



Interim report, January-March 2016

PRESS RELEASE 12/05/2016

First quarter– January-March 2016

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

Key events during the quarter

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

CEO statement

Dear shareholders and investors,

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

Business decisions that affected the Company's performance

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

financing strategies. In addition, our organisation has been adapted to implement such partnerships, which has also borne fruit.

Outlook

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

Financing

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

Andreas Forssell
CEO, Crown Energy AB

Crown Energy AB (publ) discloses above information pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was released for publication on May 12, 2016, 8:30 AM.

MORE INFORMATION

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ABOUT CROWN ENERGY

Crown Energy is an international oil and gas company engaged in exploration in Africa and Middle East. Growth is created by developing assets in early stages and then maximizing value by introducing appropriate industry partners in the development and production stages. For more information please visit www.crownenergy.se