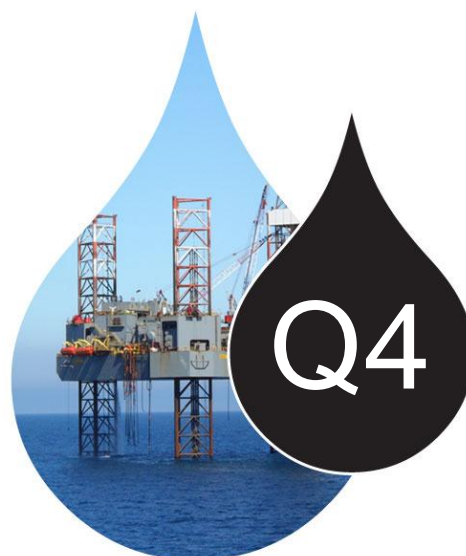


# Year-end Report 2012

## 1 January–31 December 2012



### SUMMARY

- Group revenue for the fourth quarter totalled SEK 467 million (535).
- EBITDA for the quarter was SEK 266 million (306).
- Profit before tax for the fourth quarter was SEK -16 million (11), excluding one-off costs.
- Operating cash flow improved to SEK 175 million (-106) for the quarter and to SEK 838 million (812) for the full year.
- A recapitalisation was carried out at the end of 2012 and completed in early 2013, increasing shareholders' equity by approximately SEK 1,570 million.
  - 90% of the convertible bond was converted to new shares – shareholders' equity increased by SEK 968 million, while interest-bearing nominal debt decreased by SEK 890 million.
  - A fully underwritten rights issue was carried out, raising SEK 705 million before issue costs.

### FINANCIAL KEY RATIOS

	Q4 2012	Q4 2011	Jan.-Dec. 2012	Jan.-Dec. 2011
Revenue (SEK million)	467	535	2,184	2,154
EBITDA (SEK million)	266	306	1,255	1,295
EBITDA margin	56.9%	57.2%	57.5%	60.1%
Operating profit (SEK million) *	178	121	684	508
Operating margin *	38.2%	22.7%	31.3%	23.6%
Profit before tax (SEK million) *	-16	11	85	158
Earnings per share after dilution (SEK)	-0.24	-2.91	-2.36	-3.27

\* The figures for the fourth quarter and 12-month period 2012 are exclusive of non-cash, one-off costs of SEK 169 million and SEK 1,748 million, respectively, before tax. Following total impairment charges for the Azurite field that were recognised during the third quarter of 2012, all additional investment costs, totalling SEK 151 million, have been expensed. The figures for the full year as well as for the fourth quarter of 2011 are exclusive of non-cash, one-off costs of SEK 2,035 million before tax.

## CEO'S COMMENTS

The fourth quarter of 2012 was decisive for PA Resources, to say the least. We succeeded in emerging from a critical situation, and the Company's financial position is now considerably strengthened. Approximately 90% of the convertible bond was converted to new shares in December, entailing an increase in shareholders' equity by SEK 968 million compared with the third quarter of 2012. At the start of February 2013, the subsequent rights issue was completed, which raised SEK 705 million for the Company before issue costs. Following both of these completed transactions, shareholders' equity amounts to approximately SEK 2,200 million, and net debt amounts to approximately SEK 2,000.

Although production decreased gradually during the year, operating cash flow improved for both the fourth quarter and the full year. What is positive to note is the profitable barrels produced from the Aseng field, since the field's investment costs have already been recouped, and the continued high price of oil. Cash flow together with the proceeds from the issue create a foundation for continued development of the Company's prioritised assets.

Capital expenditures for the full year 2012 amounted to SEK 255 million, which is at the lower end of the previously issued full-year forecast of SEK 240–375 million. The level of investment for the year was low, however, it increased

during the fourth quarter in connection with activity ahead of the sidetrack drilling on the Azurite field in the Republic of Congo. Unfortunately, the operator suffered a mechanical failure during the preparations preventing from sidetracking the existing wellbore. The investment costs for this have been expensed. The field continues to produce while options for the field are evaluated.

The level of investment for the full year 2013 is expected to be in the range of SEK 250–380 million. This forecast does not take into account any farm-outs of prioritised assets, but if this happens, the level of investment will be lower. The forecast currently provides scope for maintenance investments on producing fields, the drilling campaign on Block I in Equatorial Guinea, and a drilling campaign on licence 12/06 in Denmark. Activities and development of other prioritised assets will require a lower participation before they are pursued, since the Company's strategy is to reduce risk as well as the size of investments.

The strengthened balance sheet at the start of 2013 improves our scope to act on continued financing activities and planned amortisation of bond loans and credits in 2013. It also improves our negotiation position for transactions, and the intensive work will continue in 2013 towards the goal of tangibilising the value of the Company's assets.

*Bo Askvik, President and CEO, PA Resources AB*

## IMPORTANT EVENTS DURING THE QUARTER

- Farm-out of 10% interest in German licence B20008/73.
- Preliminary agreement on principles for unitisation of the Zarat field in Tunisia.
- The Board's recapitalisation proposal was approved by an extraordinary general meeting on 7 December.
- A set-off issue of convertibles was carried out. Approximately 90% of the convertible bond was converted to new shares.
- On 21 December the Board decided, with authorisation from the extraordinary general meeting, to carry out a rights issue of approximately SEK 705 million.
- 2P reserves amounted to 55.7 million barrels (60.2), contingent resources amounted to 142 million (145), and risked prospective resources amounted to 406 million barrels (409).

## PA RESOURCES IN BRIEF

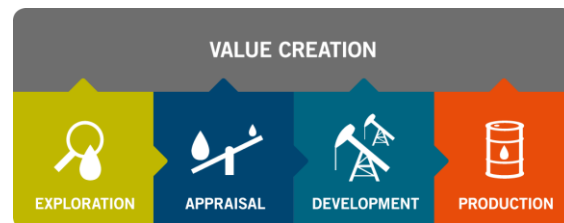
### Business concept

PA Resources' business consists of the acquisition, development, extraction and divestment of oil and gas reserves, and exploration for new reserves. Production of oil generates important cash flow that enables the investments required to increase the Group's reserves and thus shareholder value. Geographically, PA Resources focuses on three regions: North Africa, West Africa, and the North Sea including Greenland.

### Business model

PA Resources conducts exploration activities to increase its oil and gas resources, and appraisal activities determine if discoveries are profitable to develop for production. Cash flow from producing fields is reinvested in exploration, appraisal and development activities. The business model, based on cash flow combined with balanced external finan-

cing, builds a foundation for profitable and long-term growth in production.



### Strategic focus

Activities and investments are focused on appraising and developing a number of the Company's prioritised assets. Parallel with this, the goal is to reduce ownership interests in an effort to lower the level of risk as well as investments. On top of this, the Company conducts selective exploration in order to increase its resource base.

## OPERATIONAL OVERVIEW

### Q4 2012 (1 OCTOBER–31 DECEMBER)

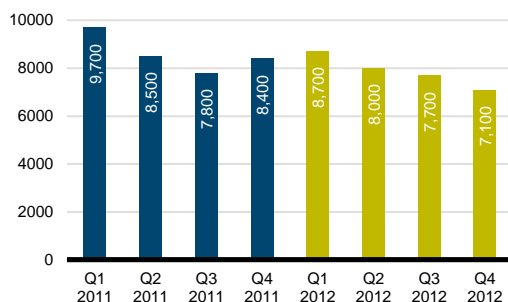
#### Production and sales

PA Resources' total oil production amounted to 656,000 (776,200) barrels of oil during the fourth quarter. Average production was 7,100 barrels per day (8,400). The Aseng field and the Azurite field in the West Africa region produced 4,900 barrels per day (5,400), and four oilfields in the North Africa region produced 2,200 barrels per day (3,000). Production in January 2013 totalled 7,100 barrels per day (9,300).

Production is based on working interest, which is PA Resources' share of total gross production before reductions for royalty and other taxes.

A total of 518,500 barrels of oil (628,700) were sold during the quarter, excluding royalties. The average sales price was USD 106 per barrel (104).

#### Average production per quarter (barrels per day)



### FULL YEAR 2012 (1 JANUARY–31 DECEMBER)

#### Production and sales

Total production for the full year amounted to 2,888,200 barrels (3,145,600), with average production of 7,900 barrels (8,600) per day. A total of 2,377,150 barrels (2,326,400) of oil were sold, excluding royalties, at an average price of USD 111 per barrel (103) for the year.

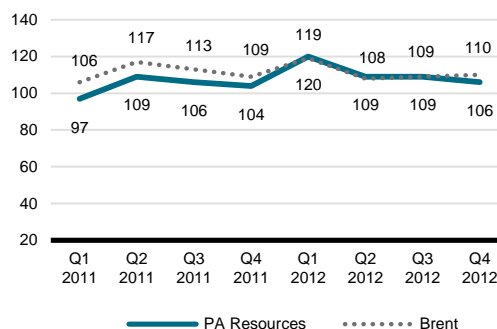
Oil inventory including royalty and other taxes increased during the year by 47,365 barrels and was 255,596 barrels at year-end. Total oil inventory as per the balance sheet date is stated at fair value and is reported as if the inventory had been sold.

Sales vary from quarter to quarter and depend on when inventory has been filled up and customers collect the agreed upon volume.

#### Production reports

PA Resources publishes monthly production reports in order to provide current information on the actual production, see [www.paresources.se](http://www.paresources.se)

#### Average sales price per quarter (USD per barrel)



#### Drilling programme

PA Resources has a few firm drilling commitments in the coming two years. Some of these are dependent on the availability of rigs or the farm-out of interests to a partner. During the fourth quarter, preparations were made to drill a sidetrack on the Azurite field in the Republic of Congo, however, due to technical complications, this will no longer be possible.

Licence	Field/Prospect	Time	Well/Number
<b>Tunisia</b>			
Zarat	Elyssa*	2013/2014	Appraisal/1
Makthar		2014	Exploration/1
<b>Equatorial Guinea</b>			
Block H	Aleta	2013	Exploration/1
Block I		2013	Appraisal/ Exploration/2
<b>Denmark</b>			
12/06	Lille John	2013/2014	Appraisal/ Exploration /1-2
<b>Netherlands</b>			
Q7/10a	Q7-FA	Q4 2013	Appraisal/ Development/1

\*The well is contingent upon a farm-out of the Zarat licence.

The drilling programme is revised continuously based on the capex budget and prioritised commitments.

#### Capital expenditures 2012/2013

Capital expenditures during the fourth quarter totalled SEK 186 million. The majority pertained to investments in a sidetrack on the Azurite field, while a minor portion pertained to development investments in the Aseng and Alen fields. All of these fields are in the West Africa region. Capital expenditures for the full year 2012 amounted to SEK 255 million, which is at the lower end of the forecast range of SEK 240–375 million.

The level of investment for the full year 2013 is expected to be in the range of SEK 250–380 million. This forecast presumes that no reductions are made in ownership interests in prioritised assets. At present it includes maintenance investments in producing fields, the drilling campaign on Block I in Equatorial Guinea, and a possible drilling campaign on licence 12/06 in Denmark.

8

Grönland

## NORTH SEA REGION AND GREENLAND

Concession/licence	Operator	Partners
<b>United Kingdom</b>		
1 Block 22/19a	PA Resources (50%)	First Oil and Gas (50%)
<b>Denmark</b>		
2 Block 9/06 (Gita)	Maersk Olie og Gas (31.2%)	PA Resources (26.8%), Nordsøfonden (20%), Noreco (12%), Danoil (10%)
3 Block 12/06	PA Resources (64%)	Nordsøfonden (20%), Spyker Energy (8%), Danoil (8%)
<b>Netherlands</b>		
4 Block Q7	Smart Energy Solutions (30%)	Energie Beheer Nederland (40%), PA Resources (30%)
5 Block Q10a	Smart Energy Solutions (30%)	Energie Beheer Nederland (40%), PA Resources (30%)
6 Schagen	Smart Energy Solutions (30%)	Energie Beheer Nederland (40%), PA Resources (30%)
<b>Germany</b>		
7 B20008-73	PA Resources (90%)	Danoil (10%)
<b>Greenland</b>		
8 Licence 2008/17 (Block 8)	PA Resources (87.5%)	NunaOil (12.5%)

## NORTH AFRICA REGION

Concession/licence	Operator	Partners
<b>Tunisia</b>		
1 Douleb	PA Resources (70%)*	Serept (30%)
2 Semmama	PA Resources (70%)*	Serept (30%)
3 Tamesmida	PA Resources (95%)*	Serept (5%)
4 Didon	PA Resources (100%)	
5 Jelma***	PA Resources (70%)	Topic (30%)
6 Makthar***	PA Resources (100%)	
7 Zarat***	PA Resources (100%)	
8 Jenein Centre****	Chinook Energy (65%)	PA Resources (35%)

\* Operatorship outsourced to Serept.

\*\* Operatorship outsourced to Maretap, a joint venture owned 50% by ETAP and 50% by Candax-Ecumed. Maretap has no interest in the licence.

\*\*\* ETAP has the right to take a 50% interest in the Jelma licence and 55% in the Makthar and Zarat licences once discoveries have been made on the respective licences and a development plan has been submitted. Until such time, ownership is shared as shown above.

\*\*\*\* ETAP is the sole licence holder, but has signed a production-sharing agreement with PA Resources and Chinook Energy.

## WEST AFRICA REGION

Concession/licence	Operator	Partners
<b>Republic of Congo (Brazzaville)</b>		
1 Azurite*	Murphy (50%)	PA Resources (35%), SNPC (15%)
2 Mer Profonde Sud*	Murphy (50%)	PA Resources (35%), SNPC (15%)
<b>Equatorial Guinea</b>		
4 Aseng**	Noble Energy (38%)	Atlas Petroleum (27.55%), Glencore (23.75%), PA Resources (5.7%), GEPetrol (5%)
5 Alen***	Noble Energy (44.65%)	GEPetrol (28.75%), Glencore (24.94%), Atlas Petroleum (1.38%), PA Resources (0.29%)
6 Block I**	Noble Energy (38%)	Atlas Petroleum (27.55%), Glencore Exploration (23.75%), PA Resources (5.7%), GEPetrol (5%)
7 Block H**	White Rose Energy (46.31%)	Atlas Petroleum (23.75%), Roc Oil (19%), PA Resources (5.94%), GEPetrol (5%)

\* Participating interests are reported inclusive of the rights to participating interests of the state-owned company SNPC.

\*\* Participating interests are reported from and including 2011 inclusive of the rights to participating interests of the state-owned company GEPetrol.

\*\*\* 95% of the Alen field is located in Block O and 5% in Block I. PA Resources has a 5.7% working interest in Block I, which provides 0.285% of the field in total.

Exploration/ Appraisal Development Production

## WEST AFRICA REGION

The region contains the two producing fields Azurite in the Republic of Congo (Brazzaville) and Aseng in Equatorial Guinea. In Equatorial Guinea, development of the Alen field is also under way, with planned start of production in the third quarter of 2013. PA Resources owns interests in two production licences, one development licence and three exploration licences.

### ■ **Production and activities at the Azurite field**

Production from the Azurite field was slightly lower than expected during the fourth quarter due to the impact of several short production interruptions on the FDP SO, from each of which production levels have slowly recovered.

Operations on the Azurite FDP SO to plug and abandon the current completion in a failed producing well and sidetrack to a new location have been abandoned due to a mechanical failure which prevented the planned sidetrack. Future options for the field are under review. Additional investments of SEK 151 million were expensed during the fourth quarter.

### ■ **Production at the Aseng field**

Production from the Aseng field was stable, at an average rate of slightly more than 60,500 barrels per day (3,400 barrels to PA Resources) during the fourth

quarter, compared with the initial planned level of 50,000 barrels per day (2,850 to PA Resources).

### ■ **Alen development**

The Alen field development in Block I in Equatorial Guinea remains on track with first production now expected in the third quarter of 2013 and cost trends suggesting a total cost below the sanctioned budget. Onshore construction activities are drawing to a close, with all major modules complete or substantially complete and preparations for load-out ongoing.

### ■ **Block I drilling campaign**

Work to finalise the preferred drilling target during the first and second quarters of 2013 has confirmed the plan to drill a Block I exploration well during the first quarter – "Carla South" – on a trend proven by the 2011 Block O Carla discovery. It is likely that an appraisal well on the Diega accumulation will also be drilled in 2013.

### ■ **Block H exploration**

The operator of Block H in Equatorial Guinea is continuing its efforts to locate an available rig to drill the Aleta prospect. The joint venture partners are seeking a further extension to the permit until February 2014.

## NORTH AFRICA REGION

PA Resources has been operating in Tunisia since 1998, with substantial oil production. The Group has interests in four producing fields, of which Didon is the largest, as well as in four exploration licences. PA Resources is the operator of seven of the licences.

### ■ **Production at Didon**

During the fourth quarter, the Didon field continued to produce primarily from two of the field's central wells and intermittently from the two eastern wells.

### ■ **Production onshore**

The three small onshore fields Douleb, Semmama and Tamesmida continued to produce normally without interruption.

### ■ **Evaluation of Jelma and Makthar**

Work on evaluating the potential of the Jelma and Makthar licences continued during the fourth quarter. The licences cover the small producing fields Douleb, Semmama and Tamesmida onshore in Tunisia and cover a substantial area that is relatively unexplored. Both licences were extended during the fourth quarter – Jelma until 2016 and Makthar until 2014. For Makthar, the plan is to conduct a seismic survey of the licence's most promising prospects. The survey will seek to mature and determine which prospects will be drilled within the licence's commitment.

### ■ **Ongoing farm-out of Zarat licence**

The process of farming out ownership interests in the Zarat licence was initiated during the third quarter and is continuing with various activities and interested parties.

### ■ **Preliminary agreement for Zarat field**

In December a preliminary agreement was reached regarding the principles for unitisation of the Zarat field with Sonde Resources, which holds the Joint Oil Block licence north of the Zarat licence. The work with the joint plan of development is continuing, and preparations are being made for submission to the Tunisian regulatory authority for approval at the end of the second quarter of 2013. A detailed technical evaluation of the reservoir is being conducted jointly by PA Resources and Sonde. Preliminary results indicate that the alternative involving gas recovery is a feasible production option, which will enable production of oil and condensate before gas is produced.

### ■ **Evaluation of the Zarat licence and Elyssa field**

Evaluation of the potential of the Zarat licence continues to be based on a recently updated seismic model. The licence has been extended until 2015 and involves a commitment to drill an appraisal well on the Elyssa field and an exploration well on the licence. Interpretation of the latest seismic data for the entire

Zarat licence was concluded during the fourth quarter. The models for all of the prospects and fields have been evaluated. The final report will be presented at the end of the first quarter of 2013. The plan is to drill

the appraisal well on the Elyssa field in 2013, however, this is contingent upon a successful farm-out of the Zarat licence.

## NORTH SEA REGION AND GREENLAND

PA Resources conducts exploration activities in the UK, Denmark, the Netherlands, Germany and offshore western Greenland. No production comes from this region. PA Resources is the operator of four out of a total of eight licences, including the Danish licence 12/06, where the two discoveries Broder Tuck and Lille John were made in 2011.

- **Work programme on Danish licence 12/06**  
Efforts to locate an available rig for further drilling in Danish licence 12/06 continue, while studies continue to evaluate appraisal requirements and development options.
- **Drilling on Dutch Q7/Q10a**  
Following completion of studies, the Q7/10a joint venture has elected to drill an appraisal/development well on the Q7-FA discovery, possibly as early as the fourth quarter of 2013, subject to rig availability.
- **Provisional UKCS licence award**  
In the UKCS 27th Seaward Licensing Round, PA Resources has been provisionally awarded Block 22/19a, which contains the undeveloped Fiddich gas/condensate field, discovered in 1984. PA Resources will be licence operator (50%) with First Oil and Gas Limited (50%) as partner.

- **Relinquishment of two UK licences**  
Following detailed studies, licence P1342 (Block 17/4b) was relinquished with effect from December 2012, and licence P1802 (Block 22/18c) was relinquished with effect from January 2013. The relinquishments resulted in an impairment charge of SEK 18 million, which has been recognised in the fourth quarter.
- **Farm-out of German licence B20008/73**  
In November, PA Resources UK Limited farmed out a 10% interest in licence B20008/73 offshore Germany to Danoil Exploration A/S. The licence is partially adjacent to the Danish licence 12/06 and is prospective at similar levels to PA Resources' Danish discoveries and to other nearby fields in Denmark and the northern Netherlands, specifically Jurassic sandstone, Cretaceous chalk and Miocene sandstone. Under the terms of the farm-out, Danoil will partially carry PA Resources' costs to obtain extensive 3D coverage over the licence and adjacent areas. The farm-out is subject to necessary regulatory approvals, and after the farm-out, PA Resources will retain a 90% interest.

## OTHER INFORMATION

### Risks and uncertainties

PA Resources' financial, operational and socio-political risks are described in the Company's 2011 Annual Report, published on 30 March 2012, in the section *Risks and risk management*.

Risks in the near term include possible disruptions in production at producing fields. Other risks concern drilling, maintenance and installations, and delays in development projects. The current political situation in North Africa is difficult to assess and may have an impact on the Company's operations.

### Extraordinary general meeting on 7 December 2012

The extraordinary general meeting held on 7 December 2012 approved the Board of Directors' proposal to carry out set-off issue directed at holders of the Company's convertible bonds, at the same time that the Board was granted authorisation to decide on implementation of a subsequent rights issue. The extraordinary general meeting also adopted new Articles of Association for the Company and resolved to reduce the share capital. For further

information, see the press release from the extraordinary general meeting or the complete minutes of the meeting at [www.paresources.se/bolagsstyrning](http://www.paresources.se/bolagsstyrning).

### Set-off issue of convertibles and change in the number of shares in November

On 21 December 2012, the set-off issue was completed when approximately 90% of the convertible bond was converted to new B-shares. A total of 6,455,770,272 new B-shares were issued, entailing that the number of shares outstanding as per 28 December 2012 was 7,093,247,924, of which 637,477,652 were A-shares. B-shares will be automatically converted to A-shares after completion of the rights issue and will be eligible for trading around 7 February 2013.

### Largest owners and Nomination Committee ahead of 2013 Annual General Meeting

The two issues that were carried out in December 2012 and January 2013, respectively, have resulted in major changes in PA Resources' ownership structure. In mid-



February, when a complete list of shareholders will be available from Euroclear Sweden, the Company will publish the names of the largest shareholders in a press release. This documentation will also be used to appoint a Nomination Committee ahead of the 2013 Annual General Meeting.

#### **Proposed dividend**

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2012 financial year.

#### **Change in listing to Small Cap**

On 2 January 2013, PA Resources' shares were moved from the Mid Cap to Small Cap list on the NASDAQ OMX exchange in Stockholm.

#### **Personnel**

At year-end the PA Resources Group had 124 employees (133). Of these, 99 (109) were men and 25 (24) were women. The average number of employees in 2012 was 127 (133). PA Resources has offices in London, Stockholm and Tunis, and a representative office in Brazzaville. In addition, personnel are stationed at production facilities in Tunisia

#### **Events after the end of the reporting period**

##### ■ ***PA Resources' rights issue of SEK 705 million completed***

The fully underwritten rights issue was carried out at the end of January and raised approximately SEK 705 million for PA Resources before issue costs. As a result of the rights issue, PA Resources' share capital increased by SEK 705,275,104.80 to SEK 1,414,599,897.20. The number of shares increased by 7,052,751,048 to 14,145,998,972. For further information, see the press release dated 29 January 2013 and note 16, Effects of set-off and rights issue.

##### ■ ***Tomas Hedström appointed as new CFO***

PA Resources has appointed Tomas Hedström as its new CFO. Tomas Hedström has broad international experience in accounting and finance from listed companies and will be a member of PA Resources' Group Management. For further information, see press release dated 6 February 2013.

This report has not been reviewed by the Company's auditors.

PA Resources AB (publ.)  
Stockholm, 6 February 2013

*Bo Askvik* President and CEO

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Queries concerning this report can be sent to  
ir@paresources.se or directed to:

Bo Askvik, President and CEO  
+46 8 545 211 50

## FINANCIAL OVERVIEW

### Q4 2012 (1 OCTOBER–31 DECEMBER)

#### Revenues, expenses and EBITDA

Group revenue during the fourth quarter amounted to SEK 467 million (535). Revenue decreased as a result of lower production compared with the corresponding period a year ago. The decrease was partly offset by a higher sales price and currency effects of the stronger US dollar. Costs for raw materials and consumables including royalties decreased to SEK 158 million (182). The royalty cost was SEK 53 million (67). Royalties decreased mainly as a result of lower production, which was partly offset by currency effects. The royalty percentages were unchanged.

EBITDA (earnings before interest, tax, depreciation, amortisation and impairment) amounted to SEK 266 million (306), and the EBITDA margin was 57% (57%).

#### Depreciation, amortisation, impairment and operating profit

Depreciation and amortisation during the quarter decreased to SEK 88 million (184). Lower production from the Azurite field and in the North Africa region led to lower costs for depreciation and amortisation. Depreciation and amortisation per produced barrel was lower compared with the corresponding period a year ago, mainly as a result of the impairment of the Azurite field in the third quarter. Currency effects increased the cost of depreciation and amortisation.

One-off items in the fourth quarter amounted to SEK 169 million (2,035) and pertain in part to the relinquished licences in the North Sea region, amounting to SEK 18 million. In addition, further costs of SEK 151 million for investments in the Azurite field were expensed, as the residual value of the entire field was written down during the third quarter of 2012.

Operating profit amounted to SEK 178 million (121) excluding one-off costs and SEK 9 million (-1,913) including one-off costs. The operating margin for the quarter excluding one-off costs was 38% (23%).

#### Net financial items, tax and profit for the quarter

Net financial items for the Group amounted to SEK -194 million (-111) during the quarter. Currency and revaluation effects impacted net financial items negatively by SEK 22 million (+18). The set-off issue carried out during the fourth quarter along with the associated reclassification/extinguishing of the convertible bond had a negative effect on net financial items, with a non-cash item amounting to SEK 70 million.

Profit before tax excluding one-off costs was SEK -16 million (11).

The reported tax charge was negatively affected by approximately SEK 75 million mainly as a result of a new assessment of the right to make deductions in Equatorial Guinea for operational and financial expenses, compared with positive one-off effects in connection with the recognition of SEK 277 million in impairment charges during the corresponding period a year ago. In total, reported tax for the quarter was SEK -155 million (169), and paid tax was

SEK 0 million (7). Earnings per share before and after dilution were SEK -0.24 (-2.91).

### FULL YEAR 2012 (1 JANUARY–31 DECEMBER)

#### Revenues, expenses and EBITDA

Group revenue during the year amounted to SEK 2,184 million (2,154). Revenue increased slightly, mainly as a result of a higher sales price and currency effects of the stronger US dollar. The increase was offset by lower production. Costs for raw materials and consumables including royalties increased to SEK 750 million (707). Production costs at the respective producing fields are fixed for the most part and amounted to SEK 495 million (431) for the period. The increase is mainly attributable to the addition of the Aseng field in the West Africa region, which came on stream during the fourth quarter of 2011. The royalty cost was SEK 255 million (277), and the royalty percentages were unchanged. Currency effects led to higher costs for raw materials and consumables.

EBITDA (earnings before interest, tax, depreciation, amortisation and impairment) amounted to SEK 1,255 million (1,295), and the EBITDA margin was 58% (60%).

#### Depreciation, amortisation, impairment and operating profit

Depreciation and amortisation during the year decreased to SEK 571 million (787). Lower production from the Azurite field and in the North Africa region led to lower costs for depreciation and amortisation compared with the corresponding period a year ago. Production from the Aseng field offset the decrease in total depreciation and amortisation. At the same time, depreciation and amortisation per produced barrel was lower from the Aseng field compared with other producing fields, entailing a decrease in depreciation and amortisation per produced barrel. In addition, the impairment of the Azurite field in the third quarter of 2012 contributed to lower depreciation and amortisation per produced barrel. Currency effects increased the cost of depreciation and amortisation.

One-off costs for the year amounted to SEK 1,748 million (2,035) and mainly pertain to the write-down of the book value of the Azurite field and the MPS licence in the Republic of Congo, totalling SEK 1,315 million, as a result of a revision of the volume of future recoverable reserves. The relinquishment of the Marine XIV licence in the Republic of Congo, licence 9/95 ("Maja") in Denmark, and licences P 1342 and P 1802 in the UK resulted in total impairment charges of SEK 281 million. In addition, with respect to the Azurite field, all additional investment costs of SEK 151 million were expensed following the write-down of the field during the third quarter of 2012.

Operating profit amounted to SEK 684 million (508) excluding one-off costs and SEK -1,064 million (-1,527) including one-off costs. The operating margin for the year excluding one-off costs was 31% (24%).



### Net financial items, tax and profit for the year

Net financial items for the Group amounted to SEK -599 million (-350) for the year. Currency and revaluation effects impacted net financial items negatively by SEK 6 million (+45). With the completion of the Aseng field in Equatorial Guinea, capitalisation of interest expenses decreased, which had a negative impact on net financial items. The set-off issue carried out during the fourth quarter along with the associated reclassification/extinguishing of the convertible bond had a negative effect on net financial items, with a non-cash item amounting to SEK 70 million.

Profit before tax excluding one-off costs amounted to SEK 85 million (158).

The reported tax charge for the year decreased as a result of an adjustment of SEK 105 million for the booking of previously unreported deferred tax assets in the parent company, see note 7, Income tax. The reported tax charge was negatively affected by approximately SEK 75 million as a result of a new assessment of the right to make deductions in Equatorial Guinea for operational and financial expenses. The reported tax charge for the preceding year included positive one-off effects in connection with the recognition of SEK 277 million in impairment charges. In total, reported tax for the year was SEK -303 million (-207 including one-off items), and paid tax during the year totalled was SEK 5 million (45).

Earnings per share before and after dilution were SEK -2.36 (-3.27).

### Cash flow and financial position

The Group's operating cash flow for the year was SEK 838 million (811).

Total capital expenditures for the year amounted to SEK 255 million (1,613). Of these, SEK 221 million (781) pertained to the West Africa region. Total capital expenditures were at the lower end of the range specified in the full-year forecast of SEK 240–375 million. Capital expenditures for the full year 2013 are expected to be in the range of SEK 250–380 million.

During the year, a net total of SEK 568 million in debt was amortised, and net cash flow after financing and capital expenditures was SEK 15 million (-1,209).

As per 31 December 2012 the Group had net borrowings of SEK 2,630 million and a debt/equity ratio of 165.4%, compared with SEK 2,028 million and 92.5% after the completed rights issue. For further information, see note 16, Effects of set-off and rights issue.

Cash and cash equivalents at year-end amounted to SEK 58 million (44).

In connection with the process of farming out ownership interests in the Zaraf licence, PA Resources conducted an analysis of the Tunisian tax situation. This resulted in an adjustment of previously unreported deferred tax liabilities pertaining to periods before 2011 by a total of SEK -445 million, which was reported directly against shareholders' equity for the period in 2011. The periods thereafter have been adjusted within other comprehensive income, with respect to exchange differences, as the underlying deferred tax liabilities are booked in USD. Thus the Group's income statement has not been affected by this adjustment. Nor

has the statement of cash flows been affected by these retrospective adjustments, since they pertain in their entirety to unrealised changes in value. The adjustment negatively affected opening shareholders' equity in 2012 by SEK 453 million, resulting in a new opening level of shareholders' equity of SEK 2,816 million in 2012. See note 2, Accounting policies.

Shareholders' equity decreased by SEK 1,226 million during the year, mainly due to the negative result for the year of SEK 1,966 million and exchange differences of SEK 229 million. The set-off issue carried out at the end of the year had a positive effect on shareholders' equity of SEK 968 million. Shareholders' equity amounted to SEK 1,590 million at year-end and was thus lower than the minimum level of SEK 2,000 million stipulated in the financial covenant for the outstanding bond loan. Shareholders' equity in relation to capital employed was also below the stipulated minimum ratio of 40%.

PA Resources was granted waivers for the time until the entire recapitalisation was completed, which included the rights issue that was completed in early February 2013. Pending completion, as per the accounting date, long-term interest-bearing loans and liabilities totalling SEK 932 million have been reclassified as a current portion of interest-bearing loans and liabilities. PA Resources' financial position has strengthened with the completion of the recapitalisation. Including the effect of the rights issue, the newly calculated shareholders' equity amounts to more than SEK 2,000 million, and the ratio expressing the relation between shareholders' equity and capital employed was above 40% at the time of this report's publication. For further information, see note 16, Effects of set-off and rights issue.

### Parent company

The parent company's revenue pertains mainly to intra-Group sales and amounted to SEK 5 million (9) for the quarter and SEK 28 million (26) for the year. Net financial items for the quarter amounted to SEK -2,099 million (-1,483) and were negatively affected by an impairment charge of SEK 1,799 million for receivables from subsidiaries as a result of a write-down of working interests in the Republic of Congo, and by SEK 132 million as a result of the relinquished Marine XIV licence in the Republic of Congo and licence 9/95 ("Maja") in Denmark. Net financial items for the year amounted to SEK -803 million (-1,451) and were favourably affected by dividends of SEK 1,895 million from subsidiaries. The parent company's net financial items were impacted by currency effects.

Profit after tax was SEK -2,113 million (-1,481) for the quarter and SEK -691 million (-1,452) for the year.

Shareholders' equity at year-end amounted to SEK 2,676 million, compared with SEK 2,399 million at year-end 2011. The increase is mainly attributable to the set-off issue, totalling SEK 968 million, and dividends received from subsidiaries, offset by intra-Group impairment charges. Deferred tax assets at year-end amounted to SEK 103 million (0). The increase is attributable to restructuring of the Group's internal loan structure. For further information, see note 7, Income taxes.

## Group – income statement

SEK 000s	Notes	Q4 2012	Q4 2011	Jan.-Dec. 2012	Jan.-Dec. 2011
Revenue	3, 5	466,801	534,717	2,183,527	2,153,808
Cost of sales	4	-158,115	-181,698	-750,409	-707,401
Other external expenses		-24,724	-27,469	-110,859	-85,057
Personnel expenses		-18,207	-19,650	-66,824	-66,100
Depreciation, amortisation and impairment losses *	5	-256,752	-2,219,173	-2,319,144	-2,821,859
<b>Operating profit</b>	5	<b>9,003</b>	<b>-1,913,273</b>	<b>-1,063,709</b>	<b>-1,526,609</b>
Financial income	6	1,908	21,115	5,503	63,695
Financial expenses	6	-195,697	-131,739	-604,820	-414,042
<b>Total financial items</b>		<b>-193,789</b>	<b>-110,624</b>	<b>-599,317</b>	<b>-350,347</b>
<b>Profit before tax</b>		<b>-184,786</b>	<b>-2,023,897</b>	<b>-1,663,026</b>	<b>-1,876,956</b>
Income tax	7	-154,797	169,338	-302,719	-206,940
<b>Profit for the period *</b>		<b>-339,583</b>	<b>-1,854,559</b>	<b>-1,965,745</b>	<b>-2,083,896</b>
<b>Profit for the period attributable to:</b>					
Owners of the parent		-339,583	-1,854,559	-1,965,745	-2,083,896
<b>Earnings per share before dilution</b>		<b>-0.24</b>	<b>-2.91</b>	<b>-2.36</b>	<b>-3.27</b>
<b>Earnings per share after dilution</b>		<b>-0.24</b>	<b>-2.91</b>	<b>-2.36</b>	<b>-3.27</b>

Earnings per share are attributable to owners of the parent. \*Figures for the fourth quarter and 12-month period in 2012 include one-off costs of SEK 169,226 thousand and SEK 1,747,674 thousand, respectively, before and after tax. Figures for the full year as well as fourth quarter of 2011 include one-off costs of SEK 2,034,666 thousand before tax and SEK 1,758,077 thousand after tax.

## Group – statement of comprehensive income

SEK 000s	Notes	Q4 2012	Q4 2011 Restated*	Jan.-Dec. 2012	Jan.-Dec. 2011 Restated*
<b>Profit for the period</b>		<b>-339,583</b>	<b>-1,854,559</b>	<b>-1,965,745</b>	<b>-2,083,896</b>
<b>Other comprehensive income</b>					
Exchange differences during the period		5,945	-18,980	-228,690	95,305
Exchange difference effect from liquidation		0	0	0	-328
Available-for-sale financial assets		0	0	0	-22
Income tax related to available-for-sale financial assets		0	0	0	2
<b>Other comprehensive income for the period</b>		<b>5,945</b>	<b>-18,980</b>	<b>-228,690</b>	<b>94,957</b>
<b>Total comprehensive income for the period</b>		<b>-333,638</b>	<b>-1,873,539</b>	<b>-2,194,435</b>	<b>-1,988,939</b>
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the parent		-333,638	-1,873,539	-2,194,435	-1,988,939

\*See note 2, Accounting policies.

## Group – statement of financial position

SEK 000s	Notes	31 Dec. 2012	31 Dec. 2011 Restated*
<b>ASSETS</b>			
Exploration and evaluation assets	2	3,398,281	4,225,979
Oil and gas properties	2	2,125,970	3,667,313
Machinery and equipment		4,381	15,499
Financial assets		1,055	1,482
Deferred tax assets	7	103,412	0
<b>Total non-current assets</b>		<b>5,633,099</b>	<b>7,910,273</b>
Inventory		30,871	59,313
Accounts receivable and other receivables		713,919	840,722
Current tax assets	7	3,076	7,069
Cash and cash equivalents	16	57,631	44,465
<b>Total current assets</b>		<b>805,497</b>	<b>951,569</b>
Assets held for sale	13	0	29,923
<b>TOTAL ASSETS</b>		<b>6,438,596</b>	<b>8,891,765</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		709,325	318,738
Other capital contributions	9	4,341,929	3,764,144
Reserves		-1,088,644	-859,954
Retained earnings and profit for the period		-2,372,353	-406,608
<b>Total equity</b>	16	<b>1,590,257</b>	<b>2,816,320</b>
<b>LIABILITIES</b>			
Interest-bearing loans and borrowings	9, 16	399,832	3,170,186
Deferred tax liabilities	7	700,870	742,251
Provisions	10	633,948	571,458
<b>Total non-current liabilities</b>		<b>1,734,650</b>	<b>4,483,895</b>
Provisions		0	8,447
Current tax liabilities		252,172	89,644
Current interest-bearing loans and borrowings	16	2,287,978	856,369
Accounts payable and other liabilities		573,539	634,355
<b>Total current liabilities</b>		<b>3,113,689</b>	<b>1,588,815</b>
Liabilities referred to assets held for sale	13	0	2,735
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,438,596</b>	<b>8,891,765</b>
<b>PLEDGED ASSETS</b>	15	<b>733,044</b>	<b>1,347,736</b>
<b>CONTINGENT LIABILITIES</b>	15	<b>14,000</b>	<b>14,000</b>

\*See note 2, Accounting policies.

## Group – statement of changes in equity

SEK 000s	Equity attributable to owners of the parent					Total
	Notes	Share capital	Other capital contribution	Reserves	Retained earnings and profit for the period	
Balance at 1 January 2011		318,738	3,764,137	-954,911	2,122,026	5,249,990
Adjustment of opening balance*					-444,738	-444,738
Adjusted balance at 1 January 2011		318,738	3,764,137	-954,911	1,677,288	4,805,252
Total comprehensive income for the period				94,957	-2,083,896	-1,988,939
<b>Transactions with shareholders</b>						
Redemption convertible shares	9	0	7			7
<b>Closing balance at 31 December 2011</b>		<b>318,738</b>	<b>3,764,144</b>	<b>-859,954</b>	<b>-406,608</b>	<b>2,816,320</b>
Balance at 1 January 2012		318,738	3,764,144	-859,954	-406,608	2,816,320
Total comprehensive income for the period				-228,690	-1,965,745	-2,194,435
<b>Transactions with shareholders</b>						
Redemption convertible shares	9	1	5			6
Reduction share capital		-254,991	254,991			0
Set off issue		645,577	322,789			968,366
<b>Closing balance at 31 December 2012</b>		<b>709,325</b>	<b>4,341,929</b>	<b>-1,088,644</b>	<b>-2,372,353</b>	<b>1,590,257</b>

As per 31 December 2012, following the completed set-off issue, the number of shares outstanding was 7,093,247,924. In connection with the extraordinary general meeting on 7 December 2012, the decision was made to change the share quota value from SEK 0.50 to SEK 0.10, entailing a decrease in the share capital by SEK 254,991 thousand. The share capital as per 31 December 2012 was distributed among 637,477,652 A-shares and 6,455,770,272 B-shares, with a share quota value of SEK 0.10. No dividend was decided on for the 2011 financial year or previous financial years. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2012 financial year. Reserves pertain to effects from translation of operations in foreign currency.

\*Adjustment of opening balance pertains to retrospective adjustments related to previously unreported deferred tax liabilities in Tunisia. For further information, see note 2, Accounting policies.

## Group – statement of cash flows

SEK 000s	Notes	Jan.-Dec. 2012	Jan.-Dec. 2011
<b>Cash flow from operating activities</b>			
Income after financial items		-1,663,026	-1,876,956
Adjustments for non-cash items		2,540,015	2,723,783
Income tax paid		-5,134	-45,227
<b>Total cash flow from operating activities</b>			
<b>before changes in working capital</b>		<b>871,855</b>	<b>801,600</b>
<b>Cash flow from changes in working capital</b>			
Change in inventory		367	-50,851
Change in receivables		296,369	-198,709
Change in liabilities		-330,311	259,526
<b>Cash flow from operating activities</b>		<b>838,280</b>	<b>811,566</b>
<b>Cash flow from investing activities</b>			
Investments in exploration and evaluation assets	5	-48,157	-573,287
Investments in oil and gas properties	5	-206,785	-1,032,416
Investments in machinery and equipment	5	-75	-6,911
<b>Cash flow from investing activities</b>		<b>-255,017</b>	<b>-1,612,614</b>
<b>Cash flow from financing activities</b>			
Loans raised		196,151	2,131,298
Amortisation of debt		-764,320	-2,539,515
<b>Cash flow from financing activities</b>		<b>-568,169</b>	<b>-408,217</b>
<b>Cash flow for the period</b>		<b>15,094</b>	<b>-1,209,265</b>
Cash and cash equivalents at the beginning of period		44,465	1,260,393
Exchange rate difference in cash and cash equivalents		-1,928	-6,663
<b>Cash and cash equivalents at end of period</b>		<b>57,631</b>	<b>44,465</b>
<b>Adjustments for non-cash items</b>			
Depreciation, amortisation and impairment losses		2,319,144	2,821,859
Accounting fair value of financial instruments		0	-9,523
Valuation Oil Sales		-154,080	-322,994
Other items including accrued interest and exchange differences (net)		374,951	234,441
<b>Total</b>		<b>2,540,015</b>	<b>2,723,783</b>

## Parent company – income statement

SEK 000s	Notes	Q4 2012	Q4 2011	Jan.-Dec. 2012	Jan.-Dec. 2011
Revenue		5,292	8,866	28,128	26,300
Other external expenses	11	-15,046	-5,965	-32,493	-19,842
Personnel expenses		-5,125	-3,607	-19,978	-19,038
Depreciation, amortisation and impairment losses		-19	-30	-95	-144
<b>Operating profit</b>		<b>-14,898</b>	<b>-736</b>	<b>-24,438</b>	<b>-12,724</b>
Result from participations in Group companies	14	-1,931,364	-1,461,753	-36,023	-1,461,753
Financial income and similar	6, 8	24,121	97,906	101,783	479,516
Financial expenses and similar	6, 8	-191,302	-119,626	-868,941	-469,111
<b>Total financial items</b>		<b>-2,098,545</b>	<b>-1,483,473</b>	<b>-803,181</b>	<b>-1,451,348</b>
<b>Profit before tax</b>		<b>-2,113,443</b>	<b>-1,484,209</b>	<b>-827,619</b>	<b>-1,464,072</b>
Income tax	7	253	3,241	136,293	12,116
<b>Profit for the period</b>		<b>-2,113,190</b>	<b>-1,480,968</b>	<b>-691,326</b>	<b>-1,451,956</b>

## Parent company – statement of comprehensive income

SEK 000s	Notes	Q4 2012	Q4 2011	Jan.-Dec. 2012	Jan.-Dec. 2011
<b>Profit for the period</b>		<b>-2,113,190</b>	<b>-1,480,968</b>	<b>-691,326</b>	<b>-1,451,956</b>
<b>Other comprehensive income</b>					
Available-for-sale financial assets		0	0	0	-22
Income tax relating to available-for-sale financial assets		0	0	0	2
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-20</b>
<b>Total comprehensive income for the period</b>		<b>-2,113,190</b>	<b>-1,480,968</b>	<b>-691,326</b>	<b>-1,451,976</b>



## Parent company – balance sheet

SEK 000s	Notes	31 Dec. 2012	31 Dec. 2011
<b>ASSETS</b>			
Exploration and evaluation assets	2, 5	91,543	88,082
Machinery and equipment		6	102
Financial assets	12	6,224,592	8,064,820
<b>Total non-current assets</b>		<b>6,316,141</b>	<b>8,153,004</b>
Current tax assets		984	984
Other receivables		2,048	1,552
Prepaid expenses and accrued income		113,423	8,074
Cash and cash equivalents		16,134	21,286
<b>Total current assets</b>		<b>132,589</b>	<b>31,896</b>
<b>TOTAL ASSETS</b>		<b>6,448,730</b>	<b>8,184,900</b>
<b>SHAREHOLDERS' EQUITY</b>			
<i>Restricted equity</i>			
Share capital		709,325	318,738
Statutory reserve		985,063	985,063
<i>Total restricted equity</i>		<i>1,694,388</i>	<i>1,303,801</i>
<i>Non-restricted equity</i>			
Share premium reserve	9	3,071,510	2,748,716
Profit/loss brought forward and profit for the period		-2,089,877	-1,653,542
<i>Total non-restricted equity</i>		<i>981,633</i>	<i>1,095,174</i>
<b>Total shareholders' equity</b>		<b>2,676,021</b>	<b>2,398,975</b>
<b>LIABILITIES</b>			
Liabilities Group companies		1,334,712	2,637,681
Interest-bearing loans and borrowings	9	350,965	2,789,399
Deferred tax liability		0	32,881
<b>Total non-current liabilities</b>		<b>1,685,677</b>	<b>5,459,961</b>
Accounts payable		3,030	3,221
Other liabilities		376	391
Current interest-bearing loans and liabilities		1,936,110	173,085
Accrued expenses and prepaid income		147,516	149,267
<b>Total current liabilities</b>		<b>2,087,032</b>	<b>325,964</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>6,448,730</b>	<b>8,184,900</b>
<b>PLEDGED ASSETS</b>	15	<b>726,489</b>	<b>1,347,210</b>
<b>CONTINGENT LIABILITIES</b>	15	<b>14,000</b>	<b>14,000</b>

## Key ratios

### FIVE-YEAR OVERVIEW

		31 Dec. 2012 ***	31 Dec. 2011 ***	31 Dec. 2010	31 Dec. 2009	31 Dec. 2008
Revenue	SEK 000s	2,183,527	2,153,808	2,226,732	2,112,841	2,419,863
EBITDA	SEK 000s	1,255,435	1,295,250	1,275,676	1,325,877	1,771,823
Operating profit	SEK 000s	-1,063,709	-1,526,609	490,424	429,601	1,395,749
Operating profit excluding one-off costs	SEK 000s	683,965	508,057	490,424	429,601	1,395,749
Operating profit per share after dilution**	SEK	-1.28	-2.39	0.94	1.35	4.64
Operating margin		-49%	-71%	22%	20%	58%
Operating margin excluding one-off costs		31%	24%	22%	20%	58%
Income after financial items per share after dilution**	SEK	-2.00	-2.94	0.34	1.00	2.74
Earnings per share after dilution**	SEK	-2.36	-3.27	-0.61	0.04	3.08
Return on equity		neg	neg	neg	0.28%	23.93%
Return on assets		neg	neg	5.13%	5.00%	16.30%
Return on capital employed		neg	neg	6.06%	6.33%	19.47%
Equity per share before dilution**	SEK	0.22	4.42	7.54	13.41	15.86
Equity per share after dilution**	SEK	0.22	4.42	7.54	13.41	15.80
Profit margin		-76.2%	-87.1%	8.1%	15.0%	34.0%
Equity/assets ratio		24.7%	31.7%	44.1%	44.6%	45.5%
Debt/equity ratio		165.4%	141.4%	65.2%	80.4%	74.8%
Share price at end of period*	SEK	0.20	2.12	7.50	11.93	5.58
Share price/Equity per share before dilution*	Times	0.89	0.48	0.99	0.89	0.35
P/E margin per share*	Times	-0.08	-0.65	-12.36	295.22	1.81
Number of shares outstanding before dilution**	Number	7,093,247,924	637,476,893	637,475,843	345,814,769	299,968,388
Number of shares outstanding after dilution**	Number	7,093,247,924	637,476,893	637,475,843	345,814,769	300,999,108
Average number of shares outstanding before dilution**	Number	832,034,544	637,476,105	521,614,740	318,998,246	299,427,260
Average number of shares outstanding after dilution**	Number	832,034,544	637,476,105	521,614,740	318,998,246	300,921,829

### QUARTERLY OVERVIEW

		Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenue	SEK 000s	466,801	524,853	542,073	649,800	534,717	493,720	542,189	583,182
Operating profit	SEK 000s	9,003	-1,343,606	56,426	214,468	-1,913,273	101,242	145,528	139,894
Operating profit excluding one-off costs	SEK 000s	178,229	151,777	148,257	214,468	121,393	101,242	145,528	139,894
Operating margin		1.9%	-256.0%	10.4%	33.0%	-357.8%	20.5%	26.8%	24.0%
Operating margin excluding one-off costs		38.2%	28.9%	27.4%	33.0%	22.7%	20.5%	26.8%	24.0%
Earnings per share after dilution**	SEK	-0.24	-2.17	-0.33	-0.05	-2.91	-0.18	-0.26	0.08
Return on equity		neg	neg	neg	neg	neg	neg	neg	4.4%
Return on assets		0.68%	neg	2.8%	9.9%	neg	4.1%	6.2%	5.7%
Return on capital employed		1.01%	neg	3.7%	12.9%	neg	5.2%	7.6%	6.8%
Equity per share before dilution**	SEK	0.22	1.50	4.09	4.02	4.42	7.36	6.62	6.86
Equity per share after dilution**	SEK	0.22	1.50	4.09	4.02	4.42	7.36	6.62	6.86
Profit margin		-39.6%	-272.6%	-21.2%	10.4%	-378.5%	3.3%	-2.4%	24.6%
Equity/assets ratio		24.7%	14.9%	31.4%	30.1%	31.7%	42.6%	42.6%	46.3%
Debt/equity ratio		165.4%	356.9%	134.3%	148.4%	141.4%	79.1%	84.1%	74.1%

\* In connection with the completed rights issue in 2010, the share price at the end of the period was adjusted retrospectively, which has affected the ratios Share price/Equity per share before dilution and P/E multiple per share.

\*\* The number of shares outstanding after dilution includes only shares that give rise to a dilutive effect. The rights issue carried out in 2010 gave rise to retrospective adjustments.

\*\*\* Figures for the fourth quarter and 12-month period in 2012 include one-off costs of SEK 169,226 thousand and SEK 1,747,674 thousand, respectively, before and after tax. Figures for the full year as well as fourth quarter of 2011 include one-off costs of SEK 2,034,666 thousand before tax and SEK 1,758,077 thousand after tax. Shareholders' equity has been adjusted retrospectively, which has given rise to changed key ratios related to shareholders' equity. See note 2, Accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1. Company information

PA Resources AB (publ.), corporate identity no. 556488-2180, registered in Stockholm, Sweden, has been listed on the NASDAQ OMX Nordic Exchange in Stockholm (Small Cap segment since January 2013) since 2006. The Company's and its subsidiaries' operations are described in the sections *PA Resources in brief* and *Operational overview*.

### NOTE 2. Accounting policies

The year-end report for the period ended 31 December 2012 has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The consolidated financial statements for the period January–December 2012 have, like the year-end accounts for 2011, been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the Swedish Annual Accounts Act. The parent company's accounts have been prepared in accordance with Annual Accounts Act and guideline RFR 2, Accounting for Legal Entities, issued by the Swedish Financial Reporting Board (RFR).

The same accounting policies have been applied for the period as those applied for the 2011 financial year and as described in the 2011 Annual Report.

The year-end report does not contain all of the information and disclosures provided in the annual report; the year-end report should therefore be read in the same context as the 2011 Annual Report.

#### **Restatement of opening balance**

In connection with the process of farming out ownership interests in the Zarat licence, PA Resources conducted an analysis of the Tunisian tax situation. This resulted in an adjustment of previously unreported deferred tax liabilities pertaining to periods before 2011 by a total of SEK -444,738 thousand, which was reported directly against shareholders' equity for the period in 2011. The periods thereafter have been adjusted within other comprehensive income, with respect to exchange differences, as the underlying deferred tax liabilities are booked in USD. Thus the Group's income statement has not been affected by this adjustment. Nor has the statement of cash flows been affected by these retrospective adjustments, since they pertain in their entirety to unrealised changes in value. The retrospective adjustments were made during the third quarter of 2012.

#### **Changed presentation of non-current assets**

PA Resources has changed its presentation of non-current assets in the balance sheet and in the segment reporting. Intangible non-current assets and property, plant and equipment are categorised as from 31 December 2012 as "exploration and evaluation assets" and "oil and gas properties". Comparative figures for 31 December 2011 have been recalculated and are reported in accordance with the new categorisation.

### NOTE 3. Revenue

Total outstanding oil inventory in number of barrels is carried at fair value as per the balance sheet date and is reported as if the inventory had been sold. In addition, PA Resources' entire working interest is reported within revenue. Adjustment has been made in cash flow for non-cash items.

### NOTE 4. Raw materials and consumables

SEK 000s	Q4 2012	Q4 2011	Jan.-Dec. 2012	Jan.-Dec. 2011
Operation and production costs	-104,911	-114,275	-495,166	-430,583
Royalties	-53,204	-67,423	-255,243	-276,818
<b>Total cost of sales</b>	<b>-158,115</b>	<b>-181,698</b>	<b>-750,409</b>	<b>-707,401</b>

The parent company has no costs for raw materials and consumables.

### NOTE 5. Segment reporting

The Group is organised and followed up according to geographic regions, which correspond to the operating segments for which information is provided. Operating segments per geographic region correspond to the reporting for local units within the respective regions, except for working interests in PA Resources AB, which are reported in the North Sea segment.

Following is a compilation of operating segments per geographic region and the local reporting entities that are included within the respective reportable operating segments:

**North Africa:** Hydrocarbures Tunisie Corp, Hydrocarbures Tunisie El Bibane Ltd, PA Resources Tunisia

**West Africa:** PA Energy Congo Ltd, Osborne Resources Ltd

**North Sea:** PA Resources UK Ltd, PA Resources Denmark ApS and PA Resources AB's working interests in Greenland

**Other/joint-Group:** PA Resources AB, Microdrill AB and joint-Group

The operating segments are accounted for according to the same accounting policies as for the Group. The operating segments' revenue, expenses, assets and liabilities include items directly attributable to and items that can be allocated to a specific operating segment in a reasonable and reliable manner. The Group centralises its handling of financial assets and liabilities. As a result of this, financial items and financial assets and liabilities are reported as joint-Group items. Externally reported revenue for all operating segments except for "Other" pertains to sales of oil and services related to exploration and production of oil and gas. Group management (the CODM) follows up the profit/loss measure "Operating profit". The column "Other/Group" includes – in addition to the companies listed above – also "Joint-Group transactions".

January-December 2012						
Income statement (SEK 000s)	North Africa	West Africa	North Sea	Other/Group	Group elimination	Total
Revenue	625,202	1,553,810	16,111	28,128	-39,724	2,183,527
Total expenses	-247,126	-633,128	-40,160	-47,402	39,724	-928,092
Impairment losses	0	-1,639,586	-108,088	0	0	-1,747,674
Depreciation and amortisation	-317,942	-253,433	0	-95	0	-571,470
<b>Operating profit</b>	<b>60,134</b>	<b>-972,337</b>	<b>-132,137</b>	<b>-19,369</b>	<b>0</b>	<b>-1,063,709</b>
Total financial items						-599,317
<b>Profit before tax</b>						<b>-1,663,026</b>
Income tax						-302,719
<b>Profit for the period</b>						<b>-1,965,745</b>

January-December 2011						
Income statement (SEK 000s)	North Africa	West Africa	North Sea	Other/Group	Group elimination	Total
Revenue	856,654	1,292,065	5,050	26,300	-26,261	2,153,808
Total expenses	-282,906	-564,820	-9,172	-27,921	26,261	-858,558
Impairment losses	-598,962	-1,435,704	-541	0	0	-2,035,207
Depreciation and amortisation	-407,868	-376,651	-1,989	-144	0	-786,652
<b>Operating profit</b>	<b>-433,082</b>	<b>-1,085,110</b>	<b>-6,652</b>	<b>-1,765</b>	<b>0</b>	<b>-1,526,609</b>
Total financial items						-350,347
<b>Profit before tax</b>						<b>-1,876,956</b>
Income tax						-206,940
<b>Profit for the period</b>						<b>-2,083,896</b>

31 December 2012						
Balance sheet (SEK 000s)	North Africa	West Africa	North Sea	Other/Group	Group elimination	Total
Exploration and evaluation assets	1,734,217	1,000,275	663,789	0	0	3,398,281
Oil- and gas properties	1,606,390	519,580	0	0	0	2,125,970
Machinery and equipment	4,333	0	42	6	0	4,381
Financial Assets	1,029	26	0	2,190,823	-2,190,823	1,055
Deferred tax receivables	0	0	0	103,412	0	103,412
Current assets	193,484	462,601	16,766	132,646	0	805,497
<b>Total assets</b>	<b>3,539,453</b>	<b>1,982,482</b>	<b>680,597</b>	<b>2,426,887</b>	<b>-2,190,823</b>	<b>6,438,596</b>
Equity						1,590,257
Non-current liabilities	1,067,842	266,976	0	399,832	0	1,734,650
Current liabilities	345,171	298,869	30,705	2,438,944	0	3,113,689
<b>Total equity and liabilities</b>	<b>1,413,013</b>	<b>565,845</b>	<b>30,705</b>	<b>2,838,776</b>	<b>0</b>	<b>6,438,596</b>
Investments in exploration and evaluation assets	5,536	14,100	28,521	0	0	48,157
Investments in oil- and gas properties	0	206,785	0	0	0	206,785
Investments in machinery and equipment	75	0	0	0	0	75

31 December 2011						
Balance sheet (SEK 000s)	North Africa	West Africa	North Sea	Other/Group	Group elimination	Total
Exploration and evaluation assets	1,833,756	1,635,855	756,368	0	0	4,225,979
Oil- and gas properties	2,005,974	1,661,339	0	0	0	3,667,313
Machinery and equipment	7,152	6,633	1,612	102	0	15,499
Financial Assets	1,191	291	0	2,190,812	-2,190,812	1,482
Current assets	304,080	633,311	12,140	31,961	0	981,492
<b>Total assets</b>	<b>4,152,153</b>	<b>3,937,429</b>	<b>770,120</b>	<b>2,222,875</b>	<b>-2,190,812</b>	<b>8,891,765</b>
Equity						2,816,320
Non-current liabilities	1,173,155	107,673	0	3,203,067	0	4,483,895
Current liabilities	399,235	116,964	61,028	1,014,323	0	1,591,550
<b>Total equity and liabilities</b>	<b>1,572,390</b>	<b>224,637</b>	<b>61,028</b>	<b>4,217,390</b>	<b>0</b>	<b>8,891,765</b>
Investments in exploration and evaluation assets	58,678	168,189	346,420	0	0	573,287
Investments in oil- and gas properties	425,372	607,044	0	0	0	1,032,416
Investments in machinery and equipment	2,326	4,554	31	0	0	6,911

The Group's customers consist of a small number of major international oil and trading companies. Information on external revenue pertaining to the region where the operating segments are registered and outside the region is provided below. The table also shows revenue from individual external customers where the revenue amounts to 10% or more compared with total external revenue for the Group.

January-December 2012						
SEK 000s	North Africa	West Africa	North Sea	Other/Group	Group elimination	Total Group
Revenue from external customers within the region	133,900	95	16,111	28,128	-39,724	138,510
Revenue from external customers outside the region	491,302	1,553,715	-	-	-	2,045,017
<b>Total revenue, external</b>	<b>625,202</b>	<b>1,553,810</b>	<b>16,111</b>	<b>28,128</b>	<b>-39,724</b>	<b>2,183,527</b>
Revenue from external customers exceeding 10% of total Group revenue						
<b>Customer 1</b>	407,986	406,307	-	-	-	814,293
<b>Customer 2</b>	-	859,326	-	-	-	859,326
% share of revenue from external customers exceeding 10% of total Group revenue:						
<b>Customer 1</b>	19%	19%	-	-	-	37%
<b>Customer 2</b>	-	39%	-	-	-	39%

**NOTE 6. Financial income and expenses during the period**

Exchange gains and losses are reported net in the income statement for the Group and parent company.

<b>Group - SEK 000s</b>	<b>Jan.-Dec. 2012</b>	<b>Jan.-Dec. 2011</b>
Interest income	5,503	19,043
Exchange gains	0	16,688
Other financial items	0	27,964
<b>Total financial income (net)</b>	<b>5,503</b>	<b>63,695</b>

<b>SEK 000s</b>	<b>Jan.-Dec. 2012</b>	<b>Jan.-Dec. 2011</b>
Interest expense	-380,354	-291,077
Exchange losses	-1,021	0
Other financial items	-223,445	-122,965
<b>Total financial expenses (net)</b>	<b>-604,820</b>	<b>-414,042</b>

Exchange gains/losses are broken down as follows:

Exchange gains arising from bank equivalents (gross)	6,043	24,595
Exchange gains arising from borrowings (gross)	116,099	95,634
Exchange losses arising from bank equivalents (gross)	-6,425	-24,226
Exchange losses arising from borrowings (gross)	-116,738	-79,315
<b>Total exchange gains (+) / losses (-) (net)</b>	<b>-1,021</b>	<b>16,688</b>

<b>Parent company - SEK 000s</b>	<b>Jan.-Dec. 2012</b>	<b>Jan.-Dec. 2011</b>
Interest income	100,559	278,387
Exchange gains	0	173,054
Other financial items	1,224	28,075
<b>Total financial income (net)</b>	<b>101,783</b>	<b>479,516</b>

<b>SEK 000s</b>	<b>Jan.-Dec. 2012</b>	<b>Jan.-Dec. 2011</b>
Interest expense	-369,167	-408,653
Exchange losses	-361,862	0
Other financial items	-137,912	-60,458
<b>Total financial expenses (net)</b>	<b>-868,941</b>	<b>-469,111</b>

Exchange gains/losses are broken down as follows:

Exchange gains arising from bank equivalents (gross)	4,342	20,677
Exchange gains arising from borrowings (gross)	1,263,769	1,976,718
Exchange losses arising from bank equivalents (gross)	-6,398	-18,360
Exchange losses arising from borrowings (gross)	-1,623,575	-1,805,981
<b>Total exchange gains (+) / losses (-) (net)</b>	<b>-361,862</b>	<b>173,054</b>



**NOTE 7. Income tax**

Reported tax pertains to income tax expense and deferred taxes attributable to ownership interests in oilfields in Tunisia and Equatorial Guinea as well as Tax Oil (the difference between the "Working interest share" and "Net Entitlement") in the West Africa region. During the third quarter, retrospective adjustments were made against shareholders' equity in the Group for previously unreported deferred tax liabilities in Tunisia pertaining to periods prior to the start of 2011. This resulted in an increase in the opening balance of deferred tax liabilities in 2011 of SEK 444,738 thousand.

In addition, during the third quarter of 2012 a new assessment was made in the parent company of previously unbooked tax loss carryforwards, where these – against the background of the restructuring of internal Group loans – have been booked prospectively against the parent company's income statement. As a result of this new assessment, reported income tax for the period has decreased by SEK 104,872 thousand.

**NOTE 8. Reporting of financial instruments**

PA Resources' oil and gas assets are valued in USD and generate revenue in USD. The Group conducts various hedging activities on the interest-bearing liability to match the corresponding foreign exchange risk associated with the assets. Through this, the Group has entered into currency and interest rate swap agreements to match the currency exposure in the Group's listed bond issues. A combination of the bond issues with the currency and interest rate swap agreements provides risk exposure that corresponds to USD-denominated loans. In cases where the Group has currency and interest rate swap agreements, these are carried at fair value, which results in unrealised net gains/losses.

**NOTE 9. Convertible bond**

Following the set-off issue carried out in December of approximately 90% of the total outstanding nominal amount, a nominal amount of SEK 93.7 million remains of the convertible bond. The set-off issue increased shareholders' equity by SEK 968.4 million, of which the share capital by SEK 645.6 million and a reduced nominal loan amount of SEK 890.5 million.

Remaining convertibles continue to carry annual nominal interest of 11%, which will be paid the last time on 15 January 2014. The convertibles fall due for payment of the nominal amount on 15 January 2014 unless conversion or repayment has been made prior to this date. Conversion to shares may be done during the period 1–30 September. The convertible bond continues to be defined as a Compound Financial Instrument, which entails a split classification between financial liability and equity.

**NOTE 10. Provisions**

For parts of oilfields where the Group has an obligation to contribute to asset retirement costs for environmental restoration, dismantling, cleaning and similar actions around the drilling areas both onshore and offshore, a provision corresponding to future calculated obligations is recorded. An obligation arises either at the time an oilfield is acquired or when the Group starts to utilise these.

The Asset Retirement Obligation is accounted for as a provision based on the present value of costs that are judged to be required to fulfil the obligation, using the estimated cash flows. The discount rate used takes into account the time value of money and the risk specifically associated with the liability, assessed by the market. As per 31 December 2012, the Group's calculated provisions for restoration costs amounted to SEK 558.7 million. PA Resources uses the Full Cost Method, which entails that the corresponding amount for the provision is capitalised as an asset and is amortised. Total assets attributable to restoration costs amounted to SEK 119.1 million as per 31 December 2012. Future changes in provisions due to the time value of money are accounted for as a financial expense, and estimated changes are capitalised or reversed against the corresponding assets.

**NOTE 11. Related party transactions**

A fee of SEK 100 thousand was paid to a board member for work in connection with the Company's recapitalisation. Apart from this, no remuneration other than customary directors' fees that have been approved by the Annual General Meeting have been paid out.

**NOTE 12. Financial assets, parent company**

The parent company's financial assets include shares in subsidiaries totalling SEK 2,190.8 million (2,190.8), receivables from Group companies totalling SEK 3,930.4 million (5,874.0), and deferred tax assets totalling SEK 103.4 million (0).

**NOTE 13. Assets held for sale**

PA Resources signed an agreement, effective 1 January 2012, on the divestment of its ownership interests in two small producing oilfields, Ezzaouia and El Bibane, for USD 4.0 million. The transaction was completed during the second quarter of 2012, and the interests along with associated adjustments are no longer reported on the balance sheet as assets (and related liabilities) held for sale.

**NOTE 14. Parent company's result from interests in Group companies**

In connection with the impairment of the Group's working interest in the West Africa region, during the fourth quarter of 2012 the parent company wrote down an intra-Group receivable by SEK 1,799.0 million. In addition, during the fourth quarter the parent company wrote down intra-Group receivables amounting to SEK 87.5 million and SEK 44.9 million, respectively, as a result of the relinquishment of licence 9/95 ("Maja") in Denmark and the Marine XIV licence in the Republic of Congo. During the second quarter of 2012 the parent company received dividends from subsidiaries totalling SEK 1,895.3 million.

During the fourth quarter of 2011, in connection with the divestment of the oil producing El Bibane field, the parent company wrote down the value of the shares in the subsidiary Hydrocarbures Tunisie El Bibane Ltd by SEK 26.0 million. In addition, in 2011 the parent company wrote down an intra-Group receivable in the amount of SEK 1,435.7 million in connection with the Group's impairment of its working interest in the West Africa region.

**NOTE 15. Pledged assets and contingent liabilities**

As per 31 December 2012, pledged assets amounted to SEK 733.0 million for the Group and SEK 726.5 million for the parent company. Total contingent liabilities amounted to SEK 14.0 million for both the Group and parent company. Compared with at 30 September 2012, total pledged assets increased by a net total of SEK 44.3 million for the Group and SEK 63.9 million for the parent company. This is mainly attributable to an increase in pledged assets in the West Africa region. Total contingent liabilities for the Group and parent company are unchanged compared with at 30 September 2012. Total pledged assets and contingent liabilities for the Group and parent company as per 31 December 2012 compared with 31 December 2011 are shown in the table below.

	Group		Parent company	
Pledged assets - SEK 000s	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011
<i>Pledged assets are broken down as follows:</i>				
Security in the form of assets in Region West Africa	726,489	1,304,285	-	-
Guarantee commitment for Group loan obligations	-	-	726,489	1,304,285
Security in the form of assets in Region North Africa	-	42,925	-	-
Security in the form of pledged shares	-	-	-	42,925
Oil inventory attributable to payment of royalties in kind	6,555	526	-	-
Cash deposit currency exchange	-	-	-	-
<b>Total pledged assets</b>	<b>733,044</b>	<b>1,347,736</b>	<b>726,489</b>	<b>1,347,210</b>

	Group		Parent company	
Contingent liabilities - SEK 000s	31 Dec. 2012	31 Dec. 2011	31 Dec. 2012	31 Dec. 2011
<i>Contingent liabilities are broken down as follows:</i>				
Contingent liabilities attributable to the acquisition of PA Energy Congo Ltd	14,000	14,000	14,000	14,000
<b>Total contingent liabilities</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>

**NOTE 16. Effects of set-off and rights issue**

Balance sheet (SEK 000s)	30 Sept. 2012	Q4 move- ments excluding Set-off issue	Set-off issue	31 Dec. 2012	Rights issue	Issue expenses	Reclassi- fication	After rights issue
Non-current assets	5,695,918	-62,819		5,633,099				5,633,099
Other current assets	726,251	21,615		747,866			-101,651	646,215
Cash and cash equivalents	5,475	52,156		57,631	613,174	-101,651		569,154
<b>Total assets</b>	<b>6,427,644</b>	<b>10,952</b>		<b>6,438,596</b>	<b>613,174</b>	<b>-101,651</b>	<b>-101,651</b>	<b>6,848,468</b>
Equity	955,529	-333,638*	968,366	1,590,257	705,275	-101,651		2,193,882
Non-current interest-bearing loans and borrowings	1,291,415	-72,254	-819,329	399,832	-90,411		931,728	1,241,149
Other non-current liabilities	1,300,851	33,967		1,334,818				1,334,818
Current interest-bearing loans and borrowings	2,124,248	163,730		2,287,978			-931,728	1,356,250
Other current liabilities	755,601	149,286	-79,176	825,711	-1,691		-101,651	722,370
<b>Total equity and liabilities</b>	<b>6,427,644</b>	<b>-58,909</b>	<b>69,861*</b>	<b>6,438,596</b>	<b>613,174</b>	<b>-101,651</b>	<b>-101,651</b>	<b>6,848,468</b>

\*Net financial items for the fourth quarter were negative impacted by a non-cash effect of the set-off issue in the amount of SEK -69.9 million.

Key ratios	30 Sept. 2012	Q4 move- ments excluding Set-off issue	Set-off issue	31 Dec. 2012	Rights issue	Issue expenses	Re- classi- fication	After rights issue
Equity per share before dilution	1.50			0.22				0.16
Equity per share after dilution	1.50			0.22				0.16
Net debt	3,410,188	39,320	-819,329	2,630,179	-703,584	101,651		2,028,245
Debt/equity ratio	356.9%			165.4%				92.5%
Number of shares outstanding before dilution	637,477,652	6,455,770,272		7,093,247,924	7,052,751,048			14,145,998,972
Number of shares outstanding after dilution	637,477,652	6,455,770,272		7,093,247,924	7,052,751,048			14,145,998,972

As per 31 December 2012, PA Resources had carried out the first transaction within the framework of the proposed recapitalisation that was approved by the extraordinary general meeting on 7 December 2012. The set-off issue, in which approximately 90% of the existing convertible bondholders converted their nominal debt including accrued interest to equity, was completed at year-end. As a result of this, shareholders' equity increased by SEK 968.4 million. Net borrowings decreased by SEK 819.3 million, corresponding to a nominal debt reduction of SEK 890.5 million. The set-off issue increased the number of shares by 6,455,770,272, and the total number of shares outstanding at year-end was 7,093,247,924. The newly issued shares are classified as B-shares, however, these have only been created for administrative reasons and will not be eligible for trading. Upon completion of the transaction, these will automatically be converted to A-shares, after which they can be traded on NASDAQ OMX in Stockholm. This is expected to take place around 7 February 2013.

In early February 2013, the subsequent, fully underwritten rights issue that was directed at all shareholders, including the convertible bondholders who accepted the offer to set-off their convertible bonds, was carried out. After deducting transaction costs of SEK 101.7 million, shareholders' equity increased by SEK 603.6 million and net borrowings decreased by SEK 601.9 million. The table above shows the effect of the rights issue on the Company's financial position. Following the completed transaction, interest-bearing net debt amounts to SEK 2,028 million, and the debt/equity ratio is 92.5%. Shareholders' equity exceeds SEK 2,000 million, and the ratio between shareholders' equity and capital employed exceeds 40%, entailing that the Company's financial obligations have been met, enabling a reclassification of current, interest-bearing debt of SEK 931.7 million as non-current. The rights issue increased the number of shares by 7,052,751,048, and the total number of shares outstanding after this is 14,145,998,972.

## RESERVES OCH RESOURCES 2012

PA Resources yearly update of reserves and resources per 31 December 2012 is presented and summarised below.

### Development of reserves in 2012

(Million barrels of oil equivalents)	Working Interest Total		Net Entitlement Total	
	1P/P90	2P/P50	1P/P90	2P/P50
<b>Reserves as per 31/12/2011</b>	<b>39.1</b>	<b>60.2</b>	<b>25.9</b>	<b>40.4</b>
Production	-2.9	-2.9	-2.1	-2.1
Revisions	+1.9	-1.6	+1.3	-1.4
<b>Reserves as per 31/12/2012</b>	<b>38.1</b>	<b>55.7</b>	<b>25.1</b>	<b>36.9</b>

### Summary

- The ratio of Proven (1P) reserves to Proven and Probable (2P) reserves has improved from 65% to 68%.
- 1P reserves amounted to 38.1 million barrels (39.1) of oil equivalent on a working interest basis. This corresponds to a 1.9 million barrel increase after adjustment for yearly production (2.9 million barrels) compared with year-end 2011. The increase pertains mostly to the reserve upgrade at the Aseng field.
- 2P reserves amounted to 55.7 million barrels (60.2) of oil equivalent on a working interest basis. This corresponds to a 1.6 million barrel reduction after adjustment for yearly production (2.9 million barrels) compared with year-end 2011.
- Azurite field production has led to a reserve reduction of 1P and 2P reserves by 0.15 and 2.9 million barrels, respectively.
- Aseng field produced 22.6 mmb (1.29 million barrels net to PA) during 2012 and following continued good reservoir performance, 1P reserves have been upgraded by 18 million barrels (1.03 million barrels net to PA Resources), substantially offsetting the year's production.
- Other positive reserve adjustments are attributable to the Tunisian fields, Didon and Douleb, Semmama and Tamesmida.
- Contingent resources<sup>2</sup> has amounted to 142 million barrels (145) of and risked prospective resources<sup>3</sup> amounted to 06 million barrels (409).
- Contingent resources and risked prospective resources remain approximately unchanged compared with the previous year.

### Information on reserves

As per 31 December 2012, the Group's reserves are 100% liquids (oil or condensate) and are contained in five Tunisian fields (Didon, Douleb, Semmama, Tamesmida, and Zarat), the Azurite field in the Republic of Congo, and the Aseng and Alen fields in Equatorial Guinea.

PA Resources has 38.1 million barrels of oil equivalent Proven (1P) reserves and 55.7 million barrels of oil equivalent Proven and Probable (2P) reserves on a working interest basis<sup>3</sup>. This is equivalent to 25.1 million barrels of

oil 1P reserves and 36.9 million barrels of oil 2P reserves on a net entitlement interest basis<sup>3</sup>.

All reserves were calculated using the published McDaniel and Associates ([www.mcdan.com](http://www.mcdan.com)) Brent oil price forecast effective 1 January 2013, with an average price of USD 105 per barrel for the period 2012-2021. Brent price is adjusted to reflect appropriate differentials between the Brent marker and the relevant field's crude sales.

### Reserves and resources as per 31 December 2012

(Million barrels of oil equivalents)	2012	2011
Proven (1P) Reserves	38.1	39.1
Proven and Probable (2P) Reserves	55.7	60.2
Contingent Resources	142	145
Risked Prospective Resources	406	409

**Notes:**

\* <sup>1</sup> PA Resources' reserves are classified according to the 2007 guidelines and classification Petroleum Resources Management System (SPE-PRMS 2007), which is the standard of the Society of Petroleum Engineers (SPE), World Petroleum Congress (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE). 2P is equivalent to a P50 estimate and is the sum of Proven plus Probable reserves and denotes best estimate scenario of reserves. 1P is equivalent to a P90 estimate.

\* <sup>2</sup> PA Resources has, in addition to its reserves, in accordance with the SPE-PRMS 2007 guidelines, further volumes classified in Contingent Resources and in Risked Prospective Resources. These Contingent and Risked Prospective Resources have been reviewed and, where appropriate, revised according to newly available information. Volumes presented under Contingent Resources represent mid-case/P50 estimates. Volumes presented under Risked Prospective Resources represent mid-case estimates which have been risked. Risked Prospective Resources contain prospects considered viable to drill as well as resources in leads.

**Definitions:**

- **Proven oil reserves 1P:** Extraction assessed as having a probability in excess of 90% in the current economic climate.
- **Proven and Probable reserves 2P:** Proven and Probable reserves with a probability in excess of 50% of extraction in the current economic climate.
- **Contingent resources:** Estimated recoverable volumes from known accumulations that have been

\* <sup>3</sup> Working interest is PA Resources' gross volume of the total fields' reserves before any reduction for royalty and the terms of production-sharing contracts, whereas net entitlement interest is PA Resources' net reserve after deduction of royalties and tax. Net entitlement barrels are, in effect, post tax barrels received by PA Resources reflecting the terms of production-sharing contracts in West Africa and the impact of tax and royalty in Tunisia. Contingent and Prospective Resources are shown on a working interest basis only.

\* <sup>4</sup> The Aseng field was reviewed by a certified third party consultant at year end 2012, and volumes are consistent with consultant and Operator's estimates. The Didon field was audited by McDaniel and Associates Consultants Limited at year-end 2011, and volumes were upgraded in 2012 to reflect good reservoir behaviour and the ESP programme. The Zarat field volumes were reviewed by a third party consultant for PA Resources at year-end 2010. The Azurite field was impaired in Q3 2012 and the field's reserves correspond to remaining anticipated production. For those fields with small reserves net to PA Resources in Tunisia/Equatorial Guinea, reserves have been based on internal or operator estimates.

confirmed through drilling but which do not yet fulfil the requirements for reserves.

- **Risked prospective resources:** Prospective accumulations of hydrocarbons which have yet to be proven through drilling. Includes resources classified under Leads. Consideration is taken in respect of the likelihood of making discoveries.





## Definitions

### FINANCIAL DEFINITIONS

- **EBITDA** is defined as operating profit excluding total depreciation and amortisation including impairment.
- **Operating profit** is defined as operating revenue less operating expenses (including depreciation, amortisation and impairment).
- **Operating margin** is defined as operating profit after depreciation and amortisation as a percentage of total revenue.
- **Earnings per share before/after dilution** is defined as profit for the period in relation to the average number of shares outstanding before/after dilution.
- **Return on equity** is defined as the average, moving 12-month profit after tax as a percentage of average adjusted equity.
- **Return on total capital** is defined as the average, moving 12-month operating profit plus adjusted financial items as a percentage of average total assets.
- **Return on capital employed** is defined as the average 12-month moving operating profit plus adjusted financial items as a percentage of average capital employed (total assets less noninterest-bearing liabilities including deferred tax liabilities).
- **Shareholders' equity per share before/after dilution** is defined as the Group's reported equity in relation to the number of shares outstanding before/after dilution.
- **Profit margin** is defined as profit after net financial items as a percentage of total revenue.
- **Equity/assets ratio** is defined as the Group's reported equity as a percentage of total assets.
- **Debt/equity ratio** is defined as the Group's interest-bearing liabilities less cash and cash equivalents in relation to adjusted equity.
- **P/E multiple per share** is defined as the share price at the end of the period in relation to profit after tax, divided by the average number of shares outstanding before dilution.

### INDUSTRY TERMS

- **Appraisal well:** A well drilled to determine the extent and scope of a discovery.
- **Barrels of oil equivalents:** Unit of volume used for petroleum products. An indication used when oil, gas and NGL are to be summarised. Abbreviated BOE in English.
- **Farm out/farm in:** The holder of shares in an oil licence may transfer (farm out) shares to another company in exchange for this company taking over some of the work commitments on the licence, such as paying for a drilling or a seismic investigation within a certain period. In return, the company that is brought in receives a share in any future revenues.
- **FPSO-vessel:** Floating, Production, Storage and Offloading vessel used in an oilfield.
- **FDPSO-vessel:** Floating, Drilling, Production, Storage and Offloading vessel used in an oilfield. Used at the Azurite field in the Republic of Congo.
- **Licence:** A licence is a permit granted to an oil company from the government of a country to look for and produce oil and gas. Oil and natural gas assets are usually owned by the country in which the oil or natural gas is discovered. The oil companies obtain permission from the respective country's government to explore for and extract oil and natural gas. These permits are also called concessions, permits, or production-sharing agreements, depending on the country in question. A licence usually consists of two parts: an exploration permit and a production licence.
- **Net Entitlement Share:** The proportion of revenue, production or reserves that accrue to the oil company after deduction for royalties and taxes.
- **Operator:** A company that, under commission by one or more companies in partnership, has obtained the right to manage the operations on an oil and gas licence.
- **Production well:** A well to extract petroleum from a reservoir.
- **Seismic data:** Seismic studies are conducted to describe geological structures in bedrock. At sea, sound signals are transmitted from the ocean surface, and the echoes are captured. Such studies can be used to locate the presence of hydrocarbons, among other things.
- **Sidetrack:** Drilling from an existing well path towards a new well target.
- **Working Interest (WI):** The proportion of revenue, production or reserves that accrue to the oil company before taxes, royalties and other curtailment.

## Currency rates

	Closing day rate 31 Dec. 2012	Average rate Jan.-Dec. 2012	Closing day rate 31 Dec. 2011	Average rate Jan.-Dec. 2011
1 EUR in SEK	8.62	8.71	8.94	9.03
1 USD in SEK	6.52	6.78	6.92	6.50
1 TND in SEK	4.20	4.34	4.60	4.61
1 NOK in SEK	1.17	1.16	1.15	1.16
1 GBP in SEK	10.49	10.73	10.68	10.41
1 DKK in SEK	1.16	1.17	1.20	1.21

## PA Resources at a glance

- An international oil and gas company with operations and assets in nine countries
- A total of 22 oil and gas licences, of which six are in production, one is under development and 15 are in the exploration phase
- Operator of 11 licences; part-owner and partner in the other licences
- 38.1 million barrels of 1P reserves and 55.7 million barrels of 2P reserves
- Oil production in West and North Africa
- 124 employees in Tunisia, Sweden, the UK and the Republic of Congo
- PA Resources is domiciled and has its head office in Stockholm, Sweden
- PA Resources' shares (PAR), the convertible bond (PAR KV1) and the SEK-bond are listed on NASDAQ OMX Stockholm

## FINANCIAL CALENDAR

Annual Report 2012 (pdf)	22 March 2013
Interim Report Q1 (January–March)	24 April 2013
Annual General Meeting 2013	14 May 2013
Interim Report Q2 (January–June)	14 August 2013
Interim Report Q3 (January–September)	23 October 2013
Year-end Report 2013 (January–December)	5 February 2014

Until further notice, PA Resources will be publishing monthly production reports in order to provide current information on the actual production.

## DISCLOSURE

The information in this interim report is such that PA Resources AB is required to disclose pursuant to the Securities Market Act and Financial Instruments Trading Act. Submitted for publication at 08:15 a.m. (CET) on 6 February 2013.

**I** This is a translation of the Swedish Interim Report. In the event of any differences between this translation and the Swedish original, the Swedish version shall govern.

## WEBCAST CONFERENCE CALL

PA Resources' results for the fourth quarter of 2012 will be presented on 6 February 2013 at 10 a.m. (CET) via a webcast conference call. To participate, use the link at [www.paresources.se](http://www.paresources.se) or call:

Sweden: +46 (0)8 505 598 53  
UK: +44 (0)203 043 24 36  
US: +1 866 458 40 87

An on-demand webcast is also available after the presentation.

## FINANCIAL INFORMATION

All financial information is published on [www.paresources.se](http://www.paresources.se) directly after release. To make it easier for you to stay up to date, subscribe to our press releases and financial reports via e-mail or RSS.

