

Corporate Governance Report

This report was prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Code of Corporate Governance (the Code) and is part of the formal annual accounts.

INTRODUCTION

Crown Energy AB (Crown Energy) is a Swedish public company with its headquarters in Stockholm. The Company's shares have been traded on NGM Equity since 28 December 2012.

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

Companies whose shares are traded on a regulated market are required to implement the Code. The Code is part of self-regulation in the Swedish business community and is based on the principle of comply or explain. This means that a company applying the Code may deviate from individual rules but must explain the reason for each deviation and provide a description of the solution that was chosen instead. The Code is available at www.corporategovernanceboard.se. In accordance with the provisions of the Annual Accounts Act and the Code, Swedish companies whose shares are traded on a Swedish regulated market must also prepare a Corporate Governance Report. Crown Energy's 2014 Corporate Governance Report was prepared accordingly and is part of the formal annual accounts.

Rules of the Code from which Crown Energy deviated in 2014 are indicated in this report. Explanations and solutions that were used instead are described in each respective section of the Corporate Governance Report.

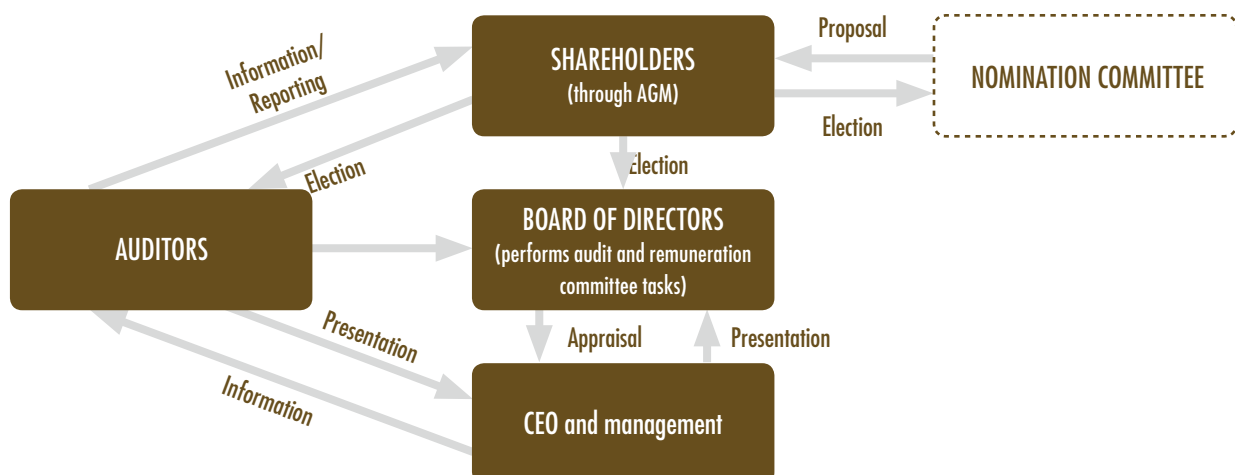
The Company did not violate NGM's rules for companies whose shares are traded on NGM Equity nor did it violate good practice on the stock market during the year.

GOVERNANCE STRUCTURE AND ACCOUNTABILITY

Crown Energy shareholders exert their influence at the AGM, which is the Company's highest decision-making body, while responsibility for organization and administration of the Company rests with the Board and CEO in accordance with the Swedish Companies Act, other laws and ordinances, applicable rules for listed companies, the Articles of Association, and the Board's internal control instruments. Crown Energy's governance structure is described in the following organizational chart of the various governing bodies. A description of each governing body follows.

SHAREHOLDERS

As at 31 December 2014, Crown Energy had about 1,900 shareholders. The Company's three major shareholders are Ulrik Jansson, privately and via companies, with about 55% of the capital and votes, Comtrack Ventures Ltd with about 7.7%, and



T Intressenter AB with 4.4%. The five largest shareholders had combined holdings of 75% of the shares and votes at the end of 2014.

According to Chap. 6, Sec. 6, Subsec. 2, Par. 3 of the Annual Accounts Act, corporate governance reports must present direct or indirect shareholdings that represent at least one-tenth of the number of votes for all shares in the company. At 31 December 2014, there was only one such holding, which was represented by Ulrik Jansson, privately and via companies (55%). Additional information about the share and shareholders can be found on pages 15-16 of this Annual Report.

AGM

The AGM is Crown Energy's highest decision-making body. By law, the AGM must be held within six months of year-end. Decisions are made at the AGM on such issues as adoption of the income statement and balance sheet, allocation of profits, discharge of liability, and election of board members and auditors. Decisions are also made at the general meeting on the Articles of Association, dividends, and any changes to the share capital.

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

AGM

Crown Energy's 2014 AGM was held on 14 May in Stockholm. At the meeting, 31.2% of the votes and share capital were represented. These items and others were resolved at the meeting:

- Adoption of the income statements and balance sheets for the Parent Company and the Group
- Discharge of the Board and CEO
- Adoption of appropriation of profits, entailing that the Company's accumulated earnings of SEK 81,448,614 be brought forward
- Adoption of the number of board members and election of board members
- Adoption of board fees of SEK 225,000, with SEK 150,000 to the chairman and SEK 75,000 to each non-employee board member
- Adoption of audit fees as per approved invoices
- Adoption of guidelines for remuneration of Group senior executives
- Adoption of the Board's decision on a directed issue of up to 2,500,000 convertibles

The 2015 AGM will be held on 13 May 2015 at 10 am at company headquarters, Norrlandsgatan 18 in Stockholm. For information on the AGM, see the Company's website at www.crownenergy.se.

Other general meetings

No additional meetings were held in 2014.

NOMINATION COMMITTEE

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

Historically, Crown Energy has not had a nomination committee, which is a deviation from the Code. The Board and the principal shareholders decided that a nomination committee is currently not necessary in view of the composition of shareholders. If this composition changes in the future, the question of a nomination committee may need to be revived, and Crown Energy intends to maintain a continuous dialogue with the principal shareholders on this matter.

BOARD OF DIRECTORS

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

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

According to the Articles of Association, Crown Energy's board is to consist of at least three and no more than ten members, with no more than five deputies. The Board consists of three members:

- Alan Simonian (chairman)
- Andrew Harriman (member)
- Ulrik Jansson (member and CEO)

No specific division of duties between board members exists. For additional information on the current board, see the "Board of Directors, senior executives, and auditors" section on pages 13-15 of the Annual Report.

At the statutory board meeting following the AGM, Crown Energy's board establishes rules of procedure and instructions

concerning interactions between the Board and CEO, along with financial reporting instructions. The rules of procedure are reviewed and approved annually. The Board holds at least four regular meetings in addition to the statutory meeting. The meetings are scheduled as far as possible to coincide with financial reporting and the AGM. Besides regular meetings, the Board gathers for additional meetings as required.

The work is led by the Chairman of the Board, who has a particular responsibility for ensuring that it is well organized and efficient. This includes ensuring that the Board has the relevant education to discharge its duties, ensuring that it receives sufficient information and supporting documents, and that it is evaluated annually. The Chairman also maintains frequent contact with the Company's CEO. The Chairman is appointed at the AGM. Alan Simonian was elected Chairman of the Board at the 2014 AGM.

The Board may establish committees to delegate certain tasks. Normally these committees consist of audit and remuneration committees. Board committees deal with issues that fall within their respective areas and submit reports and recommendations that form the basis of decisions made by the Board. The Board decides whether or not a committee should be established. The Board may, in accordance with the Swedish Companies Act, decide to perform the duties of a committee themselves, that is, address the issues within the regular Board. In 2014, Crown Energy did not have an audit committee or remuneration committee since the Board found it to be more appropriate to handle these types of issues within the ordinary Board. Accordingly, the Board performs the duties of each committee.

The Code requires that a majority of board members be independent of the company and its management. At least two of the independent board members must also be independent of the company's major shareholders. Major shareholders are defined as those controlling 10% or more of the Company's shares or voting rights. In 2014, the Board consisted of three members. Two of them were independent of the Company, its management, and major shareholders.

The work of the Board in 2014

Under the Board's rules of procedure, the Board is to convene at least four times per year in addition to the statutory meeting. The Board held 14 meetings in 2014, including one statutory meeting. In accordance with its current strategy, the Board worked in 2014 on reviewing the Company's asset portfolio and concluded that the most important matter is to find financial and operational partners for Crown Energy's projects. The Board also worked to call attention to the value inherent in the Company's assets. Internal frameworks and policies that apply to the governance of the Company were determined, such as the Board's rules of procedure, CEO instructions etc. The Company's auditor participated in the Board meeting that was held in February 2014.

Two meetings were also held in 2015. Of these, one concerned the adoption of the 2014 year-end report and the other a debriefing from the Company's auditors concerning the 2014 fiscal year.

Following is a summary of the Board's composition and participation in meetings:

Authorization

Neither the AGM nor the EGM has given the Board any specific authorization.

COMMITTEES

Corporate management

The CEO ensures that operations are conducted in accordance with the Companies Act, other laws and ordinances, applicable rules for listed companies, the Articles of Association, and the Board's internal control instruments, and in accordance with the Board's established goals and strategies. In consultation with the Chairman of the Board, the CEO compiles the necessary informational and supporting documents for board meetings, presents reports, and motivates decision proposals. Ulrik Jansson is Crown Energy's CEO and is also its principal owner. Ulrik Jansson's holdings in Crown Energy through companies on publication of this Annual Report totalled 15,529,726 shares and 28,395,090 convertibles. He is not independent of the Company nor major shareholders.

SHAREHOLDERS		NATIONALITY	YEAR ELECTED	REMUNERATION, SEK	INDEPENDENT OF COMPANY AND MANAGEMENT	INDEPENDENT OF MAJOR SHAREHOLDERS	BOARD MEETINGS ATTENDED 2014
Alan Simonian	Chairman	British	2011	150,000	Yes	Yes	14/14
Ulrik Jansson	Board member and CEO	Swedish	2011	-	No	No	14/14
Andrew Harriman	Board member	British	2011	75,000	Yes	Yes	14/14

The management group is otherwise comprised of Andreas Forssell, vice president and CFO, Peter Mikkelsen, chief geologist and exploration manager, and David Jones, legal adviser. Peter Mikkelsen and David Jones perform their duties as consultants, not as employees of Crown Energy.

See the presentation of the CEO and other senior executives on pages 13-15 of the Annual Report.

INTERNAL AUDITING

The Company has a simple legal and operational structure along with established management and internal control systems. In 2014, the Company did not have a separate internal audit function. The Board regularly monitors the Company's assessment of internal control through contact with the Company's auditors and by other means.

AUDITOR

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

At an EGM in 2010, the firm Öhrlings PricewaterhouseCoopers AB was elected as Crown Energy's auditor until the end of the 2015 AGM. As chief auditor, authorized public accountant Peter Burholm was appointed to sign the auditor's report together with authorized public accountant Michael Winkvist.

The audit team had regular contact with the Company in 2014 in addition to the audit procedures performed. The Company's auditors reviewed the annual accounts, conducted a review of the interim accounts of 30 September, and reviewed the Company's internal controls for 2014. Apart from this, the auditor also performed statutory reviews in conjunction with the year's share issues.

REMUNERATION

Remuneration guidelines

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

Most recently approved remuneration guidelines – 2014 AGM

For the 2014 AGM, the Board proposed the following guidelines, which were later adopted at the AGM on 14 May 2014:

- *The Board shall be entitled to deviate from the guidelines in individual cases if there are specific reasons for doing so. If such a deviation occurs, information thereon and the reason for the deviation shall be reported at the next AGM.*
- *The remuneration of the CEO and other senior executives shall*

consist of a fixed, market-based salary. Any potential benefits shall constitute only a limited portion of the remuneration.

- *Pensions for the CEO and other senior executives shall be defined contribution plans, which means that vesting occurs through the Parent Company's annual payments of premiums. The CEO's pension provision shall be 35% of salary per year. Pensions for other senior executives shall follow the ITP plan. Upon termination by the Company, severance pay for senior executives can be paid to a maximum of 24 monthly salaries, including fixed salary, during the notice period.*
- *Upon termination by the Company, severance pay for senior executives can be paid to a maximum of 24 monthly salaries, including fixed salary, during the notice period.*
- *Decisions on share and share price related incentive schemes for senior executives shall be taken at the AGM. Share and share price related incentive programs shall be designed with the aim of achieving greater alignment of interests between the participating executives and the Company's shareholders. Programs that involve the acquisition of shares shall be designed so that a personal shareholding in the company is promoted. The vesting period, or the period from the conclusion of the agreement until shares may be acquired shall not be less than three years. Board members who are not also employees of the Company shall not participate in programs directed to management or other employees. Share options shall not be included in programs directed to the Board. (At an EGM in November 2011, it was resolved to issue 450,000 warrants directed to key persons within the Group. The warrants entitled each holder to subscribe for one share in the Company for each warrant held during the period up to and including 28 November 2014. The issue price was SEK 30 per share.)*
- *The Company's board members shall, in specific cases, be allowed to receive fees for services rendered within their respective areas of expertise that are not associated with board work. Fees for these services shall be market-based, approved by the Board, and disclosed at the AGM.*

The Board's proposed remuneration guidelines for the 2015 AGM

The Board's proposed remuneration guidelines for the 2015 AGM are the same as the most recently adopted guidelines (see above).

Remuneration of the Board of Directors

Resolutions on the remuneration of the Board are made at the AGM. At the AGM on 14 May 2014, it was decided that the Chairman of the Board's remuneration would be SEK 150,000 and that the remuneration of other board members not employed by the Company would be SEK 75,000 each.

Chairmen and board members who are not also employees of the Company do not receive a salary from the Company and

are not eligible to participate in any of the Company's future incentive programs. Since 2011, board member Andrew Harriman had held 100,000 Crown Energy warrants, which corresponded to 100,000 shares. These warrants were issued before Crown Energy was subject to the Code's rules on board members not being included in incentive programs. The term of these warrants expired in November 2014 without any shares being subscribed.

Remuneration of and benefits for senior executives in 2014

Decisions on the remuneration of the CEO are made by the Board. In May 2014 Ulrik Jansson chose to change his monthly remuneration from SEK 125,000 to SEK 95,000. Between the Company and Ulrik Jansson, there is a notice period of 12 months on the Company's side and 6 months on the CEO's side. He also receives pension benefits, which, as far as the Board can determine, are comparable to CEOs of companies that are similar to Crown Energy. Other senior executives at Crown Energy are Andreas Forssell, CFO and vice president, Peter Mikkelsen, exploration manager, and David Jones, legal adviser. Decisions regarding the remuneration of other senior executives are made by the CEO.

Since May 2014, Andreas Forssell has received a monthly remuneration of SEK 115,000 compared to his previous SEK 85,000. The mutual notice period between him and the Company is six months. He also receives pension benefits, which, as far as the Board can determine, are comparable to equivalent roles in companies similar to Crown Energy.

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

Peter Mikkelsen and David Jones fulfil their management obligations to the Company on a consulting basis. Peter Mikkelsen invoiced for about GBP 11 thousand in 2014. David Jones did not perform any work in 2014.

Remuneration of auditors

At the 2010 EGM, Öhrlings PricewaterhouseCoopers AB was appointed as auditor with Peter Burholm acting as the chief auditor for Crown Energy ever since. Mr Burholm has been an authorized public accountant since 1995 and is a member of FAR SRS, Sweden's association for accountancy professionals. Remuneration to the auditor is paid on open account. Remuneration paid to the auditor by the Group for fiscal year 2014 (2013) totalled SEK 345 thousand (805), of which SEK 330 thousand (604) pertained to audit engagements and SEK 16 thousand

(201) was for other assignments. An audit involves reviewing the Annual Report and bookkeeping along with the administration of the Board of Directors and CEO, other tasks incumbent upon the auditor to perform, and advice or other assistance prompted by observations made during the audit or the performance of other tasks. Everything else is considered other assignments.

INTERNAL CONTROL AND RISK MANAGEMENT OF FINANCIAL REPORTING FOR THE 2014 FISCAL YEAR

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

Control environment

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

Risk assessment

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

Control activities

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

Information and communication

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

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

Follow-up

In 2014, follow-up of operations was mainly done in connection with regular board meetings. The Company's auditors regularly reviewed the internal controls during the year.

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

Auditor's report

To the annual meeting of the shareholders of Crown Energy AB (publ), corp. id. 556804-8598

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Crown Energy AB (publ) for the year 2014 except for the corporate governance statement on pages 24-29. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 18-72.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance [and its cash flows] for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 24-29. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Crown Energy AB (publ) for the year 2014. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 24-29 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group, we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

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

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm, 21 April 2015
Öhrlings PricewaterhouseCoopers AB

Peter Burholm
Authorised Public Accountant
Auditor in charge

Mikael Winkvist
Authorised Public Accountant