions where we are the operator and where we are a licence partner.

HEALTH AND SAFETY

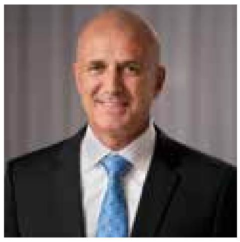
Crown Energy is responsible for preventing accidents and other incidents and providing a safe and healthy work environment for employees and contractors. Our health and safety responsibility also extends to local populations who are directly and indirectly affected by our operations.

In our Business area Asset Development and Management, we strive to ensure that no accidents occur that harm people or that put our neighbours or facilities at risk. All our employees are therefore fully insured.

As an exploration company in the oil and gas industry, health and safety are very important, because projects can pose major safety risks from time to time, such as fires, oil spills and other accidents. These risks may result in personal injuries, property damage and environmental damage. Safety issues are largely governed in the PSAs and JOAs, which stipulate the responsibilities of each party. If health and safety issues are not governed in these agreements, Crown Energy's internal policies will apply. If Crown Energy's own policies are stricter than a country or region's own regulations, Crown Energy's adopted policies will still apply. In addition to operational risks specific to the industry, there are also risks related to safety in a country or area, i.e. due to war and other turbulence. Crown Energy's projects are in early phases and no activities are being conducted at this time in the licence areas which could directly cause personal injuries or fires. Depending on the progress of projects, this may change in the future. In such cases, Crown Energy will strive for the development of good procedures and their implementation in these projects.

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITORS

BOARD OF DIRECTORS

				
	Pierre-Emmanuel Weil	**Alan Simonian**	**Jean Benaim**	**Yoav Ben-Eli**
Function	Chairman of the Board	Board member	Board member	Board member
Year elected	May 2016	2011	May 2016	December 2016
Birth year	1981	1966	1947	1970
Education	Finance degree HEC Paris, law degree Paris XI University	Law degree Southampton University	Robespierre College, and economics and statistics at Arts et Métiers, ParisTech	Science at Tel-Aviv University
Experience	Investment adviser, asset management	Oil sector consultant	Has worked in Africa for many years in coffee export, oil licences and port logistics within the oil industry	Entrepreneur with experience from construction projects within the oil and gas industry
Other Board posts	Director in charge of Cement Fund SCSp, CEO and partner Weil Investissement, Board member and partner Racing Club de Strasbourg Alsace	Board member of Simco Petroleum Ltd, Fastnet Ltd, Simbo Petroleum No 2 Ltd and Simbo Petroleum No 3 Ltd	Board member and chair Intercafa S A	Board member of ESI Group S.A. and YBE Ventures Ltd
Shares in Crown Energy at 31 December 2017	No personal shareholdings, but is responsible for Cement Fund SCSp, which holds 63,000,000 ordinary shares in Crown Energy AB. He is thus not independent of major shareholders	3,429,521 ordinary shares	None	353,267,971 ordinary shares (through companies)
Board meeting attendance 2017	18/18	18/18	14/18	15/18
Annual Board fee, SEK thousand	150	Does not receive a fee anymore because he is now an employee in the Parent Company	75	75 As from July 2017, compensation will also be paid by consulting fees for management services. See further below under the item "Remuneration to the Board"
Independent of the Company and its management[1]	Yes	No	Yes	Yes
Independent of major shareholders[1]	No	Yes	Yes	No

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

MANAGEMENT

COO, Alan Simonian, who is also member of the Board of Directors; see previous page.




	Andreas Forssell	Jenny Björk	Thomas Falck	Peter Mikkelsen
Function	CEO	CFO (on parental leave between October 2017 to autumn 2018)	Interim CFO (from October 2017 to autumn 2018)	Chief Geologist and Exploration Manager
Employee since	2011, CEO since 2015	2013, CFO since 2015	2017, interim CFO since 2017	Not employed, but part of management since 2011
Birth year	1971	1979	1967	1953
Education	Degree in business administration (Civilekonom) Stockholm University and MBA from Cass Business School in London	Degree in business administration (Civilekonom) Linköping University	Controller DIHM, IHM Stockholm	Bachelor's in geology Oxford University
Experience	Background in corporate finance and M&A consulting and senior positions in the property- and energy sector	Authorised Public Accountant	Over 20 years of experience as CFO, both as an employee and in interim positions, in private and listed companies	Senior positions and consultant in the oil sector (mainly exploration)
Other assignements	Board member in Kopy Goldfields AB (publ), AB Krasny Gold Fields and Crown Energy Iraq AB, as well as Board member and owner of Andreas Forssell AB	–	–	Board member in KEA Petroleum Plc, Management Associate in Simco Petroleum as well as partner in Fastnet Ltd
Shares in Crown Energy at 31 December 2017	8,404,609 ordinary shares (owned privately, via company and capital insurance)	44,750 ordinary shares	None	100,000 ordinary shares

Auditor
Öhrlings PricewaterhouseCoopers AB, with Bo Lagerström (born in 1966) serving as chief auditor.

Mr Lagerström is an authorised public accountant. Both he and Öhrlings PricewaterhouseCoopers AB are members of FAR, Sweden's association for accountancy professionals.

ADDRESSES

Board of Directors and Senior Executives:
Crown Energy AB
Norrlandsgatan 18
SE-111 43 Stockholm, Sweden

Auditor:
PwC
Torsgatan 21
SE-113 97 Stockholm, Sweden

THE SHARES, SHAREHOLDERS AND SHARE CAPITAL

SHARE CAPITAL

According to Crown Energy's Articles of Association adopted on 12 May 2017, the issued share capital should be no less than SEK 4,277,264 and no more than SEK 17,109,056. The minimum number of shares is 145,487,301 and the maximum is 581,949,204. Two types of shares may be issued: ordinary shares and C shares. Each shareholder with voting rights may vote at the general meeting on the basis of the full number of shares owned and represented by him or her without any voting right restrictions. The number of shares of each type may not exceed the maximum number of shares in the Company. Ordinary shares confer ten (10) votes and C shares confer one (1) vote.
C shares do not entitle the holder to dividends or to a share of the Company's assets at dissolution of the Company. The Company's shares are not subject to an offer submitted on the basis of mandatory bid rules, a right of squeeze out, or a right of sell-out. The Company's shares have not been subject to any public takeover bids during the current or previous financial year. Crown Energy shares are denominated in SEK and are issued in accordance with Swedish law, and the owners' rights related to the shares may only be amended in accordance with the procedures specified in the Swedish Companies Act (2005:551).

Apart from the difference in votes, C shares were also subject to certain terms until 30 June 2017, regarding conversion to ordinary shares under certain conditions. For more information about C shares, see the Company's Articles of Association on its website. At 31 December 2017, 477,315,350 ordinary shares and no C shares are issued by the Parent Company.

Crown Energy's share capital totals SEK 14,032,865 at 31 December 2017. The quotient value per share is SEK 0.0294. There are no shares in the Company that do not represent the capital, and the Company does not hold any treasury shares.

SHARE CAPITAL PERFORMANCE

In October 2017, 353,267,971 C shares were converted to ordinary shares. The conversion didn't lead to any changes in share capital or number of shares.

In October 2017, a reduction in share capital with 10,133,852 C shares was registered through the withdrawal of C shares, corresponding to the adjusted purchase price for of ESI Group S.A. The withdrawal of shares as described above meant that the share capital was reduced by SEK 297,930.86 to SEK 13,106,778.21, and that the total number of shares decreased by 10,133,852 to 445,815,350.

In December 2017, a new share issue of 31,500,000 ordinary shares was registered by way of Cement Fund SCSp exercising its warrants. The issue resulted in increased share capital by SEK 926,086.36 to SEK 14,032,865, and an increased number of shares by 31,500,000 to 4,773,015,350.

Changes in the Company's share capital are reported below in table format from registration of the Company until publication of this report:

Year	Transaction	Increase in number of votes	Change in number of shares	Change in share capital (SEK thousands)	Capitalisation excl. issue expenses (SEK thousands)	Total number of shares	Total share capital (SEK thou-sands)	Value (SEK)
2010	Incorporation	50,000	50,000	50	50	50,000	50	1.00
2011	Directed share issue	450,000	450,000	450	450	500,000	500	1.00
2011	Share split (3,406:2)	1,702,500,000	1,702,500,000	-	-	1,703,000,000	500	0.00029
2011	Directed share issue	116,820	116,820	0	0	1,703,116,820	500	0.00029
2011	Reverse share split (1:100)	-1,686,085,652	-1,686,,085,652	-	-	17,031,168	500	0.029
2012	Directed share issue	181,666	181,666	5	3,347	17,212,834	505	0.029
2012	Non-cash issue[1]	1,135,411	1,135,411	34	16,987	18,348,245	539	0.029
2012	Preferential rights issue[2]	1,529,020	1,529,020	45	10,703	19,877,265	584	0.029
2012	Directed share issue	4,285,714	4,285,714	125	30,000	24,162,979	709	0.029
2012	Offset issue[3]	1,592,051	1,592,051	48	11,144	25,755,030	757	0.029
2013	Non-cash issue	1,842,715	1,842,715	54	18,611	27,597,745	811	0.029
2014	Redemption of convertibles	246,934	246,934	8	1,845	27,844,679	819	0.029
2014	Redemption of convertibles	298,732	298,732	8	2,398	28,143,411	827	0.029
2015	Redemption of convertibles	100,000	100,000	3	837	28,243,411	830	0.029
2015	Offset issue	25,828,733	25,828,733	759	78,673	54,072,144	1,589	0.029
2015	Preferential rights issue	1,475,229	1,475,229	44	4,869	55,547,373	1,633	0.029
2016	Directed share issue	5,500,000	5,500,000	162	11,000	61,047,373	1,795	0.029
2016	Redemption of convertibles	6	6	0	1	61,047,379	1,795	0.0294
2016	Directed share issue	31,500,000	31,500,000	926	63,000	92,547,379	2,721	0.0294
2016	Change in voting rights, ordinary shares[4]	925,473,790	n/a	n/a	n/a	n/a	n/a	n/a
2016	Directed (discount-ed) issue, C shares[4]	363,401,823	363,401,823	10,684	1	455,949,202	13,405	0.0294
2017	Conversion of C shares to ordinary shares	3,179,411,739	n/a	n/a	n/a	455,949,202	13,405	0,0294
2017	Redemption of C shares	-10 133 852	-10 133 852	-298	n/a	445,815,350	13,107	0,0294
2017	Redemption of warrants	315,000,000	31,500,000	926	63,000	477,315,350	14,033	0,0294

1) Refers to payment for the acquisition of Amicoh Resources Ltd. The proceeds were offset against the purchase price liability recognised in 2011 in relation to the seller, Mocoh Resources Ltd.
2) SEK 7,245,070 of the total capitalised amount refers to settlement of loan with principal owner.
3) Settlement of loan with principal owner.
4) Registration of the issue was made with Swedish Companies Registration office in 2016. The transfer of the shares and votes of the directed issue to the recipient was made in February 2017.

OWNERSHIP STRUCTURE

As at 31 December 2017, Crown Energy had about 1,500 shareholders. The number of outstanding shares, of which all are ordinary shares, amounted to 477,315,350 on publication of this report. The table below shows the shareholdings of the five largest owners and the combined shareholdings of other owners on publication of this report.

Shareholders	Number of shares	Interest (%)
Yoav Ben-Eli, via Company (C shares)	343,817,971	72.0
Cement Fund SCSp	63,000,000	13.2
Veronique Salik	14,519,404	3.0
Andreas Forssell, privately and via companies	8,404,609	1.8
Comtrack Ventures Ltd	7,501,988	1.6
Other shareholders	40,071,378	8.4
Total number of shares	**477,315,350**	**100.0**

The total number of votes on publication of this report amounts to 4,773,153,500. The following table shows the share of outstanding votes of the five largest owners and the combined share of the other owners:

Shareholders	Number of shares	Interest (%)
Yoav Ben-Eli, via Company (C shares)	3,438,179,710	72.0
Cement Fund SCSp	630,000,000	13.2
Veronique Salik	145,194,040	3.0
Andreas Forssell, privately and via companies	84,046,090	1.8
Comtrack Ventures Ltd	75,019,880	1,6
Other shareholders	400,713,780	8.4
Total number of votes	**4,773,153,500**	**100.0**

STOCK EXCHANGE

All of the Company's 477,315,350 outstanding shares, exclusively ordinary shares, are traded on NGM Equity under the ticker symbol CRWN and ISIN code SE0004210854.

AFFILIATION WITH EUROCLEAR IN SWEDEN

Crown Energy is a central securities depository (CSD) Company and the Company's shares are to be registered in a CSD register under the Swedish Financial Instruments Accounts Act (1998:1479). The Company and its shares are affiliated with the securities system of Euroclear Sweden AB, address PO Box 191, 101 23 Stockholm, as the central securities depository and clearing organisation. Instead of issuing physical certificates to shareholders, transactions are done electronically by registering with the CSD system of an authorised bank or other investment manager.

DIVIDEND POLICY

Over the next few years, Crown Energy's Board does not intend to propose a dividend. For now, any profits are reinvested in order to expand the business. The timing and amount of any future dividends are proposed by the Board. In consideration of future dividends, the Board will weigh factors such as the requirements that the nature, scope, and risks of the business place on the Company's equity, its need to strengthen the balance sheet, its liquidity, and its financial position. Crown Energy does not apply any restrictions or special procedures with respect to cash dividends to shareholders residing outside Sweden. With the exception of any limitations resulting from banking and clearing systems, pay-out will take place in the same way as for shareholders residing in Sweden. For shareholders who are not tax resident in Sweden, Swedish withholding tax is not normally charged. There are no rights, except the right to dividends, to share in the Company's profits. Crown Energy has not yet paid any dividends, nor is there any guarantee for any given year that a dividend will be proposed or resolved on by the Company.

SHARE-BASED INCENTIVE PROGRAMME AND WARRANTS ISSUED

The Company does not have any active incentive programmes.

CHAIRMAN'S STATEMENT

2017 has been a very positive year for Crown Energy. The Company successfully completed the acquisition of the ESI business, by way of a reverse takeover, as well as financially strengthened the Company and the continued operations thanks to a further investment of SEK 63 million from its shareholder Cement Fund, a company that I represent. These significant steps have resulted in a strongly improved financial situation and shows the trust and support from existing owners.

NEW STRUCTURE

Following the acquisition of the ESI Group, Crown Energy now has two business areas. These are Asset Development and Management, and Energy.

Asset Development and Management carries on the cash generating service business and is currently focused on our existing asset portfolio in Angola. Our intention is now to expand this business significantly, following our client's needs, in other strategic locations.

The Energy business area continues to cover our existing oil and gas assets in Iraq, South Africa, Madagascar and Equatorial Guinea. Value is created by our team developing assets in early stages and then introducing suitable oil and gas industry players to the projects for further development and production.

VISION

Our strategic vision is to be an established player and an obvious partner in the international energy market, both in exploration of oil and gas resources and in development of service through customised residential and office solutions and value-added services. We are using our contacts and knowledge about the oil and gas business in two complementary ways.

Our Business area Asset Development and Management's strong relationship with international oil companies will in time benefit our oil and gas business. Our business area Energy's positions around the world will open the doors to new opportunities for our service business through new projects.

BOARD COMPOSITION AND WORK DURING THE YEAR

Our Board composition has remained unchanged during 2017. Our Board members' skill sets company's orientation and enables the company to benefit from strong synergies between its two business areas.

The most extensive part of the Board's work in 2017 was a result of the acquisition of ESI Group S.A. The Board worked extensively on the completion of and company formalities in connection with the deal, in addition to current regular questions.

FURTHER GROWTH IN 2018

To conclude, 2017 has been a year of significant change and positive development. We have been able to complete a major corporate transaction, secure strong cash flows, and raise notable further financing with the support of Cement Fund.
We have also seen good progress on our main projects both in Asset Development and Management, and Energy. Furthermore, the second half of the year has shown that the industry appears to be picking up. The previously mentioned cut backs in industry spending are starting to take an effect, combined with the reductions in costs of operations.

We remain comfortable that Crown Energy's projects work at the current oil price, and that our existing assets, cash flow, and potentially projects will greatly benefit Crown and its shareholders. We look forward to further growth in 2018!

Pierre-Emmanuel Weil
Chairman of the Board

OUR VISION IS TO BE AN ESTABLISHED PLAYER AND AN OBVIOUS PARTNER IN THE INTERNATIONAL ENERGY MARKET, BOTH IN EXPLORATION OF OIL- AND GAS RESOURCES AND IN DEVELOPMENT OF CUSTOMISED RESIDENTIAL AND OFFICE SOLUTIONS AND VALUE-ADDED SERVICES.

Pierre-Emmanuel Weil, Chairman of the Board

CORPORATE GOVERNANCE REPORT

This report was prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Code of Corporate Governance (the Code)

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

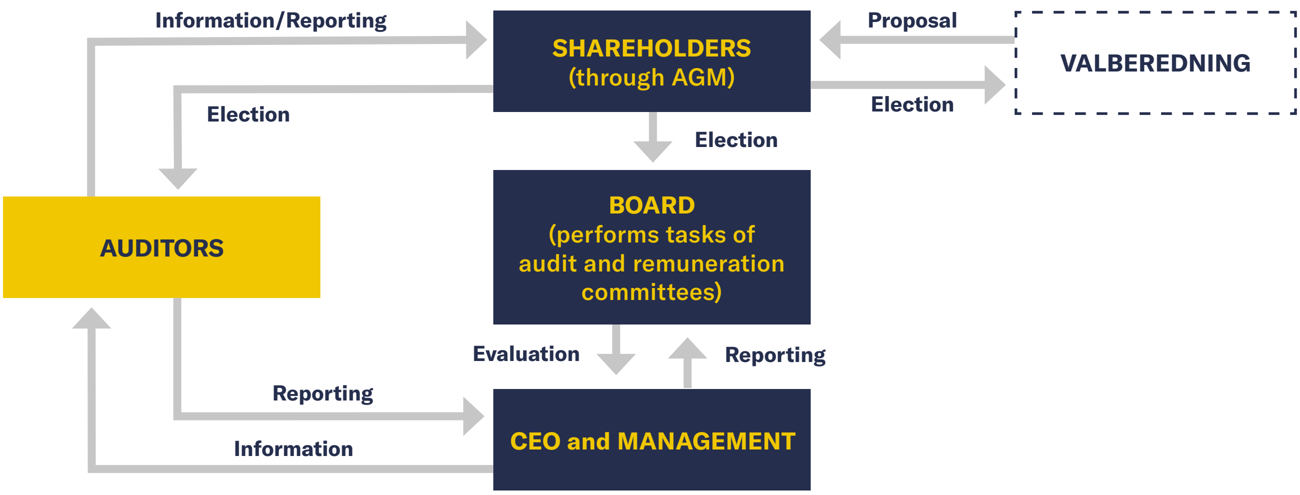
Crown Energy's corporate governance is allocated among shareholders, the Board, the CEO, and senior management. Governance is regulated mainly by the Articles of Association, the Swedish Companies Act, NGM's rules for companies whose shares are traded on NGM Equity, the Code, good practice on the stock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

Companies whose shares are traded on a regulated market are required to implement the Code. The Code is part of self-regulation in the Swedish business community and is based on the principle of comply or explain. This means that a company applying the Code may deviate from individual rules but must explain the reason for each deviation and provide a description of the solution that was chosen instead. The Code is available at www.corporategovernanceboard.se. In accordance with the provisions of the Annual Accounts Act and the Code, Swedish companies whose shares are traded on a Swedish regulated market must also prepare a Corporate Governance Report. Crown Energy's 2017 Corporate Governance Report was prepared accordingly.

Rules of the Code from which Crown Energy deviated in 2017 are indicated in this report. Explanations and solutions that were used instead are described in each respective section of the Corporate Governance Report.

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

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



SHAREHOLDERS
As at 31 December 2017, Crown Energy had about 1,500 shareholders. The Company's three largest owners as of 31 December 2017, with regard to both share capital and votes, are Yoav Ben-Eli (through YBE Ventures Ltd) with approximately 74.0 per cent of the shares, Cement Fund SCSp with 13.2 percent and Veronique Salik with 3.0 per cent. All outstanding shares are ordinary shares.

The five largest shareholders had combined holdings corresponding to 93.6 per cent of the shares as well as the votes at the end of 2017.

According to Chap. 6, Sec. 6, Sub sec. 2, Par. 3 of the Annual Accounts Act, corporate governance reports must present direct or indirect shareholdings that represent at least one-tenth of the number of votes for all shares in the Company. There were two shareholders with shareholdings of this type at 31 December 2017: Yoav Ben-Eli and Cement Fund SCSp. Further information about the share and shareholders can be found on pages 20–22 of this Annual Report.

GENERAL MEETING
The General Meeting is Crown Energy's highest decision-making body. By law, the Annual General Meeting (AGM) must be held within six months of year-end. Decisions are made at the AGM

on such issues as adoption of the income statement and balance sheet, appropriation of profits, discharge of liability and election of Board members and auditors. Decisions are also made at the general meeting on the Articles of Association, dividends, and any changes to the share capital.

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

Annual General Meeting

Crown Energy's 2017 Annual General Meeting was held on 12 May 2017 in Stockholm. At the meeting, 27.35 per cent of the votes and 7.73 per cent of the total number of outstanding shares were represented. The following items and others were resolved at the meeting:

- Adoption of the income statements and balance sheets for the Parent Company and the Group
- Discharge from liability for the Board and CEO
- Adoption of appropriation of profits, entailing that the Company's accumulated earnings of SEK 202,772,513 be brought forward
- Adoption of the number of Board members (four) and election of Board members (re-election of all members)
- Adoption of Board fees of SEK 225,000, with SEK 150,000 to the Chairman and SEK 75,000 to each non-employed Board member
- Re-election of Auditors and adoption of audit fees as per approved invoices
- Adoption of guidelines for remuneration of Group senior executives
- Change of the Articles of Association with respect to removal of the post-transfer purchase right clause.

The 2018 AGM will be held on 17 May 2017 at 10.00 am at the Company's lawyer's (Baker & McKenzie) head office at Vasagatan 7 in Stockholm. For information on the AGM, see the Company's website at www.crownenergy.se.

Other general meetings

No extra general meetings were held in 2017.

NOMINATION COMMITTEE

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

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

BOARD

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

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

According to the Articles of Association, Crown Energy's Board is to consist of at least three and no more than ten members, with no more than five deputies. The composition of the Board was unchanged during the year and consisted of four members.

Board of Directors at 31 December 2017:

- Pierre-Emmanuel Weil (Chairman)
- Alan Simonian (Board Member)
- Jean Benaim (Board Member)
- Yoav Ben-Eli (Board Member)

There is no specific division of duties between Board members. For additional information on the current Board, see the "Board of Directors, senior executives, and auditors" section on pages 18–19 of the Annual Report.

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

The work is led by the Chairman of the Board, who has a particular responsibility for ensuring that it is well organised and efficient. This includes ensuring that the Board has the relevant education to discharge its duties, ensuring that it receives sufficient information and supporting documents, and that it is evaluated annually. The Chairman also maintains frequent contact with the Company's CEO. The Chairman is appointed at the AGM. Pierre-Emmanuel Weil was re-elected Chairman of the Board at the 2017 AGM.

The Board may establish committees to delegate certain tasks. Normally these committees consist of audit and remuneration committees. Board committees deal with issues that fall within their respective areas and submit reports and recommendations that form the basis of decisions made by the Board. The Board decides whether or not a committee should be established. The Board may, in accordance with the Swedish Companies Act, decide to perform the duties of a committee themselves, that is, address the issues within the regular Board. In 2017, Crown Energy did not have an audit committee or remuneration committee since the Board found it to be more appropriate to handle these types of issues within the regular Board. Accordingly, the Board performs the duties of each committee.

The Code requires that a majority of Board members be independent of the company and its management. At least two of the independent Board members must be independent of the Company's major shareholders. Major shareholders are defined as owners who control ten per cent or more of the shares or votes in the Company. The Board's composition was unchanged in 2017. At the AGM in May 2017, all four Board members were re-elected. One of them is independent of the Company, its management, and major shareholders. As only one person is independent both in relation to the Company's management as well as major shareholders, this is a deviation from the Code.

The work of the Board in 2017

Under the Board's rules of procedure, the Board is to convene at least four times per year in addition to the statutory meeting. The Board held 18 meetings in 2017, including one statutory meeting. As a result of the acquisition of ESI Group S.A., the Board worked extensively during the year on the completion of and Company formalities in connection with the deal, in addition to current regular questions.

In 2018, a number of meetings have been held. Including one in April regarding a debriefing from the Company's auditors regarding the 2017 financial year.

A summary of the Board members and their attendance at Board meetings can be found below:

Name	Position	Independent of Company and management	Independent of Company's major shareholders	Board meeting attendance 2017
Pierre-Emmanuel Weil	Chairman	Yes	No	18/18
Alan Simonian	Board member	No	Yes	18/18
Jean Benaim	Board member	Yes	Yes	14/18
Yoav Ben-Eli	Board member	Yes	No	15/18

Authorisation

The Company has no outstanding authorisations.

CEO AND MANAGEMENT

The CEO ensures that operations are conducted in accordance with the Companies Act, other laws and ordinances, applicable rules for listed companies, the Articles of Association, and the Board's internal control instruments, and in accordance with the Board's established goals and strategies. In consultation with the Chairman of the Board, the CEO compiles the necessary informational and supporting documents for Board meetings, presents reports and motivates decision proposals. The CEO is Andreas Forssell.

The Management Group is otherwise comprised of Jenny Björk, CFO (with Thomas Falck as interim CFO from October 2017), Alan Simonian, COO, and Peter Mikkelsen, chief geologist and exploration manager. Thomas Falck and Peter Mikkelsen perform their duties as consultants, not as employees of Crown Energy.

See the presentation of the CEO and other senior executives on pages 18–19 of the Annual Report.

INTERNAL AUDITING

The Company has had, until the acquisition of ESI Group S.A., a simple legal and operational structure along with established management and internal control systems. As a result, the Board determined in 2017 that a separate internal audit function was not necessary. The Board regularly monitors the Company's assessment of internal control through contact with the Company's auditors and by other means. In 2018, the Board intends to increase resources for internal control, including through the appointment of a Controller.

AUDITOR

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

The 2017 AGM re-elected audit firm Öhrlings Pricewaterhouse-Coopers AB as Crown Energy's auditor until the end of the 2018 AGM. As chief auditor, authorised public accountant Bo Lagerström was appointed to sign the auditor's report.

The audit team had regular contact with the Company in 2017 in addition to the audit procedures performed. The Company's auditors reviewed the annual accounts and the Company's internal controls for 2017. Apart from this, the auditor also performed statutory reviews in conjunction with the year's share issues. The Company's financial nine-month report was reviewed.

REMUNERATION

Remuneration guidelines

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

Most recently approved remuneration guidelines – 2017 AGM
For the 2017 AGM, the Board proposed the following, essentially unchanged, guidelines, which were later adopted at the AGM on 12 May 2017:

- The Board shall be entitled to deviate from the guidelines in individual cases if there are specific reasons for doing so. In the event of such a deviation, notice of the deviation and the reason for it must be reported at the next AGM.
- The remuneration of the CEO and other senior executives shall consist of a fixed, market-based salary. Any potential benefits shall constitute only a limited portion of the remuneration.
- The CEO and other senior executives shall have defined contribution pension plans, which means that vesting occurs through the Parent Company's annual payments of premiums. The pension provision for the CEO shall be 25% of the CEO's annual salary. Pensions for other senior executives must be in line with the ITP plan.
- Upon termination by the Company, severance pay for senior executives can be paid to a maximum of 24 monthly salaries, including fixed salary, during the notice period.
- Decisions on share and share price related incentive schemes for senior executives shall be taken at the AGM. Share and share price related incentive schemes shall be designed with the aim of achieving greater alignment of interests between the participating executives and the Company's shareholders. Schemes that involve the acquisition of shares shall be designed so that a personal shareholding in the Company is promoted. The vesting period, or the period from the conclusion of the agreement until shares may be acquired shall not be less than three years. Board members who are not also employees of the Company shall not participate in schemes directed to management or other employees. Share options shall not be included in schemes directed to the Board.
- The Company's Board members shall, in specific cases, be allowed to receive fees for services rendered within their respective areas of expertise that are not associated with Board work. Fees for these services shall be market-based, approved by the Board, and disclosed at the AGM.

The Board's proposed remuneration guidelines for the 2018 AGM
The Board's proposed remuneration guidelines for the 2017 AGM are the same as the most recently adopted guidelines (see above).

Remuneration of the Board of Directors
Resolutions on the remuneration of the Board are made at the AGM. At the AGM on 12 May 2017, it was decided that the Chairman of the Board's remuneration would be SEK 150,000 and that the remuneration of other Board members not employed by the Company would be SEK 75,000 each.

Chairmen and Board members who are not also employees of the Company do not receive a salary from the Company and are not eligible to participate in any of the Company's future incentive schemes. However, as mentioned earlier, Yoav Ben-Eli receives a fee for management services from 1 July 2017. During the period July - December 2017, this fee totalled SEK 679,792.

Board fees, amount in SEK thousands	2017	2016
Chairman of the Board	150	150
Board member (per person)	75	75

Remuneration of and benefits for senior executives in 2017
Decisions on the remuneration of the CEO are made by the Board.

CEO Andreas Forssell has since July 2016 received SEK 130,000 per month. Andreas Forssell also receives pension benefits, which, as far as the Board can determine, are comparable to CEOs of companies that are similar to Crown Energy.

The other senior executives of Crown Energy are Jenny Björk, CFO (on parental leave from October 2017), Thomas Falck, Interim CFO (from October 2017), Alan Simonian, COO, and Peter Mikkelsen, Exploration Manager. Decisions regarding the remuneration of other senior executives are made by the CEO. Jenny Björk receives from July 2016 a monthly remuneration of SEK 65,000. Jenny Björk also receives pension benefits, which, as far as the Board can determine, are comparable to corresponding positions in companies that are similar to Crown Energy. Alan Simonian was hired effective June 2016 and his monthly remuneration is SEK 100,000. Alan Simonian also receives pension benefits, which, as far as the Board can determine, are comparable to corresponding positions in companies that are similar to Crown Energy.

Between the Company and the CEO, CFO and COO, there is a notice period of 24 months from the Company and 6 months from the employee.

Apart from public pension plans, Crown Energy has no contracted pension benefits other than the pension benefits of the CEO, CFO and COO. Unless otherwise stated above, the Company has not entered into any agreement with members of the Company's administrative, management, or supervisory bodies that entitle such members to any benefits after termination of their assignments.

Thomas Falck is hired consultant via ProXecutive Consultants AB, which is replaced on a regular basis. In 2017, ProXecutive Consultants AB invoiced a total fee of SEK 1,050 thousand.

Peter Mikkelsen performs his management obligations to the Company on a consultant basis and is hired as needed. In 2017, Peter Mikkelsen invoiced a total fee corresponding to SEK 84 thousand.

The remuneration of employed senior executives is summarised below:

Senior executives, All amounts in SEK thousand	Base salary	Variable remuneration	Other benefits	Pension expences	Total 2017	2016
Andreas Forssell, CEO	1,596	–	–	434	2,030	2,058
Jenny Björk, CFO	795	–	–	120	915	925
Alan Simonian, COO	1,200	–	–	139	1,339	770
Total	**3,591**	**–**	**–**	**693**	**4,285**	**3,753**

Remuneration of auditors

The 2017 AGM elected Öhrlings PricewaterhouseCoopers AB as the auditor. Bo Lagerström has served as chief auditor since autumn 2016. Bo Lagerström succeeded Peter Burholm due to rotation rules. Mr Lagerström is an authorised public accountant and a member of FAR SRS, Sweden's association for accountancy professionals. Remuneration to the auditor is paid on open account. Remuneration paid to the auditor by the Group for financial year 2017 (2016) totalled SEK 1,019 thousand (730), of which SEK 900 thousand (718) pertained to audit engagements and SEK 119 thousand (12) was for other engagements. An audit involves reviewing the Annual Report and bookkeeping along with the administration of the Board of Directors and CEO, other tasks incumbent upon the Company´ s auditor to perform, and advice or other assistance prompted by observations made during the audit or the performance of other tasks. Everything else is considered other assignments.

INTERNAL CONTROL AND RISK MANAGEMENT OF FINANCIAL REPORTING FOR THE 2017 FINANCIAL YEAR

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

Control environment

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

Risk assessment

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

Control activities

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

Information and communication

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

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

Follow-up

Under 2017 har uppföljning främst skett genom att verksamheten har behandlats i samband med ordinarie styrelsemöten.

In 2017, follow-up of operations was mainly done in connection with regular Board meetings. The Company's auditors regularly reviewed the internal controls during 2017.

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

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Crown Energy AB (publ), corporate identity number 556804-9598

Engagement and responsibility
It is the board of directors who is responsible for the corporate governance statement for the year 2017 on pages 25–29 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 26 April 2018

Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorized Public Accountant

DIRECTORS' REPORT

The Board of Directors and CEO of Crown Energy AB (publ), 556804-8598, hereby issue the annual report for the financial year 1 January – 31 December 2017.

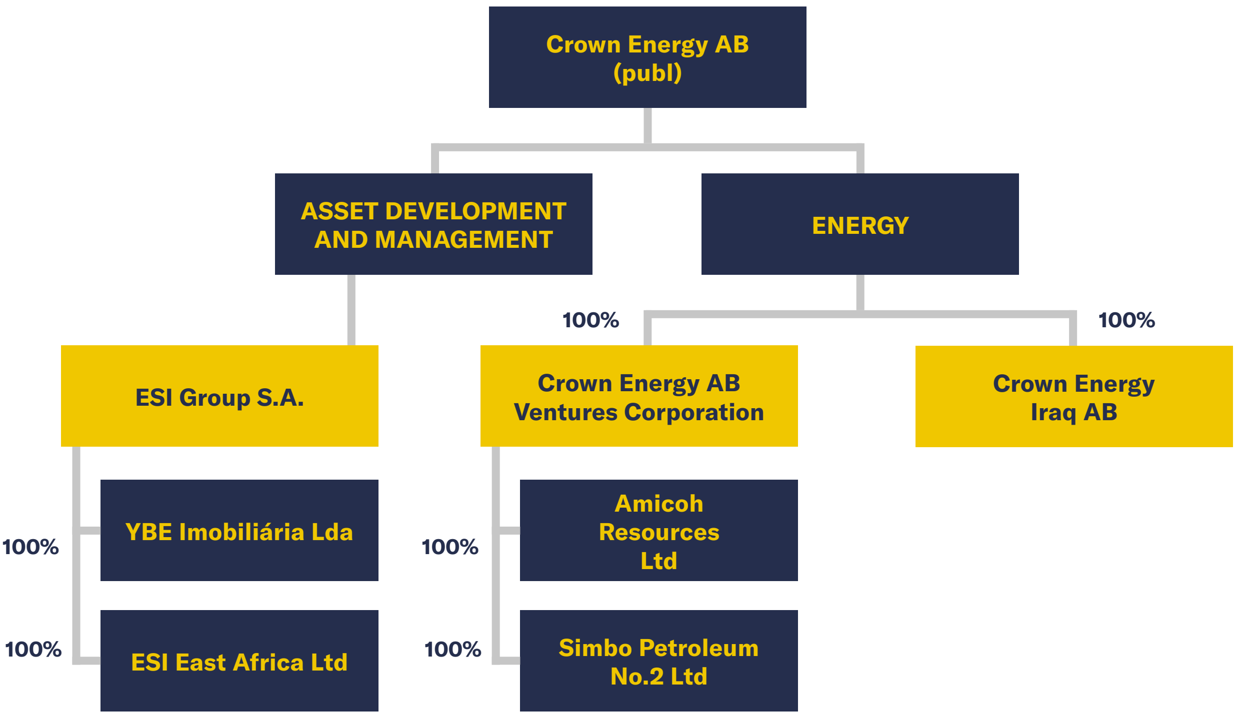
OPERATIONS
Crown Energy AB (publ) with its subsidiaries ("Crown Energy" "the Company" or "the Group") is an international oil, gas, and service group with operations focused on underexplored areas in Africa and the Middle East.

The Energy business area focuses on exploration opportunities with high potential for recoverable reserves. Crown Energy seeks good risk diversification, both geographical and geological, and pursues farm-out opportunities as exit strategies to capitalise as much as possible on its assets. For a more detailed description of the Group's exploration operations and ongoing projects, see the section entitled Energy business area on pages 12-15.

The Company's Asset Development and Management business area delivers customised residential and office solutions to international companies that need to station staff abroad, primarily in Africa. This comprehensive offering of leasing and associated services enables customers to focus on their core business instead of worrying about major capital investments. For a more detailed description of the Group's Asset Development and Management business and business concept, see the section Asset Development and Management on pages 6-11.

The Parent Company, whose commercial domicile is Stockholm, Sweden, is listed on NGM Equity.

COMPANY STRUCTURE
Below is an overview of the Group's legal structure at 31 December 2017.



SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR
Completion of transaction between Crown Energy and ESI Group
In February 2017, 363,401,823 newly issued C shares (and 363,401,823 votes) were transferred to YBE Ventures through a discount issue as a result of the reverse acquisition. On 30 June 2017, the parties agreed to complete the transaction, which meant that Crown Energy would receive 100 per cent of the shares in ESI Group. The final value of the operations and final number of shares for conversion are based on a consideration mechanism. For more information about the transaction, see Note 29 Acquisition of ESI Group.

Successful sale of assets and repayment of loan
On 13 April 2017, Crown Energy announced that parts of a property in Angola were sold to an external party. The proceeds received from the sale were used to pay off ESI Angola Lda's existing loan of approximately USD 4 million on the C-view building. The transaction meant that the loan was not transferred to YBE Imobiliária Lda, which took over the business from ESI Angola Lda. Consequently, the Group has no external loans. The sale price of the asset exceeded the external valuation of the building by approximately USD 850 thousand. Since the transaction took place in ESI Angola Lda, it has not had any earnings effects in the Group.

Consultancy agreement with Proger

On 20 April 2017, Crown Energy announced that it had signed a consultancy agreement with Proger S.p.A. Proger is an internationally recognised Italian engineering and consulting company. Proger will carry out a wide range of technical services and business support, especially for our Iraq project. After the end of the reporting period, another agreement was signed with Proger regarding enhanced cooperation. Read more about this in Note 30 Events after the balance sheet date.

Final settlement regarding acquisition of ESI Group

The Company announced the final settlement for the acquisition of ESI Group S.A., the conversion of C shares into ordinary shares and the redemption of C shares on 25 August 2017. The total final valuation of ESI Group was SEK 883,169,928, which is a minor adjustment from the acquisition valuation of SEK 908,504,559. A total of 353,267,971 C shares were converted to ordinary shares in the Parent Company and 10,133,852 C shares were redeemed (cancelled). After conversion and redemption, there are no more C shares issued. The total number of ordinary shares in the Parent Company after conversion and redemption is 445,815,350. Consequently, only ordinary shares are issued. The final dilutive effect in the Parent Company was 79.2 per cent. Share capital decreased by approximately SEK 297,932 and amounted to approximately SEK 13,106,779. The number of votes in the Parent Company after conversion are 4,458,153,500 (each ordinary share has 10 votes).

Resource report

The updated resource report for the Energy business area was released on 28 September 2017.

Prospectus

On 13 October 2017, a prospectus was announced due to the fact that ordinary shares in the Company, resulting from the conversion of C shares, were being admitted to trading on NGM Equity. Due to regulatory requirements, the prospectus contained new financial information as at 31 July 2017 attributable to the Company's equity and liabilities as well as net debt that had not been previously published. In addition, the prospectus contained a valuation statement on the Company's property holdings written by an external valuer. The prospectus was prepared as a result of the fact that a total of 353,267,971 C shares, in connection with the final settlement of the acquisition of ESI Group SA, published on 25 August 2017, were converted into ordinary shares in the Company and were admitted to trading on NGM Equity. The prospectus was approved and registered by the Swedish Financial Supervisory Authority (FI) and published on the Company's website at www.crownenergy.se.

Supplementary agreement to PSC with Salah Ad-Din

On 30 October 2017, it was announced that after a long period of discussion and negotiations, the Company signed a revised and prolonged Production Sharing Contract (PSC) with Salah ad-Din Province in Iraq.

Key points in the revised PSC:

- Extension of the contract period – The end of the first exploration period has been extended from September 2018 to September 2023 due to the fact that it has been impossible to carry out work in the region over certain periods due to military unrest.
- Terms of agreement have been adapted and updated to current industry standards and practices.
- The production programme remains the same, which means geological and geophysical studies, a limited seismic programme and drilling of a well.

The Company has previously announced that certain contractual terms in the existing PSC were somewhat unclear and thus open to different interpretations. These have been discussed and clarified with the region in the last few months and have now been reworked and are therefore remedied. As a result, the revised agreement clarifies the way forward for contractual obligations along with technical and commercial development of the Salah ad-Din contract area, which will benefit all stakeholders.

Cement Fund exercises warrants

On 6 December 2017 it was announced that one of the Company's major shareholders, Cement Fund SCSp, exercised all 31.5 million warrants and subscribed for 31.5 million new ordinary shares in the Company. The exercise price per ordinary share was SEK 2, as agreed at the Annual General Meeting on 4 May 2016. The exercise of the warrants injected SEK 63 million into Crown Energy. Following this transaction, there are no outstanding warrants or options in the Company.

As a result of the exercise of the warrants, the number of ordinary shares in the Company increased to 477,315,350. Each ordinary share holds ten votes each and the total number of votes in the Company amounts to 4,773,153,500.

Extension of Manja licence

On 13 December 2017, it was announced that the Company had been granted a two-year extension the Block 3108 Manja licence. This makes room for renewed exploration activities in the licence area.

Following a positive meeting with OMNIS, the oil and gas authority for Madagascar, an agreement was reached to extend the licence for two years until 14 November 2019. The production commitment was moved forward from the previous period and continues to include a full tensor gravity (FTG) survey of the licence area followed by additional voluntary 2D seismic data.

The agreement was finalised by the ministry in Madagascar, which means that the licence extension is now in effect.

FINANCIAL OVERVIEW
Five-year summary

Group, SEK thousand	01/01/2017 31/12/2017	01/01/2016 31/12/2016
Operating income	111,294	150,161
Operating expenses	-41,962	-50,970
Operating profit excl. effect of reverse acquisition	69,332	99,191
Earnings effect from reverse acquisition	-174,586	-
Operating profit/loss incl. effect of reverse acquisition	-105,254	99,191
Net financial items	2,397	-66,383
Net profit/loss for the period, after tax	-63,257	32,803
Total assets		
Earnings per share, SEK	-0.16	0.09
Equity per share, SEK	1.62	1.31
Equity/assets ratio	79.7%	71.5%
Number of employees	15.5	15.0

Parent Company, SEK thousand	01/01/2017 31/12/2017	01/01/2016 31/12/2016
Operating income	10,988	395
Operating expenses	-22,060	-8,835
Operating profit/loss	-11,072	-8,440
Net financial items	6,436	10,899
Total assets	1,642,569	224,461
Number of employees	3.0	2.6

See Note 31, Key ratios, for definitions of key ratios.

BALANCE SHEET
Investment property

The value of the investment properties acquired from ESI Group SA amounts to SEK 618,344 thousand (631,108) as at 31 December 2017. The change for the year consists of investments of SEK 6,075 thousand (155,092), unrealised changes in value of SEK 39,255 thousand (0) and exchange rate effects of SEK -58,095 thousand (-58,983). The changes in value are attributable to the fact that the C-view property has been completed and its market value was determined by a third party and that some agreements with landowners have not been extended, along with changes in rental agreements with tenants in connection with the transfer between the companies ESI Angola Lda and YBE Imobiliária Lda.

Group, All amounts in SEK thousand	01/01/2017 31/12/2017	01/01/2016 31/12/2016
Fair value at start of period	**631,108**	**573,558**
+ Capital expenditures for the period	6,075	155,092
- Disposals for the period	-	-38,559
+/- Unrealised changes in value	39,255	-
+/- Exchange rate effects*	-58,095	-58,983
Fair value at end of period	**618,344**	**631,108**

*Exchange rate effects due to revaluation from USD to Angolan Kwanza and then to Swedish krona.

Property, plant, equipment, tools and installations

Property, plant, and equipment, in the form of machinery and equipment, amounts to SEK 340 thousand (0). The change for the year consists of investments of SEK 354 thousand (0), depreciation of SEK -7 thousand (0) and exchange rate effects of SEK -7 thousand (0).

Exploration and evaluation assets

At 31 December 2017, exploration and evaluation assets totalled SEK 188,888 thousand. With the reverse acquisition of ESI Group SA, the balance of SEK 183,133 thousand is considered acquired at 30 June 2017. Therefore, the new Group lacks comparative figures for 2016. Changes for the second half of the year consist of investments, capitalized costs of SEK 8,415 thousand and translation effects of SEK -2,660 thousand.

Group, All amounts in SEK thousand	01/01/2017 31/12/2017	01/01/2016 31/12/2016
Opening carrying amount	-	-
Capital expenditures for the period	8,415	-
Increase through business combination	183,133	-
Translation and revaluation effects	-2,660	-
Closing accumulated cost	**188,888**	**-**

Current assets
Trade receivables of SEK 29,415 thousand were incurred through the acquisition of ESI Group SA and are due entirely to operations in Angola.

Other receivables at 31 December 2017 amount to SEK 28,489 thousand (38,830) and primarily concern a receivable from ESI Angola Lda amounting to SEK 25,456 thousand. See Note 17 Other receivables for a specification of the item.

Prepaid expenses totalled SEK 640 thousand (1,351) and mainly comprise prepaid rent and prepaid costs regarding operations in Angola. See Note 18 Prepaid expenses and accrued income for a specification of the item.

Cash and cash equivalents at the end of the period totalled SEK 102,183 thousand compared with SEK 363 thousand on 31 December 2016. The increase in cash and cash equivalents is explained by the positive cash flow from operating activities and the exercise of warrants in December 2017. See the Consolidated statement of cash flows and the section entitled "Significant events during the financial year".

Equity
Equity totalled SEK 772,110 thousand. The increase compared to 31 December 2016 is mainly attributable to the acquisition (reverse acquisition) at 30 June 2017 and the exercise of warrants in December 2017. Issue expenses totalled SEK -7,621 thousand (-8,641), thus reducing equity. See the consolidated statement of changes in equity for more information.

Non-current liabilities
Financial lease liabilities (long-term and short-term) relate to operations in Angola, and the long-term portion at the end of the period amounted to SEK 96,837 thousand (112,016).

Deferred tax liabilities totalled SEK 31,929 thousand (24,753) and are attributable to surplus values in the Group's property, exploration and evaluation assets. The increase in comparative figures at 31 December 2016 is attributable to unrealised increases in value of properties and currency translation effects resulting from the underlying assets acquired in foreign currency translated at the closing rate.

Other provisions at 31 December 2017 totalled SEK 3,316 thousand (0). The provision relates to assessment of the additional consideration in the event of successful exploration of license 3108 Manja Madagascar. For more information on provisions and reversals for the period, see Note 22, Provisions.

Current liabilities
The current portion of the financial leasing liability is SEK 5,416 thousand (5,308).

Accounts payables amount to SEK 5,597 thousand (85). The increase is mainly due to the fact that the previous Crown Energy Group's accounts payables are deemed to have been acquired at 30 June 2017 and are thus not included in the comparative figures at 31 December 2016.

Tax liabilities amount to SEK 7,605 thousand (11,670), mainly related to local taxes and estimated income tax for operations in Angola.

Other current liabilities amount to SEK 6,501 thousand (10,000), of which loans to former related parties amount to SEK 5,054 thousand.

Accrued expenses amounted to SEK 39,033 thousand (45,231) and consist of employee-related items and various fees for auditors, legal counsel etc., but largely to accrued income from operations in Angola.

Cash and cash equivalents
Cash and cash equivalents at the end of the period totalled SEK 102,183 thousand compared with SEK 363 thousand on 31 December 2016. In addition to cash flow from operating activities, the increase is partly due to the cash provided by the old Crown Energy Group in the amount of SEK 19,925 thousand and the emission of shares due to exercising of warrants in December 2017 to the amount of SEK 63,000.

EARNINGS
Operating income
Asset Development and Management
Operating income consists of rental income of SEK 67,160 thousand (99,332), service income of SEK 43,323 thousand (50,829) and other operating income of SEK 811 thousand (0). The decrease in revenue is partially due to the fact that parts of the Ponticelli property were sold in December 2016 and that one of the leasehold property contracts expired. The usual changes to leases and temporary vacancies also contributed to the decrease as well as differences in exchange rates from year to year.

Energy
There has been no production of oil or gas during the period.

Operating expenses
Property costs for the year amount to SEK -21,089 thousand (-39,436) and include costs for maintenance, operation, purchase of external services such as administration, cleaning etc. Property-related taxes are also included in this item, which consists of, among other things, stamp duty and Angolan local consumption taxes based on rental and service revenues. During the fourth quarter, some assumed liabilities relating to Real Estate Income Tax – IPU are no longer required on the balance sheet, so they were reversed, which reduced property costs by SEK 13.8 million. Apart from this, property costs are somewhat lower than the previous year, which is to be expected since a property was sold in December 2016 and the contract for one of the leased properties expired.

Other external costs total SEK -13,186 thousand (-1,152). The increase is explained by the addition of the expenses incurred by the Parent Company and other subsidiaries from the reverse acquisition.

Employee benefit expenses amount to SEK -7,507 thousand (-7,080) and relate to 14.25 employees in Angola. The three employees from the "old" Crown Energy Group were added as of 30 June, which means that the average number of employees at the end of the period amounts to 15.5. Due to the reverse acquisition, the salaries for the three additional employees did not affect employee benefit expenses during the second half of the year.

Earnings effect from reverse acquisition
The earnings effect of SEK -174,586 thousand arising in the second quarter of 2017 is an accounting effect of the reverse acquisition. The amount refers to the difference between the market value of the Crown Energy Group and its net assets at the acquisition date. The effect arose since the Parent Company's share price increased between the time the agreement with the seller of the Angola business was written in November and the acquisition date (30 June 2017). Before the acquisition, the Crown Energy Group's market value more or less corresponded to its net assets. The effect was therefore recognised as an earnings effect in operating profit and not as a balance sheet item. See Note 29 Acquisition of ESI Group S.A. for more information and details.

Earnings from financial items
Net financial items for 2017 amounted to SEK 2,397 thousand (-66,383). The financial items consist mainly of exchange rate effects and the fact that the properties were valued in USD. The large exchange rate effects in 2016 are explained by the sharp fluctuations in 2015 and 2016 between the Angolan Kwanza and the US dollar.

Changes in value
Unrealised changes in value for the period were SEK 39,255 thousand (0) The reason that there are no changes in value in 2016 is explained by the fact that 2016 is a recreated carve-out from the Angolan operations and one of the assumptions made in establishing this is that the market value at 31 December 2016 was the same over the entire financial year.

Tax
In 2017, tax revenue of SEK 345 thousand (-5) was recognised relating to income tax and deferred tax of SEK 7,111 thousand (0). The deferred tax expense is attributable to changes in the fair value of properties, in comparison with the carrying amount in local accounting in Angola.

Earnings after tax
Loss (after tax) for 2017 totalled SEK -63,257 thousand (32,803), corresponding to SEK -0.16 per share (0.09).

Cash flow
Cash flow from operating activities for 2017 totalled SEK 42,629 thousand (120,561). The major decline compared with 2016 is attributable to lower operating income and the large decrease in other current receivables and the large increase in other current liabilities in 2016.

Cash flow from investing activities for the full year totalled SEK 5,081 thousand (-116,533).

The positive cash flow is explained by acquired cash and cash equivalents of SEK 19,925 thousand (0), an effect of the reverse acquisition of ESI Group S.A. at 30 June 2017. Otherwise, cash flow consists of investments in investment properties amounting to SEK -6,075 thousand (-155,092), exploration assets of SEK -8,415 thousand (0) and other property, plant, and equipment of SEK -354 thousand (0).

Net cash flow from financing activities for 2017 totals SEK 54,725 thousand (-3,780). The positive cash flow from financing activities is mainly explained by the exercise of warrants in December 2017.

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

EVENTS AFTER THE END OF THE FINANCIAL YEAR
Events after year-end are now presented solely in the notes; Note 30 Events after the end of the reporting period.

OUTLOOK
Operations
Crown Energy is well positioned with a balanced portfolio of exciting projects that have great potential for development. Crown Energy is now continuing its development to get a bigger and even more stable foundation. We will use our contacts in the oil industry, the positive development in the oil and gas market and our cash flows for a faster development of Crown Energy's assets and operations. Capital, processes and our organization will be further adapted to continue the development work.

Financing and going concern
With the acquisition of ESI Group and its operations as well as the exercise of warrants by Cement Fund in December 2017, the Company will continue to have adequate working and investment capital going forward.

Our Plan A is to extinguish all outstanding obligations within the next 12 months, including investments, recurring administration, using existing funds. 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 borrowing / issuance of corporate bonds or a combination of the above.

SIGNIFICANT RISKS AND RISK MANAGEMENT
See Note 3 Operational risks and Note 4 Financial risk management for a summary of the Group's significant risks and risk management.

THE SHARE AND OWNERSHIP STRUCTURE
Share capital
For more detailed information on the share, see “The share, shareholders, and share capital” section on page 20.

Ownership structure
For information on the ownership structure, see “The share, shareholders, and share capital” section on page 22.

ANNUAL GENERAL MEETING
The Annual General Meeting (AGM) will be held on 17 May 2018, at 10:00 CET in the offices of the Company's lawyers (Baker & McKenzies) at Vasagatan 7 in Stockholm.

PARENT COMPANY
Balance sheet
Participations in Group companies increased during the year by SEK 1,363,779 thousand due to the acquisition of ESI Group S.A. and a shareholder contribution to the subsidiary Crown Energy Iraq AB of SEK 500 thousand.

Intangible assets amount to SEK 90 thousand (0) and refer to the licensing of consolidated accounting software.

Non-current receivables from Group companies amount to SEK 184,805 thousand (165,988).

Current receivables from Group companies total SEK 11,928 thousand (9,097).

Other current receivables amount to SEK 333 thousand (3,402).

Cash and cash equivalents at 31 December 2017 total SEK 60,929 thousand (25,237). The increase is attributable to the exercise of warrants in December, which raised a total of SEK 63,000 thousand for the Company before issue expenses.

Equity amounts to SEK 1,626,545 thousand (216,177). See the Parent Company's statement of changes in equity for more information.

Other current liabilities amount to SEK 16,024 (3,230). The increase mainly reflects the reclassification of loans from related parties and accrued expenses.

Earnings

The Parent Company's revenue for 2017 totals SEK 10,966 thousand (395). The revenue was related to re-invoicing of expenses to subsidiaries.

Operating expenses mainly consist of other external expenses of SEK -16,303 thousand (-3,812) and employee benefit expenses of SEK -5,558 thousand (-4,863). The large increase in other external expenses is explained by expenses attributable to the reverse acquisition (expenses for adapting the new Group to IFRS, valuations, legal representatives, etc.).

Operating loss for 2017 amounted to SEK -11,072 thousand (-8,440).

Profit from financial items totalled SEK 6,436 thousand (10,899), resulting from interest income from Group companies of SEK 7,902 thousand (12,205) and unrealised exchange rate effects.

Other

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

PROPOSAL FOR APPROPRIATION OF PROFITS

The following profit is at the disposal of the AGM:

SEK	
Accumulated earnings	-29,949,500
Share premium reserve	1,647,098,603
Net profit/loss for the year	-4,636,825
Total	**1,612,512,278**

The Board proposes that SEK 1,612,512,278 be carried forward.

CONSOLIDATED INCOME STATEMENTS

All amounts in SEK thousand	Note	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Revenue	26		
Rental income		67,160	99,332
Service income		43,323	50,829
Other operating income		811	–
Total Operating Income		**111,294**	**150,161**
Operating expenses			
Property-related expenses		-21,089	-39,436
Other external costs	7	-13,186	-1,152
Employee benefit expenses	8	-7,507	-7,080
Depreciation	15, 16	-42	–
Other operating expenses		-138	-3 302
Total operating expenses		**-41,962**	**-50,970**
Operating profit before effect of reverse acquisition		**69,332**	**99,191**
Earnings effect from reverse acquisition	29	-174 586	–
Operating profit/loss after effect of reverse acquisition		**-105,254**	**99,191**
Financial income	9	6,482	-65,798
Financial expenses	9	-4,086	-585
Profit/loss before tax and changes in value		**-102,857**	**32,808**
Changes in value			
Property, unrealised	13	39,255	–
Earnings before tax		**-63,602**	**32,808**
		–	
Income tax	11, 20	-6,766	-5
Deferred tax	11, 20	7,111	–
Net profit/loss for the year		**-63,257**	**32,803**
Net loss for the year attributable to:			
Parent Company shareholders		-63,257	32,803
Proposed dividend per share, SEK		None	None
Average number of basic shares, thousands	12	401,297	353,268
Average number of diluted shares, thousands	12	401,297	353,268
Basic earnings per share, SEK	12	-0.16	0.09
Diluted earnings per share, SEK	12	-0.16	0.09

The comparative figures refer to the acquired ESI Group S.A. Group. See more detailed description under the heading "Comparative figures 2016" in Note 29.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All amounts in SEK thousand	Note	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Net profit/loss for the year		**-63,257**	**32,803**
Other comprehensive income for the year:			
Items that can be reclassified to profit or loss::			
Exchange differences		-59,192	26,440
Total items that can be reclassified to profit or loss		**-59,192**	**26,440**
Other comprehensive income for the year		**-59,192**	**26,440**
Total comprehensive income for the year		**-122,449**	**59,243**
Comprehensive income attributable to:			
Parent Company Shareholders		-122,449	59,243
Total comprehensive income for the year		**-122,449**	**59,243**

The comparative figures refer to the acquired ESI Group S.A. Group. See more detailed description under the heading "Comparative figures 2016" in Note 29.

CONSOLIDATED BALANCE SHEET

All amounts in SEK thousand	Note	2017-01-01 2017-12-31	2016-01-01 2016-12-31
ASSETS			
Non-current assets			
Investment property	14	618,344	631,108
Equipment, tools, fixtures and fittings	15	340	-
Intangible assets	16	90	-
Exploration and evaluation assets	13	188,888	-
Deferred tax assets	21	–	-
Total non-current assets		**807,662**	**631,108**
Current assets			
Trade receivables		29,415	-
Other receivables	17, 27	28,489	38,830
Prepaid expenses and accrued income	18	640	1,351
Cash and cash equivalents	17, 27	102,183	363
Total current assets		**160,727**	**40,544**
TOTAL ASSETS		**968,389**	**671,652**
EQUITY			
Capital and reserves attributable to Parent Company shareholders			
Share capital		14,033	-
Other contributed capital		775,275	357,339
Reserves		-32,753	26,439
Accumulated earnings		78,812	46,009
Profit/loss for the year		-63,257	32,803
Total equity		**772,110**	**462,589**
LIABILITIES			
Non-current liabilities			
Finance lease liability	27	96 837	112 016
Deferred tax liabilities	21	31 929	24 753
Other provisions	22, 27	3 361	-
Total non-current liabilities		**132 127**	**136 769**
Current liabilities			-
Finance lease liability	27	5 416	5 308
Accounts payable		5 597	85
Tax liabilities		7 605	11 670
Other current liabilities	23	6 501	10 000
Accrued expenses and deferred income	24	39 033	45 231
Total current liabilities		64 152	72 294
TOTAL EQUITY AND LIABILITIES		**968 389**	**671 652**

The comparative figures refer to the acquired ESI Group S.A. Group. See more detailed description under the heading "Comparative figures 2016" in Note 29.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All amounts in SEK thousand	Note	Share capital	Other contributed capital	Reserves	Accumulated earnings including profit/loss for the year	Total equity
Opening balance at 1 Jan 2016		**–**	**372,755**	**–**	**46,009**	**418,764**
Comprehensive income						
Net profit for the year		–	–	–	32,803	32,803
Other comprehensive income						
Exchange differences		–	–	26,439	–	26,439
Total comprehensive income		**–**	**–**	**26,439**	**32,803**	**59,241**
Transactions with shareholders						
Capital contributed by shareholders		–	2,905	–	–	2,905
Deferred tax attributable to items recognized directly in equity		–	-18,321	–	–	-18,321
Total transactions with shareholders		**–**	**-15,416**	**–**	**–**	**-15,416**
Closing balance at 31 Dec 2016		**–**	**357,339**	**26,439**	**78,812**	**462,589**
Opening balance at 1 Jan 2017		**–**	**357,339**	**26,439**	**78,812**	**462,589**
Comprehensive income						
Net loss for the year		–	–	–	-63,257	-63,257
Other comprehensive income						
Exchange differences		–	–	-59,192	–	-59,192
Total comprehensive income		**–**	**–**	**-59,192**	**-63,257**	**-122,449**
Transactions with shareholders						
Capital contributed by shareholders		–	61,629	–	–	61,629
Reverse acquisition:	29	13,107	356,307	–	–	369,414
Conversion of C shares to ordinary shares (MV C shares at acquisition date)		-298	1,360,082	–	–	1,359,784
Hypothetical buy-back of shares (reverse acquisition)		13,405	-1,003,774	–	–	-990,370
Warrant issue, Dec-17		926	–	–	–	**926**
Total transactions with shareholders		**14,033**	**417,937**	**–**	**–**	**431,969**
Closing balance at 31 Dec 2017		**14,033**	**775,275**	**-32,753**	**15,555**	**772,110**

The comparative figures refer to the acquired ESI Group S.A. Group. See more detailed description under the heading "Comparative figures 2016" in Note 29.

CONSOLIDATED STATEMENT OF CASH FLOWS

All amounts in SEK thousand	Note	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Cash flow from operating activities			
Operating profit/loss		-105,254	99,191
Adjustment for items not included in cash flow:			
- Effect on earnings due to reverse acquisition		174,586	–
- Depreciation		42	–
Interest received		0	–
Interest paid		0	-64
Tax paid		-5	-5
Cash flow from operating activities before change in working capital		**69,369**	**99,122**
Changes in working capital			
- Increase/decrease in other current receivables		-559	-35,667
- Increase/decrease in other current liabilities		-26,181	57,107
Total change in working capital		**-26,740**	**21,440**
Cash flow from operating activities		**42,629**	**120,561**
Cash flow from investing activities			
Acquisition of subsidiaries, less acquired cash and cash equivalents	29	19,925	–
Capital expenditures on investment properties	14	-6,075	-155,092
Sale of investment properties	14	–	38,559
Capital expenditure on exploration and evaluation assets	13	-8,415	–
Capital expenditures on other fixed assets	16	-354	–
Cash flow from investing activities		**5,081**	**-116,533**
Cash flow from financing activities			
New share issues		67,377	2,905
Issue expenses for the period		-8,077	
Amortisation of lease liability		-4,575	-6,685
Cash flow from financing activities		**54,725**	**-3,780**
Cash flow for the period		**102,435**	**248**
Cash and cash equivalents at start of period		363	115
Cash flow for the period	19	102,435	248
Exchange differences in cash and cash equivalents		-614	–
Cash and cash equivalents at end of period		**102,183**	**363**

The comparative figures refer to the acquired ESI Group S.A. Group. See more detailed description under the heading "Comparative figures 2016" in Note 29.

INCOME STATEMENTS – PARENT COMPANY

All amounts in SEK thousand	Note	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Revenue		10,966	395
Other operating income		22	-
Total operating income		**10,988**	**395**
Other external costs	7, 26	-16,303	-3,812
Employee benefit expenses	8	-5,558	-4,863
Depreciation	15, 16	-51	-33
Other operating expenses		-149	-127
Total operating expenses		**-22,060**	**-8,835**
Operating profit/loss		**-11,072**	**-8,440**
Other interest income and similar profit/loss items	9, 10	-1,467	387
Interest income from group companies	9, 10	7,902	12,205
Interest expenses and similar profit/loss items	9, 10	–	-1,693
Earnings from financial items		**6,436**	**10,899**
Earnings before tax		**-4,637**	**2,459**
Tax on profit for the year	11	–	-
Net profit/loss for the year		**-4,637**	**2,459**

COMPREHENSIVE INCOME – PARENT COMPANY

All amounts in SEK thousand	Note	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Net profit/loss for the year		**-4,637**	**2,459**
Other comprehensive income:			
Total items that can be reclassified as profit or loss		–	–
Other comprehensive income		**–**	**–**
Total comprehensive income		**-4,637**	**2,459**
Comprehensive income attributable to:			
Parent Company shareholders		-4,637	2,459

BALANCE SHEET – PARENT COMPANY

All amounts in SEK thousand	Note	2017-01-01 2017-12-31	2016-01-01 2016-12-31
ASSETS			
Non-current assets			
Participations in Group companies	25	1,384,483	20,704
Other intangible fixed assets	16	90	–
Property, plant and equipment	15	–	33
Receivables from Group companies		184,805	165,988
Total non-current assets		**1,569,378**	**186,725**
Current assets			
Receivables from Group companies		11,928	9,097
Current liabilities	17, 18	333	3 402
Cash and bank balances	19	60,929	25,237
Total current assets		**73,191**	**37,736**
TOTAL ASSETS		**1,642,569**	**224,461**
EQUITY			
Equity			
Restricted equity			
Share capital	20	14,033	13,405
Total restricted equity		**14,033**	**13,405**
Non-restricted equity			
Share premium reserve	20	1,647,099	232,722
Accumulated earnings		-29,950	-32,409
Net profit for the year		-4,637	2,459
Total non-restricted equity		**1,612,512**	**202,772**
Total equity		**1,626,545**	**216,177**
Current liabilities			
Loans from related parties		–	5,054
Accounts payable		1,419	2,040
Other liabilities	23	16,024	3,230
Accrued expenses and deferred income	24	8,432	1,040
Total current liabilities		**16,024**	**8,284**
TOTAL EQUITY AND LIABILITIES		**1,642,569**	**224,461**

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

All amounts in SEK thousand	Note	Share capital	Share premium reserve	Accumulated earnings	Net profit/ loss for the year	Total equity
Equity at 1 Jan 2016						
Unappropriated net income as per AGM resolution		–		-4,447	4,447	–
Comprehensive income						
Net loss for the year		–	–	–	2,459	2,459
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	2,459	2,459
Transactions with shareholders						
Conversions, KV1 2013/2016		0	0	–	–	–
Directed issue, January 2016		162	10,838	–	–	11,000
Directed issue, June 2016		926	62,074	–	–	63,000
Shares		926	43,174	–	–	44,100
Warrants		–	18,900	–	–	18,900
Directed issue (discount), December 2016		10,684	-10,684	–	–	–
Issue expenses		–	-8,782	–	–	-8,782
Total transactions with shareholders		**11,772**	**53,446**	**–**	**–**	**65,218**
Equity as 31 Dec 2016		**13,405**	**232,722**	**-32,409**	**2,459**	**216,177**
Equity as 1 Jan 2017		**13,405**	**232,722**	**-32,409**	**2,459**	**216,177**
Unappropriated net income as per AGM resolution		–		2,459	-2,459	–
Comprehensive income						
Net loss for the year		–	–	–	-4,637	-4,637
Other comprehensive income		–	–	–	–	–
Total comprehensive income		**–**	**–**	**–**	**-4,637**	**-4,637**
Transactions with shareholders						
Net change in share capital (reverse acquisition), June 2017	29	-298	1,360,380	–	–	1,360,082
Conversion of warrants, December 2017		926	62,074	–	–	63,000
Issue expenses			-8,077			-8,077
Total transactions with shareholders		**628**	**1,414,377**	**–**	**–**	**1,415,005**
Equity at 31 Dec 2017		**14,033**	**1,647,099**	**-29,950**	**-4,637**	**1,626,545**

STATEMENT OF CASH FLOWS – PARENT COMPANY

All amounts in SEK thousand	Note	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Cash flow from operating activities			
Operating profit/loss		-11,072	-8,440
Adjustments for items not included in cash flow:			
- Effect on earnings due to reverse acquisition			–
- Unrealised exchange rate effects		-1,486	323
- Depreciation		51	33
Interest received		7,902	–
Interest paid		–	–
Tax paid		–	–
Cash flow from operating activities		**-4,605**	**-8,084**
Changes in working capital:			
- Increase/decrease in other current receivables		3,069	-5,806
- Increase/decrease in other current liabilities		7,740	1,027
Total changes in working capital		**10,808**	**-4,779**
Cash flow from operating activities		**6,203**	**-12,863**
Cash flow from investing activities			
Reverse acquisition of ESI Group S.A.	29	-1,363,279	
Shareholder's contributions to subsidiaries		-500	-500
Loans to Group companies		-21,648	
Short-term loan ESI Group S.A.			-9,097
Prepaid transaction expenses ESI Group S.A.		–	-2,165
Capital expenditures on other fixed assets	16	-90	–
Cash flow from investing activities		**-1,385,517**	**-11,762**
Cash flow from financing activities			
New share issue		1,423,082	74,000
Issue expenses		-8,077	-8,743
Interest paid on convertible loans		–	-1,606
Repayment convertible loans		–	-12,211
Loans raises		–	–
Repayment of loans		–	-1,650
Cash flow from financing activities		**1,415,005**	**49,790**
Cash flow for the period		**35,692**	**25,165**
Cash and cash equivalents at start of period		25,237	72
Cash and cash equivalents at end of period		**60,929**	**25,237**

NOTES

1 GENERAL INFORMATION

Crown Energy AB (publ) (the Parent Company), corporate identity number 556804-8598, with its subsidiaries (Crown Energy, the Company, or the Group), is an international group in the oil, gas and service business focused on underexplored areas in Africa and Middle East. The Parent Company is a public company registered in Sweden and domiciled in Stockholm. The Parent Company is listed on NGM Equity. The street address of the main office is Norrlandsgatan 18, Stockholm.

On 26 April 2018, the Board of Directors approved these consolidated accounts for publication. All amounts are recognised in SEK thousands unless otherwise stated. Figures in parentheses refer to the previous year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the reports

Crown Energy's consolidated accounts were prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Consolidated Accounting Standards, International Financial Reporting Standards (IFRS), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The consolidated accounts were prepared according to the cost method except for financial instruments measured at fair value via the income statement. The financial statements of the Parent Company were prepared in accordance with RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act. Cases for which the Parent Company applies different accounting policies than the Group are listed separately at the end of this note. Preparing reports that conform with IFRS requires the use of certain critical accounting estimates. It also requires management to make certain judgements in applying Group accounting policies. Note 5, Critical estimates and assessments for accounting purposes, discloses the areas that require a more thorough assessment, are complex, or for which assumptions and estimates are very significant to the consolidated accounts. The principal accounting policies applied to these consolidated accounts are set out below. These policies were consistently applied to all years presented, unless otherwise stated.

2.2 Changes in accounting policies and disclosures

Additional accounting principles applied by the Group
Additional accounting principles, which have been added since the Annual Report 2016 as a result of the acquisition of the Angolan operations through ESI Group S.A., are described below.

Revenue
Rental income
Rental income from property management is recognised on a straight-line basis based on the terms of the lease (rental agreement).

Service income
A service agreement is signed for each rental agreement. The service agreement generally covers all administrative costs for the property as well as other value-added services such as security, catering etc.

Income from property sales
Revenue from property sales is normally recognised on the takeover date unless the risks and benefits are transferred to the buyer at an earlier date. Control of the asset may have been transferred at an earlier date than the takeover date and, if so, the revenue from the property sale is recognised at this earlier date. When assessing the revenue recognition date, consideration is given to the agreements between the parties regarding risks and benefits as well as involvement in current administration. In addition, consideration is given to factors that may affect the outcome of the transaction are beyond the control of the seller and/or buyer. When selling properties with rental guarantees, the present value of the probable outflow of guarantee payments is calculated and recognised as a provision.

Leases
Leases are classified either as financial or operating leases. When the economic risks and benefits associated with ownership are essentially transferred to the lessee it is considered a financial lease. If this is not the case, it is an operating lease.

Operating lease
Costs relating to operating leases are recognised in profit for the year on a straight-line basis over the lease period. Benefits received relating to the signing of an agreement are recognised in profit for the year as a reduction in the lease payments on a straight-line basis over the term of the lease. Benefits received relating to the signing of an agreement are recognised in profit for the year as a reduction in the total lease cost. Variable fees are written off in the periods in which they arise.

Finance lease
An asset and a liability are recognised at the beginning of the lease term. At the beginning of the lease term, the asset and liability are recognised at the lease object's fair value or at the present value of the minimum lease payment, if this is lower. The discount rate used in the calculation of present value is the implicit rate, if this is known. Otherwise, the lessee's incremental borrowing rate of interest is used. Any direct expenses incurred when entering the lease are added to the amount recognised as an asset. In some cases, there are no minimum lease payments (since charges are based solely on variable parameters). Construction costs for buildings are treated as direct expenses.

After initial recognition, the minimum lease payment is divided between interest and debt repayment. Amortisation and interest expenses are recognised in the statement of comprehensive income.

Leases covering buildings and land
When a lease includes both buildings and land, the classification of each part is assessed separately as a financial or operating lease. Land and buildings held through a finance lease and leased under one or more operating leases are considered investment properties and shall, in addition to the rules of IAS 17 Leases, comply with IAS 40 Investment Properties.

In accordance with IAS 40, an interest in a property classified as an operating lease may also be classified as an investment property. In these cases, the interest in the property is recognised as if it were a finance lease and fair value must be used for the recognised asset.

Leases relating to office equipment/machinery
Leases for office machines are finance leases, but as they are not considered to be significant, they are recognised as operating leases.

Investment property
The Group's properties are primarily held for the purpose of generating rental income and service revenues. All properties are classified as investment properties. Investment properties include buildings, land, land improvements and fixtures and fittings. Properties under construction and refurbishment intended to be used as investment properties when the work is completed are also classified as investment properties. Investment properties are recognised at fair value in accordance with IAS 40. Initially, investment properties are recognised at cost, which includes expenditures directly attributable to the acquisition. Fair value is based on market value and represents the estimated amount that would be received in a transaction at the time of the valuation between competent, independent parties who have an interest in the transaction being conducted as is customary on the market and where both parties are expected to have acted insightfully, wisely and without obligation.

The valuation model consists of a cash flow model discounting

Note 2 continued

the future cash flows that the investment properties are expected to generate. In the event of significant changes during the fiscal year, the valuation is updated. A description of the valuation methods used, significant inputs in the value assessments and the fair value hierarchy level applicable to the property holdings can be found in the Asset Development and Management Business Area section on page 10.

Both realised and unrealised changes in value are recognised in profit for the year. Realised changes in value refer to changes in value from the most recent quarterly report until the disposal date for properties disposed of during the period, taking into account capitalised investment expenses for the period. Unrealised changes in value refer to other changes in value that are not due to acquisitions or capitalised investment expenditures.

Property sales and property purchases are recognised when the risks and benefits associated with ownership is passed from the seller to the buyer (see the Revenue from property sales section).

Subsequent expenditures are added to the carrying amount of investment properties only if it is probable that the future economic benefits associated with the expenditures will flow to the Company and the cost can be calculated reliably. All other subsequent expenditures are recognised as expenses in the periods in which they arise. Expenditures for replacement of identified components and the addition of new components are added to the carrying amount when they meet the above criteria. Repairs and maintenance are written off as the expenditures arise.

Non-current assets held for sale
The implication of a non-current asset or disposal group being classified as held for sale is that its carrying amount will be recovered largely through sales and not through use. An asset or disposal group is classified as held for sale if it is available for immediate sale in its current state and it is very likely that the sale will be made. These assets or disposal groups are recognised on a separate line as current assets and current liabilities, respectively, in the statement of financial position. For depreciable assets, depreciation ceases after reclassification to asset held for sale.

Immediately prior to classification as held for sale, the carrying amount of the assets and all assets and liabilities in a disposal group is determined in accordance with applicable standards. At initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less selling expenses. Certain assets, such as financial assets and deferred tax assets, either individually or in a disposal group, are exempt from the above-mentioned valuation rules.

Property, plant, and equipment
With the new service business, improvements to other property can be capitalised as property, plant, and equipment. Improvements to another's property are written off over 10 years.

Current tax
In Angola, taxes are deducted on gross income from property management, that is, rental income and service income. These taxes are recognised as property costs in operating profit. The obligation to pay taxes is based on customer payments and is due one month after payment. If the customer is a company, which most of the Group's customers are, responsibility for making these payments to local tax authorities lies with them. In practice, this means that the landlord receives a net payment after tax from the customer. This type of tax, as well as costs directly attributable to service operations, are counted as deductible costs when calculating income tax for the year, which means that the Angolan service business is expected to have no or very low income tax.

Other property-related taxes, such as local property taxes, are recognised as property costs.

IFRS - New and amended standards adopted by the Group
There were very few new standards and amended standards and interpretations that have been published and will be effective for the first time for financial years beginning on or after 1 January 2017 and they did not have an impact on Crown Energy's financial reporting.

Standards, amendments, and interpretations of existing standards that have not yet taken effect and that have not been adopted early by the Group
A number of new standards and amendments to interpretations and existing standards took effect for financial years beginning after 1 January 2017 and were not applied when preparing the consolidated financial statements. Those who are expected to have or will have an impact on the consolidated financial statements are for the following:

- IFRS 9 – Financial Instruments handles measurement and classification of financial assets and liabilities, and the complete version of the recommendation was issued in July 2014. IFRS 9 replaces those parts of IAS 39 that address classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into three categories: amortised cost, measurement at fair value via other comprehensive income, or fair value via the income statement. An instrument's classification depends on the company's business model and the instrument's characteristics. Investments in equity instruments are to be recognised at fair value via the income statement, but it is also possible to recognise the instrument at fair value via other comprehensive income upon initial recognition. No reclassification to the income statement takes place at disposal of the instrument. IFRS 9 also introduces a new model for measuring the loan loss reserve, and hedging documentation has also been slightly changed as compared with IAS 39. The Group will commence applying IFRS 9 in the fiscal year beginning January 1, 2018. The Group will not calculate comparative figures for the 2017 financial year, in accordance with the transitional rules of the Standard. After analysis, it is estimated that the new rules will not have a material impact on the Group's financial position at the transition date.

- IFRS 15 – "Revenue from Contracts with Customers" handles revenue reporting from agreements with customers and the full recommendation was issued in May 2014. The standard is based on a 5-step model as follows:
  - Identify contract
  - Identify the different commitments
  - Set the transaction price
  - Distribute transaction price
  - Compliance with commitments / revenue statement

  The Group will start applying IFRS 15 in the fiscal year beginning January 1, 2018. No translation of comparative figures for 2017 will be made.
  The Group's income consists mainly of rental income and service revenues. As rental income is already reported in accordance with IAS 17, Lease agreements and service revenues are accrued as utilization, the assessment is made that the new rules will not have a material impact on the Group's financial position at the transition date, but will essentially only lead to increased disclosure requirements.

- IFRS 16 - "Leases" replaces IAS 17 Leases and will be applied from January 1, 2019. The new standard includes rules for both leaseholder and lessee. The Group intends to start the analysis work on the effects of the new standard at the end of the second quarter 2018, and then describe the assessment of expected future impact on financial position in the interim report for the third quarter 2018.

Note 2 continued

New standards that will be adopted by the Group
In conjunction with the publication of the Fourth Quarter and Year-end Report 2017, the company's overall assessment was that there was no such situation that the International Accounting Standard IAS 29 - Financial Reporting in High Investment Countries - would be applied to operations in Angola. The company has subsequently followed the development of the underlying economy in the country, in particular with regard to the development of consumer price indices, and is currently assessing that this standard will need to be applied in the Interim Report for the first quarter 2018. The company is currently engaged in intensive efforts to implement this accounting standard. As the application of IAS 29 is unusual, the Group uses external experts with good knowledge of these rules. No translation of comparative figures will be made. Revenue for 2017 will instead be reported directly in equity. At present, the assessment is that these rules will have some negative impact on the Group's financial position and equity.

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

2.3 Consolidated accounts

Subsidiaries
Subsidiaries are all entities (including structured companies) over which the Group has control. The Group controls an entity when it is exposed to or is entitled to variable returns from its holdings in the entity and has the ability to affect returns through its influence on the entity. Subsidiaries are included in the consolidated accounts as of the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated accounts as of the date on which the controlling influence ceases. In the event of the acquisition of a subsidiary, the Group determines whether the acquisition is a business combination, i.e. whether the acquired assets and assumed liabilities are an operation/business. If the acquired subsidiary cannot be defined as an operation/business, the transaction is recognised as an acquisition of assets.

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

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

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

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

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

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

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

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

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

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

- Block 2B: Crown Energy's interest decreased substantially as a result of the farm-out of parts of the licence. As a result, Crown Energy no longer has joint control over the arrangement and is thus not a party to a joint operation. As in the case above, Crown Energy is party to a joint arrangement.

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

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

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocating resources and assessing performance of the operating segments. In the Group, this function is identified as the steering committee that makes strategic decisions, i.e., the Board in consultation with the CEO.

Note 2 continued

2.5 Translation of foreign currencies

Functional and presentation currencies

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which each entity operates (the functional currency). The Company's subsidiaries Amicoh Resources Ltd, Simbo Petroleum No.2 Ltd, ESI Group S.A., as well as the company's sub-subsidiaries ESI East Africa Ltd use USD as their functional currency. Furthermore, the company's sub-subsidiary YBE Imobiliária Lda uses KWZ (Kwanzaa) as their functional currency. The consolidated accounts are presented in SEK, which is the Parent Company's functional and presentation currency. The balance sheets and income statements of foreign Group companies are translated using the current rate method. All assets and liabilities of subsidiaries are translated at the closing rate, while the income statements are translated at average rates for the year, except where it is considered more appropriate to use the transaction date rate. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are also translated at the closing rate. Translation differences arising from the translation of foreign operations are recognised directly in the currency translation reserve in other comprehensive income.

Transactions and balance sheet items

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

Exchange rates

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

Currency	Closing date rate, 2017	Average rate, 2017	Closing day rate, 2016	Average rate, 2016
1 USD in SEK is	8.2322	8.5464	9.0971	8.7248
1 KWZ in SEK is	0.0496	0.0515	0.0548	0.0527

2.6 Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. The cost includes expenditures that are directly attributable to acquisition of the asset. Subsequent expenditures are added to the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The residual values and useful lives of the assets are reviewed at the end of each reporting period and adjusted if necessary. At 31 December 2017, property, plant, and equipment consisted solely of machines and inventory. This equipment is deemed to have a useful life of five years. The equipment is depreciated on a straight-line basis over its useful life. In the income statement, operating profit/loss is encumbered by depreciation according to plan. Depreciation according to plan was taken at 20% of the cost of equipment.

2.7 Exploration and evaluation assets (intangible assets)

Accounting for exploration, evaluation, and development costs

The Group complies with IFRS 6, Exploration for and Evaluation of Mineral Resources, in accounting for any exploration and evaluation expenditures that arise. Exploration and evaluation assets are initially recognised at cost, provided that it is probable that they will generate future economic benefits. All costs for acquiring concessions, licences, or interests in production sharing contracts and for technical surveys, drilling, and development of such interests are capitalised. This includes capitalisation of future decommissioning and restoration costs. Exploration and evaluation assets can be classified as both property, plant, and equipment and intangible assets. Classification is done consistently over time. The Group currently only has intangible assets.

Amortisation

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

Impairment

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

Reclassification to oil and gas assets

When the technical feasibility and commercial viability of extracting oil and gas can be proven, assets are no longer classified as exploration and evaluation assets. Instead, they are classified as an oil or gas asset. They are then reclassified, after which they are recognised according to IAS 16 and IAS 38. Oil and gas assets comprise reclassified exploration and evaluation assets and capitalised development costs. Depreciation/amortisation of the relevant asset begins in conjunction with the start of production. The assets are tested for impairment regularly and if it is established that they are impaired, the asset is expensed in the form of an impairment loss via the income statement. Oil and gas assets are categorised as either producing or non-producing. The Company applies the successful efforts method, which means that when the exploration of a project is completed, the project is tested to determine whether it should be transferred to producing assets or be abandoned. If the project is abandoned, all costs incurred are written off at that time. The Group does not hold any assets classified as oil and gas assets at this time.

Jointly owned assets in the form of licences

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

Note 2 continued

At 31 December 2017, the Group had two jointly owned assets, namely Block P in Equatorial Guinea and Block 2B in South Africa. Crown Energy's working interests in these licences are 5% and 10% respectively and Crown Energy is not the operator. Exploration and evaluation is mostly managed by the operator. A budget for the licence is set annually, which all partners must approve. Based on these projected expenditures, the operator then performs the agreed-upon work. The expenditures for this work are charged to the other partners based on each partner's working interest. Crown Energy capitalises these expenditures as exploration and evaluation assets.

Farm-outs

Farm-outs are subject to the policies of IFRS 6 in the event they involve exploration and evaluation assets. Crown Energy recognises cash payments directly against the asset and retains the recognised share of the asset less cash payments received. As a result, no revenue is recognised in conjunction with farm-outs unless the cash payment exceeds the carrying amount of the farmed out asset. Future payments are not recognised at the transaction date. If a farm-out involves oil and gas assets, recognition is subject to the policies of IAS 16. Crown Energy then derecognises the carrying amount of the asset in proportion to the share of ownership farmed out and recognises any future payments in the balance sheet. Once a payment received, which is part of a transaction, has been recognised, a capital gain or loss is recognised in the income statement. After completion of the transaction, Crown Energy assesses whether the cash-generating units are impaired. Impairment losses impact the income statement.

2.8 Financial instruments

General policies

Purchases and sales of financial assets and liabilities are recognised on the transaction date – the date on which the Group commits itself to buy or sell the asset. Financial assets and liabilities are initially recognised at fair value plus transaction costs for all financial assets and liabilities not carried at fair value through the income statement. Financial assets and liabilities measured at fair value via the income statement are initially recognised at fair value, while classifiable transaction costs are recognised in the income statement. Financial assets are removed from the balance sheet when the rights to receive cash flows from the instrument have expired or been transferred, and the Group has transferred essentially all risks and rewards associated with ownership. Financial liabilities are removed from the balance sheet when contractual obligations have been fulfilled or are otherwise extinguished. Loans and accounts receivable and other financial liabilities are subsequently recognised at amortised cost using the effective interest method. At present, the Group holds financial instruments in the loans receivable and other financial liabilities categories. Financial assets and liabilities are offset and recognised at a net amount in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and an intention to settle them on a net basis or to capitalise the asset and settle the liability.

Loans receivable

Classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every reporting date. Loans and accounts receivable are financial assets that do not constitute derivatives, that have fixed or fixable payments, and that are not listed in an active market. They are included in current assets, except for items with maturities longer than 12 months after the reporting period, which are classified as non-current assets. The Group's loans receivable are recognised as other receivables in the balance sheet. Cash and cash equivalents are also included in this category. At the end of each reporting period, the Group assesses whether there is objective evidence for the impairment of a financial asset or group of financial assets. The Group's loans receivable are impaired if it is unlikely that the debtor can meet its obligations.

Other financial liabilities

This category includes loans and other financial liabilities, such as accounts payable. The Group's borrowings include loans from related parties and convertible loans. Non-current other provisions, accounts payable, and other current liabilities are classified as other financial liabilities. These financial liabilities are recognised initially at fair value and subsequently at amortised cost using the effective interest method. Debts of less than three months are recognised at cost.

2.9 Cash and cash equivalents

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

2.10 Share capital

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

2.11 Accounts payable

Accounts payable are recognised initially at fair value and subsequently at amortised cost using the effective interest method. The carrying amount of accounts payable is assumed to approximate their fair value, as this item is short-term in nature. This means that accounts payable are measured at nominal cost.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently recognised at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Currently, the Group's borrowings consist of an interest-free loan from related parties and convertible loans. Borrowings are generally classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Loans from related parties are now classified as short-term debt, and these loans are carried at cost. The reclassification from non-current to current liabilities is because repayment was requested in 2016. Any borrowing costs are recognised in the income statement in the period to which they relate.

2.13 Combined financial instruments

The combined financial instruments issued by the Group comprise convertible loans that the holder can have converted into shares, where the number of shares to be issued does not vary with changes in their fair value. The liability component of a combined financial instrument is recognised initially at the fair value of a similar liability that does not entail the right of conversion into shares. The equity component is recognised initially at the difference between the fair value of the entire combined financial instrument and the liability component's fair value. The liability's fair value at the issue date is calculated by discounting future cash flows at the current market rate for a similar liability without a conversion option. Any deferred tax attributable to the liability at issuance is deducted from the carrying amount of the equity instrument. Any directly attributable transaction costs are allocated to the respective liability and equity components in proportion to their initial carrying amounts. After the acquisition date, the liability component of a combined financial instrument is measured at amortised cost using the effective interest method. The equity component of a combined financial instrument is not remeasured subsequent to initial recognition. Interest expense is recognised in net income for the period and is calculated using the effective interest method. The convertible loans are classified as current and non-current liabilities, depending on the time remaining to the due date of the loan.

Note 2 continued

2.14 Current and deferred tax
Current tax expense is calculated using the tax rules that at the end of the reporting period were enacted or for all practical purposes enacted in the countries in which the Parent Company's subsidiaries are active and generate taxable income. Deferred tax is recognised in full using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax is not recognised if it arises from a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and that at the time of the transaction affects neither accounting nor taxable earnings. Deferred income tax is determined using tax rates (and tax laws) that were enacted or substantively enacted by the end of the reporting period and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be deducted. Deferred tax is calculated on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

2.15 Employee benefits
Personnel are employed by the Swedish Parent Company as well as in the sub-subsidiary YBE Imobiliária Lda.

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

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

2.16 Provisions, guarantees, and contingent liabilities
Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be estimated reliably. No provisions are made for future operating losses. Provisions are measured at the present value of the amount expected to be required to settle the obligation. A discount rate before tax is used for this which reflects a current market assessment of the time-based value of money and the risks associated with the provision. The increase in the provision due to the passage of time is recognised as an interest expense. Presently, there are no provisions relating to obligations for future restoration costs. A contingent liability is a possible obligation that arises from past events whose existence is confirmed only by one or more uncertain future events. A contingent liability can also be a present obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required or the amount of the obligation cannot be calculated with sufficient reliability. Guarantees are measured at their discounted value when applicable.

2.17 Revenue recognition
Revenue comprises the fair value of the consideration that is received or is receivable for goods and services sold in the ordinary course of business. Revenue is recognised net of VAT, returns, and discounts, and after eliminating sales within the Group. The Group recognises revenue when the amount can be measured reliably and it is probable that future economic benefits will flow to the Company. To date, no production of oil and gas has occurred, so no revenue attributable to production has been recognised. Any technical services performed by outside consultants on Crown Energy's behalf, but which will be shared with third parties, are recognised as other income in the accounting period in which the services were rendered. Interest income is recognised as revenue on a time proportion basis using the effective interest method.

2.18 Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made during the lease period (net of any incentives received from the lessor) are written off in the income statement lineally over the lease period. Leases of non-current assets for which Crown Energy essentially retains the economic risks and rewards of ownership are classified as finance leases.

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

2.20 Earnings per share
The calculation of earnings per share is based on the consolidated earnings (in total, from continuing and discontinued operations) for the period attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the period. When calculating diluted earnings per share, earnings and the average number of shares are adjusted to reflect the effects of diluted potential ordinary shares. Dilution from options arises only when the exercise price is lower than the market price. Convertibles and options are not considered dilutive if they cause earnings per share from continuing operations to be better (larger gain or smaller loss) after dilution than before dilution.

2.21 Parent Company accounting principles
The Parent Company applies RFRS 2 Accounting for Legal Entities. The Parent Company applies different accounting policies than the Group in the following cases.

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

Note 2 continued

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

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

3 OPERATIONAL RISKS

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

3.1 Operational and industry related risks

Description of risks	Risk management	2017 Outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Revoked or suspended licences			
The Company's exploration activities depend on concessions and/or permits granted by governments and authorities. Applications for future concessions/permits may be rejected and the current concessions/permits may be subject to restrictions or be revoked by the official body. Although concessions and permits can normally be renewed after they expire, no assurance can be given that this will happen, and if so, on what terms. If the Company fails to meet the obligations and conditions related to operations and costs that are necessary for obtaining concessions and permits, then it may result in a smaller stake in, or loss of, such permits and claims for damages, which may have a negative effect on the Company's business, earnings, and financial position.	Crown Energy has a good dialogue with all of the relevant authorities. Clear communication occurs regularly through meetings with the authorities and any other licence partners.	No licences were revoked in 2017 and Crown Energy is not in default on any licence. In October 2017, Crown Energy announced that a Restated and Amended Production Sharing Contract (PSC) had been signed with the Area of the Salah ad-Din Governorate, regarding the Compnany's asset in Iraq. The restaded PSC means that contractual terms have been adjusted and updated to current industry standards and practices, and that the exploration period is extended from September 2018 to September 2023. In December 2017, Crown Energy announced an 2 year extension of the licence Block 3108 Manja. Hence, the license is extended until November 14, 2019 and has received a final approval from the Ministry of Madagascar. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	High

Note 3 continued

Description of risks	Risk management	2017 Outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Contractual risks/shared ownership and partnerships			
The Company's operations are largely based on concession agreements, licences, and other agreements. Crown Energy is a partner in several licences with other companies. In these cases, it is difficult to influence how the licence is operated, especially in cases where Crown Energy only holds a small share and thus is unable to influence important decisions. The rights and obligations under these concessions, licences, and agreements may be subject to interpretation and disputes under Swedish or foreign law and can also be affected by circumstances beyond the Company's control. In the event of a dispute about the interpretation of such terms, it is not certain that the Company would be able to assert its rights, which in turn could have a materially adverse effect on the Company. If the Company or any of its partners should be deemed to have not fulfilled their obligations under a concession, licence, or other agreement, it could also cause the Company's rights under them to be fully or partially eliminated, or cause Crown Energy to incur costs or obligations to meet the other party's obligations.	Crown Energy complies with the laws and regulations of the countries in which it operates and with the licence agreements into which it has entered. For licences where other partners besides Crown Energy are the operators, there are joint operation agreements containing standards and requirements for how the operator is to conduct operations and how decisions are made within the partnership (e.g. a certain percentage of votes required for a certain type of decision). In cases where Crown Energy farms out assets, the general rule is to only farm out assetsto companies that are deemed to have strong business, financial, and technical capacity.	There are not any known uncertainties or disputes regarding licences Crown Energy is involved in at this time. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium
>>> Geological risks			
Any valuation of oil and gas reserves and resources contains a degree of uncertainty. In many cases, exploration activities never lead to development and production. Although oil companies try to minimise risks through seismic surveys, they can be very costly and require significant effort without leading to drilling. There is always a risk that the estimated volumes do not correspond to reality. The probability of discovering oil or gas at exploration wells varies. Costly investigations that do not lead to drilling could negatively affect the Company's business and financial position.	Crown Energy has engaged employees that are highly competent in geology to reduce the risk of possible miscalculations. Crown Energy's valuations of reserves and resources are always prepared in accordance with established rules and standards. The probability of the actual existence of the volumes is assessed and the fact that a certain percentage of wells drilled are statistically always dry is taken into account. Reserves and resources are classified differently depending on this probability, which provides a measure of the geological risk. See the Description of operations section for a more detailed description of this. Internally prepared competent persons reports (CPR) are always certified by an independent appraiser to minimise the risk of incorrect assessments.	Exposure to this type of risk is considered comparable to other companies in the same industry. Crown Energy had an internal CPR prepared in 2017. This CPR encompassed all assets and was based on previous reports, both internal and external. The report was certified by an independent appraiser. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium–High

Note 3 continued

Description of risks	Risk management	2017 Outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Oil price risk			
Oil and gas prices are set on the world market and depend on several different factors outside of the control of the Group; the global economic trend, actions by governments and central banks, geopolitical turbulence, the supply of oil, investment expenses, access to alternative energy sources etc. Crown Energy does not have any production at this time, and this limits its oil price risk. However, a significant and prolonged decline in prices relative to average historical oil price levels may lead to difficulties in arranging financing for Crown Energy, and reduced interest in farm-out projects and similar arrangements. The Company offers customised solutions for staff housing and offices primarily to companies in the oil and gas industry in Angola. The Angolan economy and its development are strongly associated with demand and price developments in the oil market, and low demand for oil and low oil prices have an immediate impact on the Angolan property market. Although oil prices have stabilised and remained relatively steady in recent years, the general economic downturn in Angola in recent years has led to stagnation in the Angolan property market. This can therefore have a significantly adverse effect on the Group's operations, financial position and earnings. In other words, the oil price could indirectly impact Crown Energy's financing and refinancing capabilities. See description of financial risks in Note 4.	As the Company is not currently involved in production, no oil price hedges are taken out. However, investment calculations are reviewed on an ongoing basis in light of the current market situation to ensure that the decline in oil prices does not cause the Group's exploration and evaluation assets to be impaired. It is common for investments to be postponed during periods of lower oil prices. The Company stives to enter into long-term rental agreements with large international corporations.	It is difficult to analyse what impact the low oil price has had on Crown Energy in recent years. However, the oil price fluctuations have not caused impairment of any of the Company's exploration and evaluation assets; see the Company's estimates in Note 5, Critical estimates and assessments for accounting purposes. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Low–High
>>> Property risk			
The value of the properties is affected by several factors, some of them property-specific, such as operating costs and permitted use of the property, and some of them market-specific, such as required rate of return and capital costs, based on comparable transactions in the property market. The return on the properties depends largely on factors such as the Company's ability to complete the intended leases or divestment of the properties, and the costs and expenditure associated with the development, management and conversion of the properties, and on changes in the market value. Rental income and the market value of property in general are affected by general economic conditions, such as GDP growth, employment, inflation and changes in interest rates. Both the property value and rental income can also be affected by competition from other property companies, or perceptions of potential buyers or tenants concerning the attractiveness, convenience and security of the properties. If one or more of the above factors were to develop negatively, this could have a material adverse effect on the Group's operations, financial position and earnings.	The Company is continuously monitoring the local real estate market.	In conjunction with external valuation of the properties a sensitivity analysis is conducted. According the the latest external valuations the value range of the property portfolia is MSEK 550-667.	Medium–High

Note 3 continued

Description of risks	Risk management	2017 Outcome/ Sensitivity analysis	Financial impact if risk occurs
>>> Property risk			
The Company's property assets are geographically centralised in the Angolan capital Luanda. Rental income comes mainly from tenants operating in the oil and gas industry, and embassies. Lease contracts with the Company's tenants are signed with differentiated maturities. If one or more of the Company's more important tenants do not renew or extend their leases as they expire, this may result in reduced rental income and higher vacancy rates if Crown Energy is not able to replace them with new tenants. A long-term negative trend for current market rents may also have an adverse effect on the Company. Part of the Company's business concept is to allow its customers to pay their rent annually. The Company is dependent on its tenants paying the agreed rents on time and is therefore exposed to the risk that these tenants will not fulfil their obligations properly. If Crown Energy's tenants do not renew or extend their leases as they expire and the Company is not able to replace them with new tenants, or if the Company's tenants do not pay their rent on time, this may have a material adverse effect on the Company's operations, earnings and financial position.	The Company stives to enter into long-term rental agreements with large international corporations.	Please see above.	Medium–High
The Company's operating costs for property operations in Angola are mainly electricity, water, sanitation, heating, cooling and communications costs. Several of these costs are attributable to goods or services that can only be purchased from one or a few players, which may affect the price. Increased costs in this regard could have an adverse effect on the Company's financial position and earnings if it is not possible to compensate for the increased costs by the adjustment of lease agreements and/or rent increases through renegotiation. The Company's maintenance costs are attributable to measures aimed at upholding the standard of a property in the long term or maintaining and/or modernising the property. The Company's customers require the Company's properties to be of an international standard. This standard may change, which means that the Company's customers may have higher requirements for the Company's properties and premises in the future. These requirements may be significant, resulting in increased maintenance costs, and if it is not possible to compensate for the increased costs by renegotiated leases or the adjustment of lease agreements, this may have an adverse effect on the Company's operations, financial position and earnings.	The Company currently has an agreement for maintenance and services with a fixed fee per property. The agreement is extended on a yearly basis and is at the same time reviewed and evaluating alternatives.	It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium–High

3.2 Political and societal risks

Description of risks	Risk management	2017 Outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Politisk, social och ekonomisk instabilitet			
Given that Crown Energy is engaged in and may expand its activities in developing countries, the Company may be affected by political, social, and economic instability, such as terrorism, military coercion, war, and general social or political unrest. This includes the occurrence of corruption. Political, social, and economic instability may thus have a very negative impact on the Company's operations, particularly with regard to permits and partnerships.	In terms of new licences/new countries, Crown Energy attempts to avoid getting involved in countries whose political and security risks are too high. For existing licences, the risks are assessed as they arise. Crown Energy uses the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones to seek guidance where needed.	It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test. However, below is an overview of political and security risks prepared by Marsch/BMI Research:	Low–High

	Political risk	Operational security risk
Angola	Medium	High
Equatorial Guinea	Medium	High
Iraq	High	High
Madagascar	High	High
South Africa	Medium	Medium

Regarding the Company's activities in Iraq, Crown Energy has ongoing discussions with the regional government of Salah ad-Din. Although the security situation has improved in recent years, Crown Energy has put their activities in the licence area on hold for security reasons.

4 FINANCIAL RISK MANAGEMENT

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

4.1 Description of financial risks

Description of risks	Risk management	2017 Outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Financing and refinancing risk			
Financing risk is defined as the risk of the financing of Crown Energy's capital needs and refinancing of outstanding loans becoming more difficult or more expensive. Oil and gas exploration as well property development are capital-intensive businesses. Depending on operational developments in general, Crown Energy may need additional capital to acquire assets, to develop new projects, to further develop the assets under conditions favourable for Crown Energy, or to continue its operating activities. If the Group cannot raise enough funds, the extent of its operations may be limited, which in the long run could result in the Company being unable to implement its long-term exploration plan. In addition, new shares may be issued under less favourable market conditions where interest is low and/or the cost of implementing the share issue is too high.	Crown Energy monitors and assesses financing and refinancing options on an ongoing basis to manage this risk.	In 2017, outstanding warrants were redeemed, which contributed 63 MSEK to the company. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium–High
>>> Liquidity risk			
The liquidity risk is defined as the risk of not being able to fulfil commitments and pay debts on time or at a reasonable cost. This risk is related to the financing and refinancing risk.	Management carefully monitors rolling forecasts of the Group's cash and cash equivalents. As mentioned above, Crown Energy reviews financing options on an ongoing basis to be able to meet its obligations.	Through the acquisition of ESI Group S.A., which was completed in 2017, the Group has a positive cash flow from operating activities. Most of this cash flow comes from the real estate business in Angola. It is impossible to quantify the risk and thus also impossible to conduct a sensitivity test.	Medium–High
>>> Market risk – interest rate risk			
Net interest expenses are affected by the proportion of financing that has variable and fixed interest rates in relation to changes in market interest rates. The effect of a change in interest rates on earnings depends on the contractual periods of the loans and investments. Future increases in interest rates may therefore have an adverse effect on the Group's earnings and future business opportunities.	Crown Energy has no interest-bearing liabilities with variable interest rates, so there is no interest rate risk related to cash flows. Borrowings with fixed interest rates only expose the Group to interest rate risk in respect of fair value.	As the Group has no borrowings at variable interest rates, interest rate risk is not expected to be significant. Because of this, a sensitivity analysis was not prepared either.	Low
>>> Market risk – currency risk			
Currency risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.	Following the acquisition of ESI Group S.A., the company has a significant exposure to, primarily, the Angolan currency Kwanza (KWZ) and also directly and indirectly against the USD. The company evaluates on an ongoing basis the needs, opportunities and costs for hedging the Group's currency risks.	At present, the Group has no external borrowing in foreign currency. The Group's main transaction currencies, apart from SEK, are USD and KWZ. See the sensitivity analysis of currency exposure for details in section 4.2 below.	High

Note 4 continued

Description of risks	Risk management	2017 Outcome/Sensitivity analysis	Financial impact if risk occurs
>>> Translation risk			
Currency exposure arising from holdings in a foreign subsidiary that has a functional currency different from the Group's reporting currency is a translation risk. Translation impacts both earnings and equity (currency translation reserve). Exploration and evaluation assets as well as property assets acquired via a foreign operation are treated as assets of this operation and are therefore translated to the closing day rate. As a result, the acquired exploration and evaluation assets are translated at each reporting period. The translation difference impacts the currency translation reserve in equity.	All translation risks refer to the USD/SEK and KWZ/SEK exchange rates. Crown Energy does not hedge the translation risk at this time. As a result, there may be major fluctuations in the Group's earnings, values of exploration and evaluation assets and in the currency translation reserve in equity between different reporting periods.	Through the acquisition of ESI Group S.A. the conversion risk with respect to KWZ / SEK has been added and conversion exposure in the Group has increased. In section 4.3, a sensitivity analysis has been prepared for the translation exposure.	High

4.2 Sensitivity analysis currency exposure

Crown Energy mainly executes transactions in Swedish kronor (SEK), American dollars (USD), Euro (EUR) and Angolan kwanza (KWZ). Small transactions are also made on an ongoing basis in other forreign currencies, but they are not expected to have any significant impact on currency exposure. Transactions in foreign currencies mainly involve expenses attributable to the Company's exploration and evaluation assets as well as service business. There are intra-group receivables and liabilities in foreign currencies, but given that settlement is not planned or probably will not occur within the foreseeable future, they are considered to constitute a net investment in a foreign operation. As a result, they are not included in the sensitivity analysis for currency exposure. Crown Energy may from time to time be dependent on available external financing for further development of its business. External capital can be raised in various currencies but will be continuously recalculated and recognised in SEK, resulting in the possibility of an exchange rate risk. There were no liabilities of this type at year-end 2017. The Group's risk exposure in foreign currencies at the end of the reporting period expressed in thousands of SEK was as follows:

	USD	EUR
Net exposure	26,591	12,633
Impact on earnings after tax, SEK thousand		
Change in SEK exchange rate, +10%	2,659	1,263
Change in SEK exchange rate, -10%	-2,659	-1,263

4.3 Sensitivity analysis translation exposure

Exchange rate changes impact the Group in conjunction with the translation of foreign subsidiary income statements to SEK when the Group's earnings are impacted and when net assets in foreign subsidiaries are translated to SEK, which impacts equity. The Group does not hedge this risk and it can't be ruled out that fluctuating exchange rates could impact the Group's earnings and financial position negatively. As previously mentioned, the Group have a translation exposure due to an earlier business combination, which resulted in an intangible asset in USD. This is recalculated in all reporting periods and impacts the Group's exploration and evaluation assets, deferred tax and equity.

Below is a summary of the Group's translation exposure for 2017:

Exploration and evaluation assets in the financial statements (SEK thousand)	188,888	188,888
Change in SEK/USD	+10%	-10%
Total impact on exploration and evaluation assets (SEK thousand)	**14,264**	**-14,264**
Investment properties in the financial statements (SEK thousand)	618,344	618,344
Change in SEK/KWZ	+10%	-10%
Total impact on investment properties (SEK thousand)	**61,834**	**-61,834**
Deferred taxes in the financial statements (SEK thousand)	31,929	31,929
Change in SEK/USD	+10%	-10%
Total impact on deferred tax (SEK thousand)	**1,429**	**-1,429**
Change in SEK/KWZ	+10%	-10%
Total impact on deferred tax (SEK thousand)	**1,764**	**-1,764**
Equity in the financial statements (SEK thousand)	772,110	772,110
Change in SEK/USD	+10%	-10%
Total impact on equity (SEK thousand)	**41,392**	**-41,392**
Change in SEK/KWZ	+10%	-10%
Total impact on equity (SEK thousand)	**12,530**	**-12,530**
Loss in the financial statements (SEK thousand)	-63,257	-63,257
Change in SEK/USD	+10%	-10%
Total impact on net profit/loss for the year (SEK thousand)	**-429**	**429**
Change in SEK/KWZ	+10%	-10%
Total impact on net profit/loss for the year (SEK thousand)	**12,261**	**-12,261**

Note 4 continued

4.4 Liability maturities

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

Group All amounts in SEK thousand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2017				
Financial lease liabilities	5,416	24,099	22,636	50,103
Loans raised	5,054	–	–	–
Other provision	–	–	3,293	–
Account payable	4,887	–	–	–
Other liabilities	1,220	–	–	–
Total	**16,577**	**24,099**	**25,929**	**50,103**
At 31 December 2016				
Financial lease liabilities	5,308	5,933	26,400	79,683
Loans raised	–	–	–	–
Other provisions	–	–	–	–
Account payable	85	–	–	–
Other liabilities	10,000			–
Total	**15,393**	**5,933**	**26,400**	**79,683**

Parent Company All amounts in SEK thousand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2017				
Loans raised	5,054	–	–	–
Account payable	1,419	–	–	–
Other liabilities	1,119	–	–	–
Total	**7,592**	**–**	**–**	**–**
At 31 December 2016				
Loans raised	5,054	–	–	–
Accounts payable	2,040	–	–	–
Other liabilities	1,040	–	–	–
Total	**8,134**	**–**	**–**	**–**

Note 4 continued

4.5 Net debt/equity ratio

The debt/equity ratio is defined as the Group's net debt (interest-bearing liabilities less cash and cash equivalents) relative to adjusted equity. The Group no longer has any interest-bearing loans. The net debt/equity ratio is as follows:

Group, all amounts in SEK thousand Net debt/equity ratio	2017-12-31	2016-12-31
Interest-bearing receivables	–	–
Interest-bearing liabilities	102,253	117,324
Less: Cash and cash equivalents	-102,183	-363
Net indebtness	**70**	**116,962**
Total equity	772,110	462,589
Net debt/equity ratio	**0%**	**25%**

4.6 Calculation of fair value

Crown Energy classifies fair value measurement using a fair value hierarchy that reflects the reliability of the inputs used in making the measurements. In accordance with IFRS 13, financial instruments require disclosures about fair value measurement by level. The fair value hierarchy consists of these levels:
Level 1 – Quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly as prices or indirectly as derived prices, for example.
Level 3 – Inputs for the asset or liability that are not based on observable information. The appropriate level is determined on the basis of the lowest level of input that is significant to measuring the fair value.
In conjunction with the acquisition of Amicoh Resources Ltd, the Group made a provision for an additional consideration that will fall due if any commercial discoveries are found in Madagascar. The provision at 31 December 2017 (2016) which is attributable to a potential commercial discovery is calculated at present value and totals SEK 3,361 thousand (0). For a more detailed description of the assessments and assumptions regarding the additional consideration, see Note 5 Critical estimates and assessments for accounting purposes, and Note 22 Provisions.

All amounts in SEK thousand Closing balance at 31 Dec 2017	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value via income statement:				
Investment property, leasing	–	–	133,281	133,281
Total assets	**–**	**–**	**133,281**	**133,281**
Financial liabilities measured at fair value via income statement:				
Leasing liabilities	–	–	102,253	102,253
Provision for additional consideration	–	–	3,361	3,361
Total liabilities	**–**	**–**	**105,614**	**105,614**

All amounts in SEK thousand Closing balance at 31 Dec 2016	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value via income statement:				
Investment property, leasing	–	–	165,673	165,673
Total assets	**–**	**–**	**165,673**	**165,673**
Financial liabilities measured at fair value via income statement:				
Leasing liabilities	–	–	117,324	117,324
Provision for additional consideration	–	–	–	–
Total liabilities	**–**	**–**	**117,324**	**117,324**

5 CRITICAL ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

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

Fair value

The fair value of financial instruments not traded in an active market is determined using discounted cash flows.
The carrying amount less any impairment for accounts receivable and accounts payable is assumed to approximate their fair values due to their short-term nature.
The fair value of financial liabilities is calculated for disclosure purposes by discounting the future contractual cash flow at the current market interest rate available to the Group for similar financial instruments.

Deferred tax

The Group recognises a deferred tax liability on acquired intangible assets since they are considered to be an asset to local know-how, which in synergy with the knowledge found within Crown Energy can facilitate exploitation of exploration rights.
In addition, the Group reports a deferred tax liability relating to unrealized changes in value of properties.
The deferred tax liability and asset were offset in the balance sheet. No deferred tax revenue was recognised in the income statement in this financial year or the prior year due to revaluation and capitalisation of tax losses. See Note 21 Deferred tax for detailed information on amounts.

Classification on acquisition of subsidiaries

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

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

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

Date of acquisition	Type of asset	Classification
2011	100% of shares in Crown Energy Ventures Corporation BVI	Asset acquisition
2011	100% of shares in Amicoh Resources Ltd	Business combination
2013	100% of shares in Crown Energy Iraq AB	Asset acquisition
2015	100% of shares in Simbo Petroleum No. 2 Ltd	Asset acquisition
2017	100% of shares in ESI Group S.A.	Business combination

PROVISIONS RELATED TO THE ACQUISITION OF LICENCES AND SUBSIDIARIES

In the exploration industry, it is common for the parties negotiating acquisition of a licence to agree on future additional considerations that are dependent on future events. Typically, additional considerations involve payments to the seller in the event of a commercial discovery. A probability assessment must be done every year-end for each potential future additional consideration. Following is a description of the potential future additional considerations that existed at 31 December 2017.

Manja Block 3108 (Madagascar)
Besides the settled consideration for the acquisition of the licence (via Amicoh Resources Ltd) in 2011 and 2012, an additional consideration was agreed upon in the event of a commercial discovery in Madagascar. Under the acquisition agreement, the seller will receive USD 4,000 thousand in the event of a commercial discovery. When calculating the cost of acquisition of the licence, this additional consideration was taken into account by making a provision. Based on the geological reports that Crown Energy received, the average probability of a commercial discovery in the licence area is 10%. Based on this report, it was assessed that the probability that an additional consideration will be paid to the seller corresponds to the geological probability of a commercial discovery, i.e., 10%.

In calculating the present value of the provision for the additional consideration, a discount factor before tax of 6.0% (6.0) was used. At 31 December 2017 (2016), the estimated amount totalled USD 400 thousand (400) corresponding to SEK 3,293 thousand (3,639) at the closing day rate. The portion paid in the event of a commercial discovery is recognised at a value of SEK 3,361 thousand (3,341) after present value calculation. The discounting effect on the provision for the year totals SEK -685 thousand (471).

Note 5 continued

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

Block 2B (South Africa)
A separate agreement was signed in addition to the purchase agreement in connection with the acquisition of Simbo Petroleum No. 2 Ltd ("Simbo No.2"), which owns the interest in Block 2B. This agreement stipulates that additional consideration be paid in the event that the licence results in production. The additional consideration will be paid to the sellers of Simbo No.2. The first payment is due upon the start of production. The amount of the payment depends on the price of oil at the time of initial production. If oil prices are below USD 50 (minimum) at the start of production, the total payment will be SEK 66,828 thousand. The maximum additional consideration is SEK 102,813 thousand, on the condition that oil prices are and remain over USD 65. The payments will be made in instalments based on a share of Crown Energy's net revenue from production. There is great uncertainty at this time about whether the aforementioned additional consideration will be settled. There are several factors impacting the probability of settlement of the additional consideration which are outside the control of Crown Energy: the probability of successful drilling (and advancing to production), the fact that the operatorship has changed and that Africa Energy Plc will in essence have control over the asset. At present, Crown Energy assesses the probability of settlement to be low, and the additional consideration does not meet the requirements for recognition as a provision. Instead, it is recognised as a contingent liability, outside of the statement of financial position. Recognition of the additional consideration will be assessed on an ongoing basis and may change as the conditions of the licence change, e.g. in the event of successful test drilling etc. It should be noted that the assessment of the probability of settlement of the additional consideration has no connection with Crown Energy's commercial assessments of the licence (chance of success, economic models etc.)

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

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

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

Valuation of investment properties
Investment properties are recognised at fair value in accordance with IAS 40. Fair value is based on market value and represents the estimated amount that would be received in a transaction at the time of the valuation between competent, independent parties who have an interest in the transaction being conducted as is customary on the market and where both parties are expected to have acted insightfully, wisely and without obligation.

The valuation model consists of a cash flow model discounting the future cash flows that the investment properties are expected to generate. In the event of significant changes during the fiscal year, the valuation is updated.

For more information see note 2.2 Changes in accounting policies and disclosures and Note 14 Investment property.

Going concern
Through the acquisition of ESI Group S.A., the Group has a positive cash flow from operating activities. Oil and gas exploration as well as property development are capital-intensive businesses, which means that the Group may need regular capital injections to continue its operating activities and/or to acquire new licences as well as to carry out new property projects. The Board believes that financing should primarily be done through the capital market. The Board regularly assesses the Group's capital needs based on current operations and planned activities. For the going concern assessments of the Board and the Company, see the Financing and going concern section of the Directors' report.

6 OPERATING SEGMENTS

An operating segment is that part of a group that runs operations from which it can generate revenue and incur costs for which independent financial information is available. The performance of an operating segment is monitored by the Company's chief operating decision-maker to evaluate the results and to allocate resources to the operating segment and evaluate its short- and long-term results. Segment information is presented based on the chief operating decision-maker's perspective, which means that it is presented in the same way as in internal reporting.

Following the reverse acquisition, it was determined that the Group has two segments, which correspond to the two business areas, that is, Energy (oil and gas exploration) and Asset Development and Management (service business). The chief operating decision-maker is determined to be the Board of the Parent Company.

Following is a summary of the Group's carrying amounts of non-current assets allocated by segment. Since there was only one segment in 2016, comparative figures are not available for 2016:

All amounts in SEK thousand	Energy full year 2017	Asset Development and Management full year 2017	Group-wide and non-allocated posts full year 2017	Total full year 2017
Revenue	17	111,259	17	111,294
Operating expenses	-605	-33,128	-8,228	-41,962
Operating profit before effect of reverse acquisition	**-588**	**78,131**	**-8,211**	**69,332**
Earnings effect from reverse acquisition	–	–	-174,586	-174,586
Operating profit/loss after effect of reverse acquisition	**-588**	**78 131**	**-182,797**	**-105,254**
Net financial items	-1,396	4 830	-1,037	2,397
Profit/loss before tax and changes in value	**-1,984**	**82 960**	**-183,833**	**-102,857**
Changes in value				
Property, unrealised	–	39,255	–	39,255
Earnings before tax	**-1,984**	**122,216**	**-183,833**	**-63,602**
Income tax	–	-6,766	–	-6,766
Deferred tax	–	7,111	–	7,111
Net profit/loss for the period	**-1,984**	**122,561**	**-183 833**	**-63,257**
Non-current assets at end of period	188,888	618,684	90	807,662

Following is a summary of the Group's carrying amounts of non-current assets allocated by geographic market:

Geographic market, SEK thousand	Sweden	Angola	Iraq	South Africa	Equatorial Guinea	Madagascar	Total
2017							
Revenue							
Energy	–	–	11	1	4	0	**17**
Asset Development and Management	–	111,259	–	–	–	–	**111,259**
Other	17	–	–	–	–	–	**17**
Operating profit/loss before effect of reverse acquisition	-8,211	78,131	-81	-372	-137	2	**69,332**
Investment property	–	631,108	–	–	–	–	**631,108**
Exploration and evaluation assets	–	–	41,216	59,548	5,033	83,092	**188,888**
Other non-current assets, excluding deferred tax	90	–	–	–	–	–	**90**
2016							
Investment properties	–	631,108	–	–	–	–	**631,108**

7 REMUNERATION OF AUDITORS

Group, SEK thousand	2017-01-01 2017-12-31	2016-01-01 2016-12-31
PwC	2017-12-31	2016-12-31
Audit engagements	1,095	–
Of which PricewaterhouseCoopers AB, Sweden	541	–
Auditing aside from audit engagements	764	–
Of which PricewaterhouseCoopers AB, Sweden	458	–
Tax consulting	69	–
Of which PricewaterhouseCoopers AB, Sweden	69	–
Valuation services	–	–
Other services	–	–
Group total	**1,928**	**–**
Of which PricewaterhouseCoopers AB, Sweden	1,068	0

Parent Company, SEK thousand	2017-01-01 2017-12-31	2016-01-01 2016-12-31
PwC		
Audit engagements	375	350
Of which PricewaterhouseCoopers AB, Sweden	375	350
Auditing aside from audit engagements	763	12
Of which PricewaterhouseCoopers AB, Sweden	458	12
Tax consulting	69	–
Of which PricewaterhouseCoopers AB, Sweden	69	–
Valuation services	–	–
Other services	–	–
Group total	**1,207**	**362**
Of which PricewaterhouseCoopers AB, Sweden	902	362

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

8 SALARIES, FEES, OTHER REMUNERATION, AND SOCIAL CHARGES

REMUNERATION OF AND TERMS FOR SENIOR EXECUTIVES AND THE BOARD
Remuneration 2017

All amounts in SEK thousand	Base salary/ Board fee	Variable remuner-ation	Other benefits	Pension expenses	Total
Board					
Pierre-Emmanuel Weil, Chairman of the Board	150	–	–	–	**150**
Jean Benaim, member	75	–	–	–	**75**
Alan Simonian, member	See below.	–	–	–	**0**
Yoav Ben-Eli, member [1)]	755	–	–	–	**755**
Senior executives		–	–		
Andreas Forssell, CEO	1,596	–	–	434	**2,030**
Alan Simonian, COO	1,200	–	–	139	**1,339**
Jenny Björk, CFO	795	–	–	120	**915**
Total Board and senior management	4,571	–	–	693	**5,264**

1) Board fee (SEK 75 thousand) as well as cosulting fees (SEK 680 thousand)

Note 8 continued

Remuneration 2016

All amounts in SEK thousand	Base salary/ Board fee	Variable remuner-ation	Other benefits	Pension expenses	Total
Board					
Pierre-Emmanuel Weil, Chairman as of 2016 AGM	100	–	–	–	**100**
Jean Benaim, member as of 2016 AGM	50	–	–	–	**50**
Alan Simonian, Chairman until 2016 AGM	50	–	–	–	**50**
Yoav Ben-Eli, member as of EGM in December 2016	–	–	–	–	**-**
Nick Johnson, member from 2015 AGM until December 2016	75	–	–	–	**75**
Andrew Harriman (resigned in January 2016)	–	–	–	–	**-**
Senior executives					
Andreas Forssell, CEO	1,613	–	–	445	**2,058**
Other senior executives, 2	1,510	–	–	185	**1,695**
Total Board and senior management	**3,398**	**–**	**–**	**630**	**4,028**

TERMS AND GUIDELINES RELATING TO REMUNERATION OF AND BENEFITS FOR SENIOR EXECUTIVES

See the Corporate Governance Report.

GENDER BREAKDOWN OF BOARD MEMBERS AND OTHER SENIOR EXECUTIVES

	2017		2016	
Gender breakdown of board members and other senior executives	**Number at end of reporting period**	**Of whom men**	**Number at end of reporting period**	**Of whom men**
Group				
Board members	4	4	4	4
CEO and other senior executives	3	2	3	2
Group total	7	6	7	6
Parent Company				
Board members	4	4	4	4
CEO and other senior executives	3	2	3	2
Parent Company total	**7**	**6**	**7**	**6**

Note 8 continued

SALARIES, REMUNERATION AND SOCIAL CHARGES

Salaries, remuneration and social charges, all amounts in SEK thousand	Group [1] 2017-01-01 2017-12-31	Group [1] 2016-01-01 2016-12-31	Parent Company 2017-01-01 2017-12-31	Parent Company 2016-01-01 2016-12-31
Salaries, remuneration and social charges				
Board members				
Fee	150	–	300	275
CEO	801	–	1,596	1,613
Other senior executives	971	–	1,995	1,510
Other employees	6,478	6,860	–	–
Total salaries, fees and benefits	**8,400**	**6,860**	**3,891**	**3,398**
Contractual pension expenses				
CEO	217	–	434	445
Other senior executives	130	–	259	185
Other employees	347	–	–	–
Total pension expenses	**694**	**0**	**693**	**630**
Social charges, incl. special employer's contribution				
Board members	–	–	–	–
CEO	305	–	608	631
Other senior executives	210	–	422	381
Other employees	571	118	6	–
Total social charges incl. special employer's contribution	**1,086**	**118**	**1,035**	**1,012**

1) The Group includes the parent company and the "old" Crown Energy Group from 1 July 2017

AVERAGE NUMBER OF EMPLOYEES

Average number of employees	2017 Average number of employees	2017 Of whom men	2016 Average number of employees	2016 Of whom men
Group [1]				
Sweden	1.5	1.0	–	–
Angola	14.0	8.5	15.0	9.0
Group total	15.5	9.5	15.0	9.0
Parent Company				
Sweden	3.0	2.0	2.6	1.6
Parent Company total	**3.0**	**2.0**	**2.6**	**1.6**

1) The Group includes the parent company and the "old" Crown Energy Group from 1 July 2017

9 FINANCIAL INCOME AND EXPENSES

Group, SEK thousand	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Financial income		
Exchange gains	–	
Interest income	227	–
Other financial income	6,255	-65,798
Total financial income	**6,482**	**-65,798**
Financial expenses		
Exchange losses	-2,838	–
Interest expenses:		
- other interest expenses	-602	-585
- provisions, reversal of discount effect	-84	–
Other financial expense	-562	–
Total financial expense	**-4,086**	**-585**
Net earnings from financial items	**2,397**	**-66,383**

Parent Company, SEK thousand	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Interest income and similar profit/loss items		
Exchange gains		
Interest income, Group companies		323
Interest income	7,902	12,205
Total interest income and similar profit/loss items	0	64
Summa ränteintäkter och liknande resultatposter	**7,901.95**	**12,592**
Interest expenses and similar profit/loss items		
Exchange losses	-1,467	–
Interest expenses		
- effective interest on convertible loan	–	-1,693
- other interest expenses	–	0
Total interest expenses and similar profit/loss items	**-1,467**	**-1,693**
Net earnings from financial items	**6,435**	**10,899**

10 NET EXCHANGE DIFFERENCES

Exchange differences are recognised in the income statement as follows:

Group, SEK thousand	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Exchange rate differences on operational receivables and liabilities	-138	–
Net financial items	-2,838	–
Total exchange differences	**-2,976**	**–**

Parent Company, SEK thousand	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Exchange rate differences on operational receivables and liabilities	-149	-127
Net financial items	-1,467	323
Total exchange differences	**-1,616**	**196**

11 TAX

Group, SEK thousand	2017-12-31	2016-12-31
Current tax	-6,766	-5
Deferred tax	7,111	–
Total tax	**345**	**-5**

Parent Company, SEK thousand	2017-12-31	2016-12-31
Current tax	–	–
Deferred tax	–	–
Total tax	**–**	**–**

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

Group, SEK thousand	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Earnings before tax	-63,602	32,808
Income tax calculated as per the Group's current tax rate	13,992	-7,218
Tax effects of:		
Non-taxable income	42,504	7,240
Non-deductible expenses	-7,848	–
Costs to be deducted but not included in recognised earnings	1,777	–
Tax losses for which no deferred asset was recognised	-41,787	-21
Difference in foreign tax rate	-8,293	-6
Recognised tax	**345**	**-5**

Parent Company, SEK thousand	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Earnings before tax	-4,637	2,460
Income tax calculated as per the Group's current tax rate	1,020	-541
Tax effects of:		
Non-taxable income	–	–
Non-deductible expenses	-14	-16
Costs to be deducted but not included in recognised earnings	1,777	1,932
Tax losses for which no deferred asset was recognised	-2,783	-1,375
Recognised tax	**–**	**–**

12 EARNINGS PER SHARE

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 December 31, 2017, the parent company has no warrants or other equity-related instruments issued.

EARNINGS PER SHARE AND NUMBER OF SHARES

The number of outstanding shares at 31 December 2017 totalled 477,315,350. The average number of shares in 2017 (2016) was 401,297,464 (86,276,194). As mentioned above, there is no dilutive effect. Earnings before tax for full year 2017 amounted to SEK -63,257 thousand, which puts earnings per share at 31 December 2017 at SEK -0.16 SEK (0.09) (both before and after dilution).

13 EXPLORATION ASSETS

Exploration and evaluation assets in the balance sheet consist of acquisition of rights and other costs for exploration. No depreciation is made during the exploration and development phase. All exploration and evaluation assets are classified as intangible fixed assets.

Revaluation effects relate to translation at the balance sheet rate of assets in foreign subsidiaries. The revaluation effect that arises is reported directly in the currency translation reserve in other comprehensive income.

As a result of the incorporation of the old Crown Energy Group as of June 30, 2017, the comparative figures do not contain any exploration and evaluation assets. Note 29 Acquisition of ESI Group S.A. for more information on the reverse business combination.

Group, all amounts in SEK thousand	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Opening carrying amount	–	–
Capital expenditure for the period	8,415	–
Increase through reverse acquisition	183,133	–
Exchange rate effects	-2,660	–
Closing accumulated cost of acquisition	**188,888**	**–**

14 INVESTMENT PROPERTY

The Group's properties are primarily held for the purpose of generating rental income and service revenues. At the end of the financial year, the company authorized external valuation of all properties, except C-view that was externally valued as of September 30, 2017. Regarding C-view, the assessment was made, in consultation with local management that no significant changes occurred between September 30 and December 31. Hence, the previous valuation was updated with unchanged principles as at 31 December 2017.

Fair value is determined by assessing the market value of each individual property. The main method is based on the calculation of the present value of future payment streams, where a calculation of future operating income is calculated during property-specific calculation periods, taking into account the present value of estimated market value at the end of the calculation period. The calculation period was 2-5 years for owned properties and for leased properties based on the lease agreement with landowners. The yield requirement is individual per property depending on the location of the property and available information about completed transactions. Estimated rental rates at contract maturity correspond to today's market rent. Operating expenses have been assessed based on the company's actual costs.

The majority of the Company's service revenue has not been included in the valuation due to valuation rules in accordance with IAS 40 Investment Property.

Changes in fair value of investment properties:

Group, all amounts in SEK thousand	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Fair value at start of the period	**631,108**	**573,558**
+ Capital expenditures for the period	6,075	155,092
- Disposals for the period	–	-38,559
+/- Unrealised changes in value	39,255	–
+/- Exchange rate effects*	-58,095	-58,983
Fair value at end of period	**618,344**	**631,108**

*Valutakurseffekter till följd av omvärdering från US dollar till angolanska Kwanzas och sedan till svenska kronor.

15 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

Group, SEK thousand	2017-12-31	2016-12-31
Opening carrying amount	–	–
Capital expenditures for the year	371	–
Exchange rate effects	-7	
Depreciation for the year	-24	–
Closing carrying amount	**340**	**–**
At 31 December		
Opening carrying amount	371	–
Accumulated exchange rate effects	-7	
Accumulated depreciation and impairment	-24	–
Carrying amount	**340**	**–**

Parent Company, SEK thousand	2017-12-31	2016-12-31
Opening carrying amount	33	66
Capital expenditures for the year	–	–
Depreciation for the year	-33	-33
Closing carrying amount	**–**	**33**
At 31 December		
Opening carrying amount	165	165
Accumulated depreciation and impairment	-165	-132
Carrying amount	**–**	**33**

16 OTHER INTANGIBLE FIXED ASSETS

Group, SEK thousand	2017-12-31	2016-12-31
Opening carrying amount	–	–
Capital expenditures for the year	108	–
Depreciation for the year	-18	–
Closing carrying amount	**90**	**–**
At 31 December		
Opening carrying amount	108	–
Accumulated depreciation and impairment	-18	–
Carrying amount	**90**	**–**

Parent Company, SEK thousand	2017-12-31	2016-12-31
Opening carrying amount	–	–
Capital expenditures for the year	108	–
Depreciation for the year	-18	–
Closing carrying amount	**90**	**–**
At 31 December		
Opening carrying amount	108	–
Accumulated depreciation and impairment	-18	–
Carrying amount	**90**	**–**

17 OTHER RECEIVABLES

Group, SEK thousand	2017-12-31	2016-12-31
Loan ESI Angola Lda	25,456	38,830
Other tax receivables	3,032	–
Total other receivables	**28,489**	**38,830**

Parent Company, SEK thousand	2017-12-31	2016-12-31
Preliminary tax paid	–	229
Loan ESI Group, incl. interest	–	9,161
VAT receivable	–	660
Total other receivables	**–**	**10,050**

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

18 PREPAID EXPENSES AND ACCRUED INCOME

Group, SEK thousand	2017-12-31	2016-12-31
Prepaid expenses		
Administrative expenses	103	8
Rent	164	–
Insurance expenses	49	–
Trading expenses	36	–
Pension expenses	48	–
Accrued income	240	1,343
Total prepaid expenses and accrued income	**640**	**1,351**

Parent Company, SEK thousand	2017-12-31	2016-12-31
Prepaid expenses		
Prepaid transaction expenses, acquisition of ESI Group S.A.	–	2,165
Administrative expenses	36	8
Rent	164	150
Insurance expenses	49	90
Trading expenses	36	36
Pension expenses	48	
Accrued income	–	–
Total prepaid expenses and accrued income	**333**	**2,449**

19 CASH AND CASH EQUIVALENTS

Group, SEK thousand	2017-12-31	2016-12-31
Balance sheet and cash flow statement		
Cash and bank balances	102,183	363
Total cash and cash equivalents in balance sheet and cash flow statement	**102,183**	**363**

Parent Company, SEK thousand	2017-12-31	2016-12-31
Balance sheet and cash flow statement		
Cash and bank balances	60,929	25 237
Total cash and cash equivalents in balance sheet and cash flow statement	**60,929**	**25 237**

20 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

The share capital consists of 477,315,350 shares with a quotient value of SEK 0.029.

Parent company, amount in SEK thousand	Number of shares	Share capital, all amounts in SEK thousand	Other contributed capital, all amounts in SEK thousand	Total, all amounts in SEK thousand
Opening balance at 1 January 2016	**55,547,373**	**1,633**	**179,276**	**180,909**
Changes 2016				
Conversion KV1 2013/2016	6	0	0	**–**
Directed issue, January 2016	5,500,000	162	10,838	**11,000**
Directed issue, June 2016	31,500,000	926	62,074	**63,000**
Directed issue (discount), December 2016	363,401,823	10,684	-10,684	**–**
Issue expenses	–	–	-8,782	**-8,782**
Closing balance at 31 December 2016	**455,949,202**	**13,405**	**232,722**	**246,127**
Net change in share capital (reverse acquisition), June 2017				
Reversal of Shares (C-series)	n/a	–	1,360,380	**1,360,380**
Conversion of warrants, December 2017	-10,133,852	-298		**-298**
Issue expenses	**31,500,000**	**926**	**62,074**	**63,000**
Closing balance at 31 December 2017			-8,077	**-8,077**
Utgående balans per 31 december 2017	**477,315,350**	**14,033**	**1,647,099**	**1,661,131**

21 DEFERRED TAX

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

Group, SEK thousand	2017-12-31	2016-12-31
Deferred tax liabilities		
Deferred tax on surplus value in intangible assets	17,639	–
Deferred tax on surplus value in investment properties	14,290	24,753
Total deferred tax liabilities	**31,929**	**24,753**

The Parent Company has no deferred tax.

Changes in deferred tax assets and liabilities for the year:

Deferred taxes, Group, SEK thousand	Surplus values of intangible assets	Surplus of investment properties	Total deferred tax liabilities
At 1 January 2016	–	6,474	6,474
Recognised in income statement	–	–	–
Recognised in other comprehensive income	–	–	–
Recognised in equity	–	18,279	18,279
At 31 December 2016	**–**	**24,753**	**24,753**
Recognised in income statement	–	-7,111	-7,111
Recognised in other comprehensive income	–	–	–
Recognised in equity	14,290	-3	14,287
At 31 December 2017	14,290	**17,639**	**31,929**

22 PROVISIONS

Group, SEK thousand	Acquisition of Amicoh Resources Ltd additional considerations Commercial discovery	Total provisions
At 1 January 2016	–	–
Recognised in income statement:		
Acquisition	3,371	3,371
Discount effect	-685	-685
Revaluation effect	769	769
Exchange differences	-94	-94
At 31 December 2016	3,361	3,361

Group, SEK thousand	2017-12-31	2016-12-31
Long-term component	3,361	–
Total provisions	**3,361**	**–**

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

23 OTHER LIABILITIES

Group, SEK thousand	2017-12-31	2016-12-31
Employee-related liabilities	270	
Other non-current liabilities	5,074	10,000
Transactions tax	1,157	
Total other liabilities	**6,501**	**10,000**

Parent Company, SEK thousand	2017-12-31	2016-12-31
Employee-related liabilities	270	150
Other non-current liabilities	5,054	–
Transactions tax	849	–
Total other liabilities	**6,173**	**150**

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

24 ACCRUED EXPENSES AND DEFERRED INCOME

Group, SEK thousand	2017-12-31	2016-12-31
Accrued expenses		
Social charges	201	123
Other employee-related items	318	216
Consulting fees	980	
Audit fees	751	
Board fees	200	
Issue expenses	6,300	
Other accrued expenses	172	62
Deferred income	30,112	44,831
Total accrued expenses and prepaid income	**39,032**	**45,231**

Parent Company, SEK thousand	2017-12-31	2016-12-31
Accrued expenses		
Social charges	–	207
Other employee-related items	30	397
Consulting fees	980	49
Audit fees	751	175
Board fees	200	200
Issue expenses	6,300	–
Other accrued expenses	172	12
Total accrued expenses and prepaid income	**8,432**	**1,040**

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

25 PARTICIPATIONS IN GROUP COMPANIES

Parent Company, SEK thousand	2017-12-31	2016-12-31
Opening carrying amount	20,704	20,204
Shareholder’s contribution Crown Energy Iraq AB	500	500
Acquisition ESI Group S.A.	1,363,279	–
Utgående redovisat värde	**1,384,483**	**20,704**

Nedan följer en specifikation över moderföretagets dotterföretag:

	Corporate identity number	Principle place of business	Share of Equity	No. of shares	Carrying amount, all amounts in SEK thousand 2017-12-31	2016-12-31
Crown Energy Ventures Corporation	79456	British Virgin Islands	100%	100	500	500
Crown Energy Iraq AB	556673-5329	Sweden	100%	100	20,704	20,204
ESI Group S.A.	B-179346	Luxemburg	100%	50,000	1,363,279	–
Closing carrying amount					**1,384,483**	**20,704**
Indirectly owned Group companies:						
Amicoh Resources Ltd	667642	British Virgin Islands				
Simbo Petroleum No.2 Ltd	8542642	Great Britain				
YBE Imobiliaria Lda.	2079-17	Angola				
ESI East Africa Ltd.	129923	Mauritius				

26 TRANSACTIONS WITH RELATED PARTIES

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

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

PURCHASES AND SALES WITHIN THE GROUP

Of the Parent Company's revenue in 2017 (2016), 100% (100) consists of re-invoicing to other companies within the Group. Of the Parent Company's total interest income in 2017 (2016), 100% (100) relates to other companies within the Group.

LOANS FROM RELATED PARTIES

In accordance with the acquisition agreement for ESI Group SA, all financial rights and obligations from properties and leases would be passed on to YBE Imobiliária as of 1 January 2017. Mainly as a result of prepaid rents in 2016 for 2017, YBE Imobiliária Lda received a payment claim regarding ESI Angola Lda. At 31 December 2017, the receivable amounted to SEK 25,456 thousand with a market interest rate.

PURCHASE OF SERVICES

Peter Mikkelsen works in his management position under a consultancy agreement. The services are purchased on normal commercial terms and they are invoiced regularly for work performed. In full year 2017 (2016), Peter Mikkelsen invoiced for a total of GBP 13 thousand (6), which is equivalent to SEK 142 thousand (76) at an average exchange rate for full year 2017.

Crown Energy also purchases technical consulting services from Simco Petroleum Ltd. (Simco). Alan Simonian, Board member and Company employee, 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 full year 2017 in the amount of USD 120 thousand (120), which is equivalent to SEK 1,020 thousand (1,029) calculated using an average rate for full year 2017.

As the above agreement is part of the former Crown Energy AB Group, the comparative figures for 2016 are not applicable to the Crown Energy AB Group for 2017. Furthermore, the part of the above costs relates to the first half of 2017, is acquired by the Group (reverse acquisition) as at June 30, 2017.

The Company has, as part of the acquisition of ESI Group, entered into an agreement with ESI Angola Lda. regarding property services for the properties in Angola. The agreement contains a fixed cost per property and month. For the full year 2017 (2016), services have been purchased up to KWZ 459 million (452), which corresponds to SEK 23,501 thousand (23,695) calculated at an average price for the full year 2017.

The company has furthermore, as part of the acquisition of ESI Group, entered into an agreement with Yoav Ben-Eli regarding a monthly remuneration for management services. For the full year 2017 (2016), services have been purchased up to USD 83 thousand (0), which corresponds to SEK 707 thousand (0) calculated at an average price for the full year 2017.

Following is a summary of services purchased from related parties in 2017 and 2016. The amounts at 31 December were calculated based on an average exchange rate for the year.

		Amounts in thousands of the invoicing currency		All amounts in SEK thousand	
Group, SEK thousand	**Invoicing currency**	**2017-12-31**	**2016-12-31**	**2017-12-31**	**2016-12-31**
Remuneration for consulting (technical services), Peter Mikkelsen	GBP	13	6	142	76
Remuneration for consulting (technical services etc.), Simco Petroleum Ltd	USD	120	120	1,020	1,029
Remuneration for consulting (technical services), ESI Angola Ltd.	KWZ	458,842	452,305	23,501	23,695
Remuneration for consulting (management services), Yoav Ben-Eli	USD	83	–	707	–
Total				**25,369**	**24,799**

REMUNERATION OF SENIOR EXECUTIVES

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

27 FINANCIAL INSTRUMENTS PER CATEGORY

Group, SEK thousand	Financial assets measured at fair value via income statement	Loans receivable and accounts receivable	Financial assets available for sale	Total
2017-12-31				
Assets in balance sheet				
Accounts receivable	–	29,415	–	**29,415**
Other receivables	–	28,489	–	**28,489**
Cash and cash equivalents	–	102,183	–	**102,183**
Total	**–**	**160,087**	**–**	**160,087**

Group, SEK thousand	Financial liabilities measured at fair value via the income statement	Other financial liabilities	Total
2017-12-31			
Liabilities in balance sheet			
Finance lease liabilities	102,253	–	**102,253**
Accounts payable	–	5,597	5,597
Other current liabilities	–	6,501	**6,501**
Other provisions	3,361	–	**3,361**
Total	**105,614**	**12,097**	**117,712**

Group, SEK thousand	Financial assets measured at fair value via income statement	Loans receivable and accounts receivable	Financial assets available for sale	Total
2016-12-31				
Assets in balance sheet				
Accounts receivable	–	-	–	**–**
Other receivables	–	38,830	–	**38,830**
Cash and cash equivalents	–	363	–	**363**
Total	**–**	**39,193**	**–**	**39,193**

Group, SEK thousand	Financial liabilities measured at fair value via the income statement	Other financial liabilities	Total
2016-12-31			
Convertible loans	–	–	–
Finance lease liabilities	117,324	–	**117,324**
Accounts payable	–	85	85
Other current liabilities	–	10,000	10,000
Other provisions	-	–	**–**
Total	**117,324**	**10,085**	**127,409**

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

28 PLEDGED ASSETS AND CONTINGENT LIABILITIES (PARENT COMPANY)

Contingent liabilities refer to the additional consideration for Simbo Petroleum No.2 Ltd and the Group has recognised it at the maximum amount that may be paid at the time of settlement. For more information on the additional consideration, see Note 5 Critical estimates and assessments. No changes to the estimate of the contingent liability have been made since 31 December 2016. Following is a summary of pledged assets and contingent liabilities:

Group, SEK thousand	2017-12-31	2016-12-31
Pledged assets		
Bank guarantee	–	–
Contingent liabilities		
Additional consideration Block 2B	102,813	–
Total pledged assets and contingent liabilities	**102,813**	**–**

Parent Company, SEK thousand	2017-12-31	2016-12-31
Pledged assets		
Bank guarantee	–	–
Contingent liabilities	–	–
Summa ställda säkerheter och eventualförpliktelser	**–**	**–**

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

29 ACQUISITION OF ESI GROUP S.A.

REVERSE ACQUISITION

After the transaction was completed on 30 June 2017, a final settlement was made to determine the final consideration. In accordance with a transfer agreement and a resolution at the General Meeting in December 2016, a maximum of 363,401,823 Class C shares could be converted into an equal number of ordinary shares. In the acquisition agreement, the shares are assigned a value of SEK 2.50 per share and the number of exchanged shares will depend on the final settlement. At final settlement on 25 August 2017, in accordance with the acquisition agreement, the parties agreed that a total of 353,267,971 C shares would be converted into ordinary shares. The remaining 10,133,852 C shares, were cancelled.

After the conversion of C shares into ordinary shares, YBE Ventures Ltd had 79.2 per cent of the votes and the capital in the new group. Since in this case it is the acquired company's (ESI Group) previous owner that has a controlling interest over the new group, the transaction was recognised in accordance with the rules of IFRS 3 Business Combinations, known as a reverse acquisition.

A reverse acquisition exists if a company acquires shares in another company by issuing shares in its own company to such an extent that the controlling interest over the newly formed group is attributable to the shareholders of the acquired company. Legally, the acquiring company is a parent company (Crown Energy AB) but the economic significance of the transaction is that it is the former shareholders of the acquired company (ESI Group SA) that have the controlling interest over the acquiring company. The consolidated accounts have therefore been prepared according to the financial implications of the transaction. This means that it is the acquired company's (Crown Energy AB) assets and liabilities that are assessed at fair value on the acquisition date when preparing an acquisition analysis. This means that Crown Energy AB is the legal parent company but is accounted for as a subsidiary. ESI Group SA is the legal subsidiary but is accounted for as a parent company in the consolidated accounts.

Crown Energy's fair value of SEK 356 million at the acquisition date is considered to constitute the transferred compensation. The fair value was calculated on 92,547,379 outstanding (ordinary) shares (before the above-mentioned discount issue) multiplied by Crown Energy's purchase price of SEK 3.85 per share at the acquisition date.

The acquisition analysis is preliminary and will be finalised no later than one year after the acquisition date.

The table below shows the accounting and valuation of acquired assets and assumed liabilities related to the acquisition of the old Crown Energy as per acquisition date.

All amounts in sek thousand	On takeover date
ASSETS	
Non-current assets	
Exploration and evaluation assets	183,133
Other non-current assets	124
Current assets	
Other receivables	9,517
Cash and cash equivalents	19,925
Non-current liabilities	
Deferred tax liabilities	14,701
Other provisions	3,371
Current liabilities	
Other current liabilities	12,906
Net identifiable assets and assumed liabilities	**181,721**
Fair value of Crown Energy at takeover date	**356,307**
Transaction cost (marketplace premium)	174,586
Transferred compensation	356,307
Payment, business combination	1 SEK
Business combination's effect on equity	**356,307**
Payment for business combination	1 SEK
Cash in business combination	19,925
Cash flow, reverse acquisition	**19,925**

The difference between the net of identified assets and liabilities and transferred compensation can be seen as a premium of SEK 175 million for the stock exchange, which is not a balance sheet item so the difference is recognised as an expense. The difference arose since the Parent Company's share price increased between the time the agreement with the seller of the Angola business was written in November and the acquisition date (30 June 2017). Before the acquisition, the Crown Energy Group's market value, more or less, corresponded to its net assets.

Note 29 continued

Acquisition-related costs (not including issue expenses) paid by the acquired entity, Crown Energy AB, totalled SEK 2,691 thousand on issue of this report. All costs arose prior to the acquisition and thus affected the difference between identified assets and liabilities and transferred compensation, as costs prior to acquisition reduced the net of identified assets and assumed liabilities. Costs incurred after the acquisition date are also written off on an ongoing basis.

COMPARATIVE FIGURES 2016

This interim report includes financial information for the new Crown Energy Group for the period 1 January – 31 December 2017. Since Crown Energy's acquisition of ESI Group is recognised as a reverse acquisition, the Group's comparative figures for 2016 are from the ESI Group. The Parent Company's comparative figures are still from the legal acquirer, that is, Crown Energy AB. The financial reporting is thus published in the legal parent company's name, that is, Crown Energy AB, but is de facto a continuation of ESI Group's consolidated financial statements. The consolidated accounts cover the same accounting period as for the legal parent company (Crown Energy AB), which is the calendar year.

The ESI Group did not exist in its current form in 2016, as the operating subsidiary YBE Imobiliária Lda (YBE Imobiliária) was first acquired in 2017. As a consequence of the reverse acquisition, and in accordance with IFRS 3 Business Combinations, comparative figures were calculated assuming that in 2016 the ESI Group conducted its business in its present form at takeover.

Parts of the business acquired by Crown Energy through ESI Group SA's subsidiary, YBE Imobiliária, were previously run via a privately-owned company in Angola, ESI Angola Lda. Instead of acquiring ESI Angola Lda and the entire business, all business-critical functions and assets, such as properties, leases and key personnel, were carved-out. This carve-out was made to the newly formed company YBE Imobiliária Lda in 2017.

Comparative figures from 2016 for the ESI Group relating to the subsidiary YBE Imobiliária were calculated using ESI Angola Lda's accounts and adjusting them for revenues, expenses and balance sheet items not considered to belong to YBE Imobiliária. Since the Angolan operations did not do accounting in accordance with IFRS, the process of compiling the comparative figures from 2016 has been time-consuming, involved many complex issues and required several assumptions. The financial figures for the carve-out of YBE Imobiliária 2016, will be subject to review by the Group's auditors as part of the year-end report for 2017.

30 EVENTS AFTER THE END OF THE REPORTING PERIOD

EXTENSION OF OFFSHORE LICENCE BLOCK 2B IN SOUTH AFRICA

On 26 February 2018 the Company announced that the extension to move into the second period of the Exploration Right over Block 2B offshore South Africa was granted by the South African authorities. The exploration rights period now runs until February 2020 and includes drilling of a well on the licence. Crown Energy holds a 10 per cent equity position in licence Block 2B in South Africa.

STRATEGIC CO-OPERATION AGREEMENT WITH PROGER

On March 8 2018, Crown Energy announced that it had entered into an Areas of Mutual Interest Co-operation agreement with the Italian Engineering firm Proger S.p.A. ("Proger"). By this agreement Crown Energy continues to strengthen its Asset Development and Management business area. Crown Energy and Proger have agreed to work together to seek and identify commercial projects, where each company's competencies complement each other. Both companies agreed to represent each other through their respective office networks, thus enhancing their presence in the international market.

31 KEY RATIOS

All amounts in SEK thousand, unless otherwise stated	Note	2017-01-01 2017-12-31 Full year	2016-01-01 2016-12-31 Full year
EARNINGS			
Rent and service revenue		110,483	150,161
Other operating income		811	–
Operating profit/loss		-105,254	99,191
Operating profit/loss, before items affecting comparability		69,332	99 191
Net Profit/loss for the year, after tax		-63,257	32 803
		–	
PROPERTY RELATED KEY RATIOS		–	
Occupancy rate, %		73%	87%
Rentable area, thousands of square meters**		40.1	30.2
Number of properties at end of period		16.0	19
Average remaining contract length, months		14.3	**
FINANCIAL KEY RATIOS			
Return on equity, % (ROE)		neg.	7.10%
Return on assets, % (ROA)		neg.	5.10%
EBITDA		-105,296	99,191
Adjusted EBITDA		69,290	99,191
EBITDA-margin, %		neg.	66%
Adjusted EBITDA-margin, %		62%	66%
Equity/asset ratio, %		80%	71.50%
Net debt/equity ratio, times		0.00	0.25
Net asset value per share, SEK		1.62	1.31
Total assets		968,389	646,899
Equity		772,110	462,589
Average equity		717,978	440,676
Average assets		905,289	607,053
Cash flow from investments		5,081	-116,533
RATIOS PER SHARE			
Dividend per share, SEK		n/a	n/a
Number of basic shares outstanding, thousand		477,315	353,268
Number of diluted shares outstanding, thousand		477,315	353,268
Average number of basic shares, thousand		401,297	353,268
Average number of diluted shares, thousand		401,297	353,268
Basic earnings per share, SEK		-0.16	0.09
Diluted earnings per share, SEK		-0.16	0.09
Equity per share, SEK		1.62	1.31
Cash flow from operating activities per share, SEK		89.31	341.27
Employees			
Average number of employees		15.5	15.0

*Rentable area does not include investment properties under construction. Therefore, until 30 June 2017, the C-view property's appr. 13,000 square metres is not included.
**Remaining contractual life was not calculated for 2016, since the time required and cost of producing the information was not reasonable.

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.

Net asset value per share

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

Equity/assets ratio, %

Equity including the minority as a percentage of total assets.

Investments

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

Per share data

Total number of shares outstanding

Number of shares outstanding at end of period.

Weighted average number of shares

Weighted number of shares outstanding during the year.

Equity per share, SEK

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

Return on equity, %

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

Return on capital employed, %

Equity at end of period divided by average total assets for the period.

Earnings per share, SEK

Earnings after tax divided by average number of shares for the period.

Employees

Average number of employees

Average number of employees during the period.

32 RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Reconciled below are alternative financial performance measures that cannot be directly inferred or derived from the financial statements.

All amounts in SEK thousand, unless otherwise stated	2017-01-01 2017-12-31 Full year	2016-01-01 2016-12-31 Full year
RECONCILIATION OPERATING PROFIT/LOSS AND EBITDA AND ADJUSTED ABITDA		
Operating profit/loss	-105,254	99,191
+/- Depreciation/amortisation	-42	–
= Total EBITDA	**-105,296**	**99,191**
+ Earnings effect from reverse acquisition	174,586	–
= Total adjusted EBITDA	**69,290**	**99,191**
CALC. EBITDA-MARGIN		
EBITDA	-105,296	99,191
÷ Earnings	111,294	150,161
= EBITDA-margin, %	**neg.**	**66%**
Adjusted EBITDA	69,290	99,191
÷ Earnings	111,294	150,161
=Adjusted EBITDA-margin, %	62%	66%
CALC. RETURN ON EQUITY, % (ROE)		
Net profit/loss for the period, after tax	-63 257	32 803
Average equity (opening balance + closing balance divided by two)	617 349	440 676
Return on equity, %	**neg.**	**7%**
CALC. RETURN ON ASSETS, % (ROE)		
Net profit/loss for the period, after tax	-63,257	32,803
Average total capital (opening balance + closing balance divided by two)	820,692	607,053
Return on assets, %	**neg.**	**5%**
CALC. EQUITY/ASSETS RATIO		
Total assets	968,389	646,899
Equity	772,110	462,589
Equity/assets ratio, %	**80%**	**72%**

*Rentable area does not include investment properties under construction. Therefore, until 30 June 2017, the C-view property's appr. 13,000 square metres is not included.
**Remaining contractual life was not calculated for 2016, since the time required and cost of producing the information was not reasonable.

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

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

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

Balance sheets and income statements will be up for approval at the AGM to be held on May 17 2018.

Stockholm, 26 April 2018

Pierre-Emmanuel Weil
Chairman of the Board

Alan Simonian
Board member

Jean Benaim
Board member

Yoav Ben-Eli
Board member

Andreas Forssell
CEO

Our auditor's report was submitted on 26 April 2018
Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Crown Energy AB (publ), corporate identity number 556804-8598

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Crown Energy AB (publ) for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 31-80 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

The Swedish operations include Crown Energy AB and four subsidiaries located in Sweden and Great Britain. The companies are managed, administrated and supervised by the head office in Stockholm, Sweden. The subsidiaries operate only as the legal owner of the oil and exploration rights. We have, therefore, focused our audit on the operations conducted by the Parent Company taking into consideration the company's control environment, existing business processes and the Group management's monitoring of controls.

The operations in Angola are managed and administrated locally in Angola including all property holdings, we have for this reason visited the subsidiaries in Angola.

We have audited the annual financial statements for Crown Group, including the Parent Company, consolidation and the subsidiaries. We also conducted a limited review of the interim report as of September 30 and performed an assessment of the key controls over financial reporting based on the size of the company's operations and organization. The Group audit team has also performed statutory audit procedures in Sweden for all Swedish subsidiaries. The statutory audit of the subsidiary in the UK are carried out by local auditors. The operations in Angola have been audited by local audit team base don group instructions from the Group audit team. The units covered by the audit of the Group procedures represent 100 per cent of the Group's assets, revenues, costs and results.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of exploration and evaluation Assets We refer to note 2 Summary of significant accounting principles, note 5 Critical estimates and assessments for accounting purposes and note 13 Exploration assets. The consolidated balance sheet include valuation and exploration assets in the amount of SEK 188 million. The assets comprise almost 20% of the consolidated balance sheet. Reported assets refer to four different regions and include both contingent and prospective assets. Crown Energy´ s valuation of exploration and evaluation assets is based on the so-called Competent Person Report (CPR) regarding Crown Energy´ s assets. The most recent available report is dated 28 September 2017, and covers all assets. The report has been prepared by Dunmore Consulting and is based on earlier reports from 2016 and updated data provided by Experts from Crown Energy Group, ERC Equipoise and Netherland, and Sewell & Associates, Inc. (NSAI). The CPR reports and the company's assessment show that the valuation of the company's oil and gas assets is unchanged compared with the valuation in corresponding reports from Dunmore Consulting from July 2016. During 2017, the company assessed whether there has been an indication of impairment of the assets in any of the regions. The company's assessment has not indicated a need for an impairment charge on the exploration and evaluation assets in any of the regions.	In our audit, we have undertaken procedures to verify that the assessment performed by Crown Energy in testing to determine any impairment requirements has been executed on the basis of generally accepted valuation methods, is mathematically correct and is based on reasonable assumptions as regards, amongst other things, future cash flows and discount rates. Our audit procedures have included a review of the company's forecasts and assumptions regarding oil prices and exploration costs. We have verified that the assumptions used in the projection of future cash flows are consistent with the information provided in the CPR report from September 2017. We also evaluated the company's analysis of the sensitivity of the valuation to changes in key parameters, which could result in an impairment requirement.
Valuation investment properties *Crown Energy present and discusses valuation of investment properties in the Directors report, significant accounting and valuation policies in note 2 and valuation investment properties in note 14.* The fair value of investment properties per 31 December 2017 amounted to SEK 618 million. Investment properties comprise a significant item of the balance sheet. Valuation of investment properties is also subject to management judgements and estimates including properties location, condition and future cash flow from rental income. All investment properties have been valued by external valuation experts during 2017. When determining the fair value of the property, the valuation experts take into consideration the latest available information about the specific property, such as the current rental agreements, rental income and operating costs. In order to obtain the final valuation, the valuation experts use assumptions and make assessments of future cash flows, operating results and estimated market rent, as well as assumptions about yield requirements and comparable market transactions. The significance of the estimates and assessments used determining the fair value of the properties, together with the fact that the amounts are significant, makes the valuation of investment properties a key audit matter in the audit.	The audit team, including our valuation experts in Angola, has reviewed the valuation reports for all properties and that the method used in the valuation is in accordance with accepted valuation methods. Furthermore, we have tested and challenged the management data and assumptions in the valuation model. Those procedures aimed to ensure that the information used in the external valuations is correct, complete and verifiable. We have held meetings with those responsible for the valuation and discussed the significant assumptions and assessments made. Our work has included all the investment properties in the portfolio. We have assessed the reasonableness of the yield requirements used by the external valuation experts and compared these with estimated range of yield requirements and other benchmarks and available market data for Angola. The valuations are based on judgments and are subject to inherent uncertainty. Based on our audit, we have assessed the assumptions used by Crown Energy Group to be within a reasonable range.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-24 and pages 84-85. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´ s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Crown Energy AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´ s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. [The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.]

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, was appointed auditor of Crown Energy AB (publ) by the general meeting of the shareholders on the 12 May 2017 and has been the company's auditor since the June 2011.

Stockholm 26 April 2018

Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorized Public Accountant

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 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.

Crown Energy

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