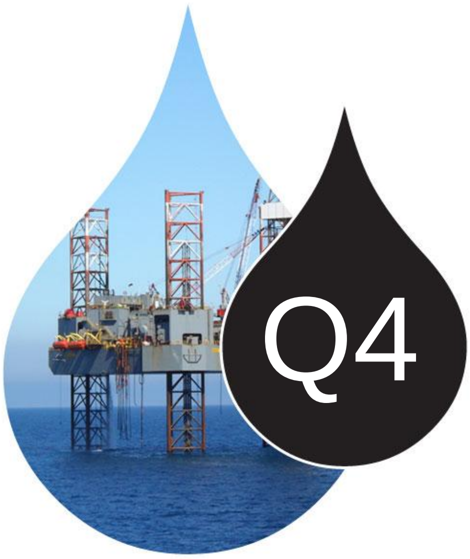
Year-end Report 2011



SUMMARY

- Group revenue for the fourth quarter amounted to SEK 535 million (698).
- EBITDA for the quarter was SEK 306 million (438).
- Profit before tax for the fourth quarter amounted to SEK 11 million (91) excluding one-off costs, and SEK -2,024 million (91) including one-off costs.
- As previously disclosed, during the fourth quarter non-cash, one-off costs of SEK 2,035 million before tax and SEK 1,758 million after tax were recognised.
- Production of oil commenced on the Aseng field in Equatorial Guinea in early November and is making a cash flow contribution as from January 2012.
- Operating cash flow improved for the full year to SEK 812 million (416).
- The commercial discovery on Broder Tuck and the oil discovery on Lille John are initially contributing 32 million barrels of oil equivalents in contingent resources.

FINANCIAL KEY RATIOS

	Q4 2011	Q4 2010	Jan.-Dec. 2011	Jan.-Dec. 2010
Revenue (SEK million)	535	698	2,154	2,227
EBITDA (SEK million)	306	438	1,295	1,276
EBITDA margin	57.2%	62.7%	60.1%	57.3%
Operating profit (SEK million) *	121	219	508	490
Operating margin *	22.7%	31.3%	23.6%	22.0%
Profit/loss before tax (SEK million) *	11	91	158	179
Earnings per share after dilution (SEK)	-2.91	-0.23	-3.27	-0.61

*Figures for the full year as well as the fourth quarter of 2011 exclude non-cash, one-off costs of SEK 2,035 million before tax and SEK 1,758 million after tax.

CEO'S COMMENTS

The start of production on the Aseng field in Equatorial Guinea in early November was an important milestone for PA Resources. Production from the field is giving us frequent cash flow and enabling us to repay our investment outlays of SEK 500 million already during the first year of production. The field has an anticipated production plateau of several years and will generate substantial cash flow.

Also in November, the previous oil discovery in the Miocene structure on the Lille John prospect in Denmark was confirmed. The sidetrack has shown better reservoir quality than the original well. The continued evaluation is focused on determining the size of the discovery and further potential for prospectivity of the Miocene level, which is a relatively unexplored structure in this part of the North Sea.

The Azurite field was a major disappointment during the year, and production did not reach anticipated levels in 2011. This necessitated a write-down of the book value of the field's reserves by 6 million barrels, which also affected earnings for the fourth quarter but not cash flow. The Azurite field is generating positive cash flows following concluded investments.

The annual appraisal of our oil reserves and resources led to a decrease in 2P reserves at the same time that the Danish discovery has made a significant contribution of contingent resources for development. The volume of prospective resources also increased considerably based on seismic analysis work on the Greenland licence.

The outlook for the global economy the coming year is still uncertain at the same time that positive signals from the USA and heightened tension in the Middle East contributed to a continued high oil price, which has had a favourable impact on our revenues. In 2011 the price of Brent crude reached an historic average high at USD 111 per barrel, and the foundation for this price level is expected to remain in 2012.

Capital expenditures for the full year totalled SEK 1,613 million, which was slightly lower than our forecast of SEK 1,700–1,800 million. The pace of investment for the full year 2012 will be considerably lower and is expected to be in the range of SEK 240–375 million. We have few firm drilling commitments, and investments will therefore be targeted primarily at continued seismic analysis, appraisal activities and development planning in order to advance the discoveries in Denmark as well as the Zarat field in Tunisia a step further. Continued analysis aimed at identifying satellite prospects that can be tied back to the Azurite field's infrastructure also has high priority.

We believe that our operating cash flow will exceed capital expenditures in 2012 by a good margin. Our goal therefore continues to be to lower the Company's debt. Interest-bearing debt decreased in 2011, and in early 2012 we continued paying down our loans.

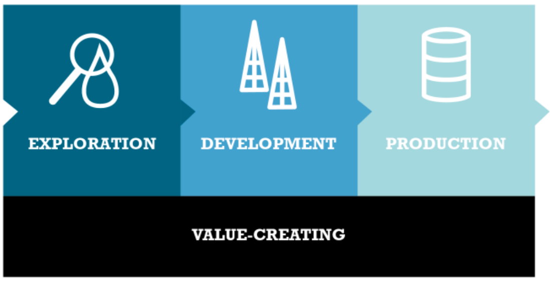
Bo Askvik, President and CEO, PA Resources AB

IMPORTANT EVENTS DURING THE QUARTER

- Production of oil commenced on the Aseng field in Equatorial Guinea in early November.
- Discovery of oil on Lille John in Danish Licence 12/06 was confirmed in November via a sidetrack.
- Exploration drilling in the Marine XIV licence in the Republic of Congo was carried out but commercial quantities of hydrocarbons were not encountered.
- 2P reserves decreased to 60.2 (72.5) million barrels, contingent resources increased to 145 (141) and prospective resources increased to 409 (297).

PA RESOURCES IN BRIEF

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 and Greenland.



Value creating business model
PA Resources conducts exploration activities to increase its oil and gas resources. By moving assets into the production phase, resources are converted to reserves. Prioritised investments are financed by cash flow from production together with external capital. The objective is to build an asset portfolio that generates long-term production and growth in value.

Strategic focus
PA Resources' focus is predominantly on generating greater value from its existing assets. Additional assets will be moved into the production phase, thus enabling the Company to achieve a long-term increase in production. The objective is also to increase the volume of reserves and resources through selective exploration of assets judged to have the greatest potential and using existing infrastructure to enable cost-efficient development.

OPERATIONAL OVERVIEW

Production and sales

QUARTER 4, 2011 (1 OCTOBER–31 DECEMBER)

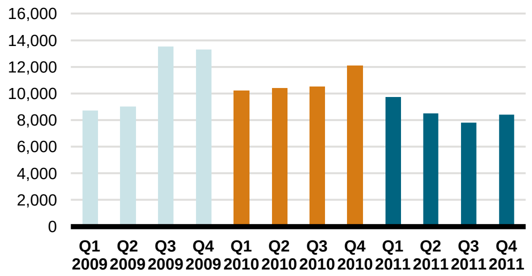
PA Resources' total oil production during the fourth quarter was 776,200 barrels (1,115,000). Average production was 8,400 barrels per day (12,100). Of this total, the West Africa region produced 5,400 barrels per day (8,050) and the six oilfields in the North Africa region produced 3,000 barrels per day (4,050).

The Aseng field in Equatorial Guinea began producing in November. In December PA Resources' average production was 9,500 barrels per day.

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 628,700 barrels (681,300) of oil were sold, excluding royalties. The average sales price during the quarter was USD 104 per barrel (82).

Average production per quarter (barrels/day)



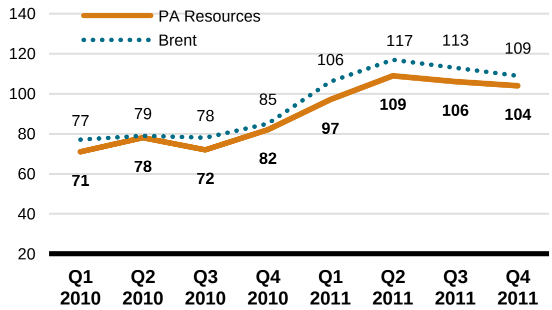
FULL YEAR (1 JANUARY–31 DECEMBER)

Total production for the full year amounted to 3,145,600 barrels (3,918,000), with average production of 8,600 barrels (10,700) per day. A total of 2,326,400 barrels (2,860,200) of oil were sold, excluding royalties, at an average price of USD 103 per barrel (76) for the year.

Oil inventory including royalty and other taxes increased during the year by 40,805 barrels and was 302,961 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.

Average sales price per quarter (USD per barrel)



Drilling programme

PA Resources has few firm drilling commitments during the coming two years involving one appraisal well and two exploration wells.

During the fourth quarter of 2011, PA Resources completed the sidetrack of the Lille John well on Danish Licence 12/06, which confirmed the previous discovery. Drilling of an exploration well on the Marine XIV licence in the Republic of Congo was also conducted during the quarter, but commercial volumes of hydrocarbons were not encountered.

Licence	Field/Prospect	Time	Well/number
Tunisia			
Zarat	Elyssa	Q4 2012/ 2013	Appraisal/1
Makthar		Q4 2012/ 2013	Exploration/1
Equatorial Guinea			
Block H	Aleta	Q4 2012/ 2013	Exploration/1

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

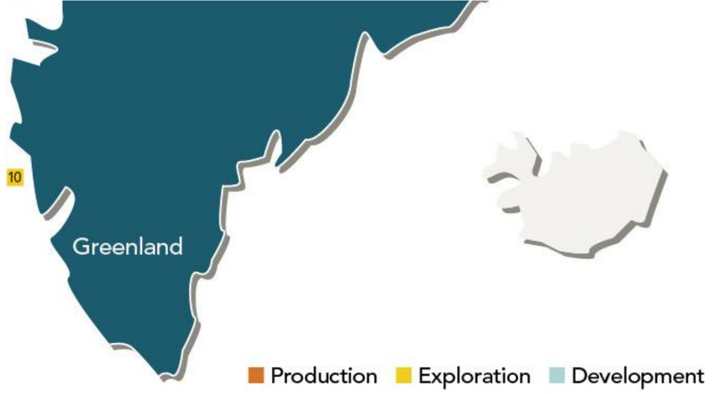
Capital expenditures 2011/2012

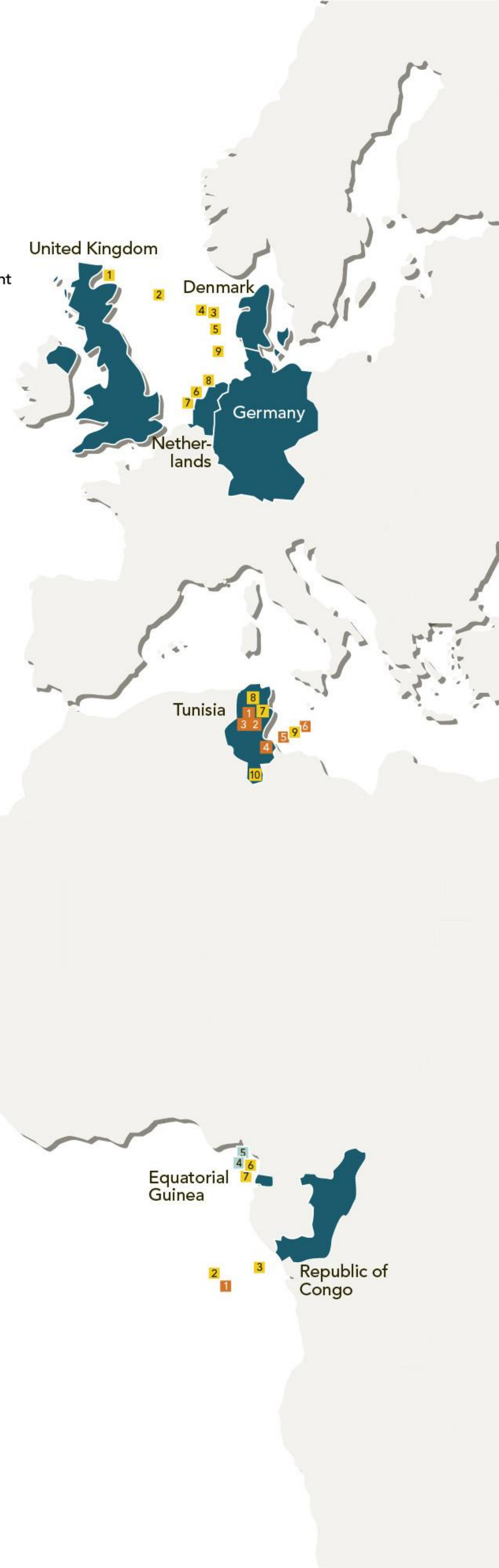
The pace of investment in 2011 was high, as development of both the Azurite and Aseng fields was completed. Considerable investments were also made in the successful drilling campaign in Denmark as well as in the unsuccessful development of the Didon North satellite field.

Capital expenditures for the full year 2011 totalled SEK 1,613 million, which was slightly lower than the revised forecast of SEK 1,700–1,800 million, which was made at the end of the third quarter. This is mainly attributable to lower costs than anticipated for Didon North.

Capital expenditures for the full year 2012 are expected to be considerably lower, and the forecast has been revised downward to an interval of SEK 240–375 million.

Investments cover a few firm drilling commitments (see above) and are targeted primarily at continued seismic analysis and appraisal activities for discoveries on Danish Licence 12/06 and the Zarat field in Tunisia. Prioritised investments also include continued analysis of satellite prospects that could be tied back to the Azurite field and continued evaluation of identified prospects in Greenland.





North Sea Region and Greenland

	Concession/licence	Operator	Partners
	United Kingdom		
1	P1342	PA Resources (100%)	
2	Block 22/18c	PA Resources (33.34%)	Valiant Exploration Limited (33.33%), First Oil Expro Limited (33.33%)
	Denmark		
3	Block 9/06 (Gita)	Maersk Olie og Gas (31.2%)	PA Resources (26.8%), Danish North Sea Fund (20%), Noreco (12%), Danoil (10%)
4	Block 9/95 (Maja)	Maersk Olie og Gas (31.2%)	PA Resources (26.8%), DONG (20%), Noreco (12%), Danoil (10%)
5	Block 12/06	PA Resources (64%)	Danish North Sea Fund (20%), Spyker Energy (8%), Danoil (8%)
	Netherlands		
6	Block Q7	Smart Energy Solutions (30%)	Energie Beheer Nederland (40%), PA Resources (30%)
7	Block Q10a	Smart Energy Solutions (30%)	Energie Beheer Nederland (40%), PA Resources (30%)
8	Schagen	Smart Energy Solutions (30%)	Energie Beheer Nederland (40%), PA Resources (30%)
	Germany		
9	B20008-73	PA Resources (100%)	
	Greenland		
10	Licence 2008/17	PA Resources (87.5%)	NunaOil (12.5%)

North Africa Region

	Concession/licence	Operator	Partners
	Tunisia		
1	Douleb	PA Resources (70%)*	Serept (30%)
2	Semmama	PA Resources (70%)*	Serept (30%)
3	Tamesmida	PA Resources (95%)*	Serept (5%)
4	Ezzaouia*****	Maretap**	ETAP (55 %), Candax-Ecumed (31.4%), PA Resources (13.6%)
5	El Bibane*****	Candax-Ecumed (73.8%)	PA Resources (23.9%), Maghreb (2.3%)
6	Didon	PA Resources (100%)	
7	Jelma***	PA Resources (70%)	Topic (30%)
8	Makthar***	PA Resources (100%)	
9	Zarat***	PA Resources (100%)	
10	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 licence 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.

***** Producing fields in 2011; licence sold as per 1 January 2012.

West Africa Region

	Concession/licence	Operator	Partners
	Republic of Congo (Brazzaville)		
1	Azurite*	Murphy (50%)	PA Resources (35%), SNPC (15%)
2	Mer Profonde Sud*	Murphy (50%)	PA Resources (35%), SNPC (15%)
3	Marine XIV*	SOCO (29.4%)	Lundin Petroleum (21.55%), Raffia Oil (21.55%), SNPC (15%), PA Resources (12.5%)
	Equatorial Guinea		
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.

WEST AFRICA REGION

The region contains the producing Azurite field in the Republic of Congo (Brazzaville) and the producing Aseng field in Equatorial Guinea. These fields are held under Production Sharing Contracts (PSCs), which in Equatorial Guinea also includes the Alen Field development. Exploration activities continue in these two PSCs and also in two additional PSCs in Congo and Equatorial Guinea, where commercial fields have yet to be discovered.

- ***Aseng field in production***
  Production of oil commenced on the Aseng field in Block I in Equatorial Guinea in early November. Four out of five subsea wells have been brought online, and the field is producing in excess of 50,000 barrels of oil per day gross. Aseng contributes around 3,000 barrels of oil per day to PA Resources on a working interest basis, and the first tanker of oil from the field was offloaded in December 2011. Ongoing development work relates to commissioning of the fifth production well and of the gas compression facilities to allow gas re-injection.

  First production was achieved less than two and a half years from sanction, some seven months ahead of schedule and approximately 13% below budget. The Aseng infrastructure also provides a hub to which other nearby developments may be tied back in the future, commencing with the ongoing Alen field development.

- ***Alen development***
  The Alen field development in Block I in Equatorial Guinea is on budget and on schedule for first production scheduled in the fourth quarter of 2013. The wellhead jacket is now installed and the production platform is 25% complete. Drilling of the subsea and platform wells commenced in the fourth quarter with the Atwood Hunter rig on site, and drilling of the platform wells started late in the fourth quarter with the Atwood Aurora jack-up rig.

- ***Reserves and production on Azurite field***
  As previously reported, oil production at Azurite did not reach expected levels in 2011. As a result, the field’s reserves were reduced by 6 million barrels and gave rise to an impairment charge of SEK 1,436 million in the fourth quarter.

- ***Identification of Azurite satellite on MPS***
  Evaluation of the remaining prospectivity of the Mer Profonde Sud licence continued during the fourth quarter. The work aims to identify potential prospects that can be tied-back as satellite fields to the Azurite field’s production facilities. PA Resources' focus is on prospectivity at the Miocene level, which is productive in the Azurite field, and on the deeper Sendji reservoir level, which is a new target established by drilling on the licence in 2010.

- ***Exploration drilling on Marine XIV completed***
  Drilling of the Makouala Marine-1 exploration well in the Marine XIV licence offshore the Republic of Congo commenced in mid-November and was completed in late December. The well reached a total depth at 2,700 metres targeting a post-salt Sendji Formation reservoir. Hydrocarbons were encountered in both the primary and secondary reservoir targets, but there was insufficient overall pay thickness. The well was therefore plugged and abandoned. Evaluation of the licence’s potential continues. PA Resources’ costs for this well were carried by the other licence partners as a result of a farmout in 2009.

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 and maintenance of Didon***
  The field continued to produce from two wells during the quarter with a relatively stable production level. Actions are being taken on a continuous basis to provide partial compensation for the field's natural decline.

- ***Divestment of Ezzaouia and El Bibane***
  In early January, after the end of the reporting period, PA Resources signed an agreement to divest its working interests in the Ezzaouia and El Bibane oil producing fields in Tunisia for USD 4.0 million (equivalent to approximately SEK 27.5 million). The transaction is contingent on the approval of partners and the Tunisian government. The two fields contributed approximately 100 barrels of oil per day of working interest production net to PA Resources at the end of 2011. PA Resources' share of the Proven and Probable reserves (2P) at the fields represented approximately 0.5 million barrels of oil equivalents as per 31 December 2011. For further information, see Note 13.

- ***Allocation of reserves and development of Zarat***
  Negotiations on development planning and allocation of reserves continued during the quarter. The joint work is focused on creating a dynamic reservoir model in order to be able to carry out the next phase of a study of development alternatives.

- ***Seismic analysis of Zarat licence completed***
  Further processing of approximately 1,400 km² of 3D seismic data was completed at the end of 2011. This new data will be used to describe exploration prospects and structures, and to update 3D models of the Elyssa, Zarat and Didon fields, which are all included in the Zarat licence.

- ***Seismic analysis of Makthar licence***
  A detailed analysis and modelling of 2D seismic data on the Makthar licence were near completion at year-end. This work is aimed a identifying prospects for carrying out the licence's commitment to drill a well in late 2012 or early 2013.

- ***Political situation in Tunisia***
  At the end of October a Constituent Assembly was elected to draft a new constitution and prepare for a general election within a year. The Constituent Assembly approved an interim President and government to rule the country during the coming year. The social instability is affecting the situation in Tunisia and all activities in the country.

NORTH SEA REGION AND GREENLAND

PA Resources conducts exploration activities in the UK, Denmark, the Netherlands, Germany and offshore western Greenland. PA Resources is the operator of five out of a total of 10 licences which includes the Danish licence 12/06 where two discoveries were made in 2011. No production comes from this region.

- ***Oil discovery confirmed on Lille John in 12/06***
  Following the Lille John oil discovery in the Miocene sandstone level in October on Danish Licence 12/06, an exploration sidetrack to a Chalk target was drilled. At the beginning of November this sidetrack was completed but did not encounter effective Chalk reservoir. However, it provided a second penetration of the Miocene sandstone level, some 180 metres away from the Miocene interval that was found to be oil-bearing in the initial Lille John well in October. Again, the Miocene sandstones were oil-bearing in the sidetrack at a depth approximately 950 metres below mean sea level, with improved reservoir quality compared to the original well, which confirmed oil of gravity 34-35 degrees API.

  Both penetrations were primarily located for the Chalk target and as such lie outside of the well-imaged Miocene seismic amplitude anomaly interpreted to reflect better developed oil-bearing sandstone. Subject to ongoing evaluation, appraisal drilling on Lille John is likely to be required to better understand the commercial potential of the discovery. PA Resources intends to reprocess seismic data over Lille John and the adjacent area during the first half of 2012 in order to further evaluate both the discovery and the remaining exploration potential. The Miocene is a relatively unexplored reservoir in this part of the North Sea, and further work is ongoing to build an exploration prospect inventory at this shallow target depth of approximately 1,000 metres.

- ***Evaluation of discovery on Broder Tuck in 12/06***
  Following completion of successful drilling in Danish Licence 12/06 in 2011, plans are being formulated for evaluation of the size of the field and development options for the discovery on Broder Tuck. Meanwhile, analysis of the data and samples recovered from the well are ongoing.

- ***Result of seismic analysis in Greenland***
  Interpretation of the 2D seismic data acquired in 2010 in Block 8 offshore western Greenland was completed during the quarter. An inventory of potentially sizeable (billion barrel scale), high risk prospects and leads has been identified. PA Resources aims to reduce from its currently high working interest (87.5%) and to seek farmees prior to the drilling phase of the licence.

FINANCIAL OVERVIEW

QUARTER 4, 2011 (1 OCTOBER–31 DECEMBER)

Revenue, expenses and EBITDA

Group revenue during the fourth quarter amounted to SEK 535 million (698). Revenue decreased mainly as a result of lower production, which was partly counteracted by a higher sales price. Revenue was negatively affected by a weaker US dollar. Costs for raw materials and consumables including royalties decreased to SEK 182 million (211). Production costs amounted to SEK 117 million (129), while the royalty cost was SEK 65 million (82). The decrease in the royalty cost is mainly attributable to lower production, which was partly counteracted by a higher oil price. The royalty percentages were unchanged.

EBITDA (earnings before interest, tax, depreciation, amortisation and impairment) was SEK 306 million (438), and the EBITDA margin was 57% (63%).

Depreciation, amortisation, impairment and operating profit

Depreciation and amortisation for the quarter amounted to SEK 184 million (206). Depreciation and amortisation per produced barrel increased in the West Africa region as a result of the revision of reserves on the Azurite field in the beginning of the year. Lower production from both the Azurite field and the North Africa region resulted in lower depreciation and amortisation compared with the fourth quarter a year ago. Depreciation and amortisation decreased as a result of currency movements compared with the corresponding quarter a year ago.

Impairment during the quarter amounted to SEK 2,035 million (13) and consisted of one-off write-downs of working interests in the Azurite field in the Republic of Congo, totalling SEK 1,436 million, and of the production well at Didon North in Tunisia, totalling SEK 599 million, as well as of the remaining book value of the two divested fields in Tunisia, Ezzaouia and El Bibane. Operating profit amounted to SEK 121 million (219) excluding one-off costs and SEK -1,913 million (219) including one-off costs. The operating margin was 23% (31%) excluding one-off costs.

Net financial items, tax and profit for the quarter

Net financial items for the Group amounted to SEK -111 million (-128). With the completion of the Aseng field in Equatorial Guinea, associated interest expenses are no longer capitalised, which affects net financial items for the Group starting in the fourth quarter. Profit before tax was SEK -2,024 million (91). Profit before tax excluding one-off costs was SEK 11 million (91). Reported tax for the quarter was SEK 169 million (-241) and was positively affected by one-off effects associated with write-downs of SEK 277 million. Paid tax during the quarter amounted to SEK 7 million (28).

Earnings per share before and after dilution were SEK -2.91 (-0.23). Adjusted for one-off items during the quarter, amounting to SEK 1,758 million (0), net, earnings per share were SEK -0.15 (-0.23).

FULL YEAR 2011 (1 JANUARY–31 DECEMBER)

Revenue, expenses and EBITDA

Group revenue for the year amounted to SEK 2,154 million (2,227). Revenue decreased mainly as a result of lower production, which was partly counteracted by a higher sales price. Revenue was negatively affected by a weaker US dollar. Costs for raw materials and consumables including royalties decreased to SEK 707 million (759). Production costs amounted to SEK 441 million (490); the decrease is mainly attributable to a weaker US dollar. Despite lower production, the royalty cost was unchanged at SEK 267 million (269) due to a higher oil price.

EBITDA (earnings before interest, tax, depreciation, amortisation and impairment) was SEK 1,295 million (1,276), and the EBITDA margin was 60% (57%).

Depreciation, amortisation, impairment and operating profit

Depreciation and amortisation for the year amounted to SEK 787 million (773). Depreciation and amortisation for the year per produced barrel increased in the West Africa region as a result of the revision of reserves on the Azurite field in the beginning of the year, which was slightly counteracted by lower production in the North Africa and West Africa regions. Depreciation and amortisation decreased as a result of currency movements compared with the full year in 2010.

Impairment for the year amounted to SEK 2,035 million (13) and consisted of one-off write-downs of working interests in the Azurite field in the Republic of Congo, totalling SEK 1,436 million, and of the production well at Didon North in Tunisia, totalling SEK 599 million, as well as of the remaining book value of the two divested fields in Tunisia, Ezzaouia and El Bibane. Operating profit amounted to SEK 508 million (490) excluding one-off costs and SEK -1,527 million (490) including one-off costs. The operating margin was 24% (22%) excluding one-off costs.

Net financial items, tax and profit for the year

Net financial items for the Group amounted to SEK -350 million (-311) for the year. The difference is mainly attributable to lower interest expenses and slightly lower currency exchange gains. Profit before tax was SEK -1,877 million (179). Profit before tax excluding one-off costs was SEK 158 million (179). Reported tax for the full year was SEK -207 million (-496) and was positively affected by one-off effects associated with write-downs of SEK 277 million. Paid tax during the full year amounted to SEK 45 million (230). Earnings per share before and after dilution were SEK -3.27 (-0.61). Adjusted for one-off items during the full year, amounting to SEK 1,758 million (0), net, earnings per share were SEK -0.51 (-0.61).

Financial position

Total interest-bearing liabilities decreased during the year and amounted to SEK 4,027 million (4,395) as per 31 December 2011. The Group paid down a net total of SEK 408 million in debt during the year. Available lines of credit amounted to approximately SEK 1,730 million, of which approximately 85% has been utilised. Cash and cash equivalents at year-end amounted to SEK 44 million (1,260). Shareholders' equity at year-end amounted to SEK 3,270 million (5,250), which was negatively affected by one-off costs.

Cash flow and capital expenditures

The Group's operating cash flow for the full year was SEK 812 million (416). Capital expenditures in intangible non-current assets amounted to SEK 559 million (273) for the year and pertained to investments in the development of oil and gas assets. Of these, SEK 346 million (110) pertained to investments in the North Sea region – mainly drilling on Licence 12/06 in Denmark. In addition, SEK 213 million (163) MSEK pertained to investments in the West Africa region. The Group's capital expenditures in property, plant and equipment amounted to SEK 1,054 million (1,312) during the year, attributable to investments in producing oil and gas assets. Of these, SEK 568 million (1,132) pertained to investments in the West Africa region and SEK 486 million (179) to the North Africa region.

Total capital expenditures for the year amounted to SEK 1,613 million (1,585), compared with the earlier forecast of SEK 1,700–1,800 million. The lower level of capital expenditures is explained mainly by lower costs than anticipated for Didon North. Capital expenditures during the full year 2012 are expected to be in the range of SEK 240–375 million. For further information, see page 3.

A net total of SEK 408 million in interest-bearing liabilities was amortised during the year, compared with net borrowing of SEK 2,321 million during the preceding year, including the new share issue of SEK 1,641 million. Net cash flow after financing and capital expenditures was SEK -1,209 million (1,152).

Parent company

The parent company's revenue pertains mainly to intra-Group sales and amounted to SEK 9 million (9) during the quarter and SEK 26 million (27) for the full year. Net financial items amounted to SEK -1,483 million (11) for the quarter and SEK -1,451 million (-279) for the full year. Net financial items were negatively affected primarily by a write-down of intra-Group receivables in the amount of SEK 1,436 million. Profit after tax was SEK -1,481 million for the quarter (8) and SEK -1,452 million (-291) for the full year. Intangible assets amounted to SEK 88 million at year-end (0). The increase is mainly attributable to intra-Group restructuring. Shareholders' equity amounted to SEK 2,399 million (3,851) at year-end and was mainly affected by the write-down of intra-Group receivables.

OTHER INFORMATION

Risks and uncertainties

PA Resources' financial, operational, business and social risks are described in the Company's 2010 Annual Report, published on 31 March 2011, in the section Risks and risk management. Risks in the near term include possible disruptions in production at producing fields as well as in connection with drilling, maintenance and installations, and delays in development projects. The current political situation in North Africa is difficult to assess and could have an impact on the Company’s operations.

Proposed dividend

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2011 financial year.

Personnel

At year-end the number of employees of PA Resources Group was 133 (135). Of these, 109 were men (113) and 24 were women (22). The average number of employees in 2011 was 133 (133).

Events after the end of the reporting period

- ***Divestment of two small fields in Tunisia***

PA Resources signed an agreement to divest two small oil producing fields in Tunisia, El Bibane and Ezzaouia, effective 1 January 2012. The transaction is contingent on approval from partners and the Tunisian government. For further information, see Note 13.

Largest shareholders

As per 31 December 2011	Number of shares	Capital/votes
Avanza Pension	52,884,791	8.3%
Nordnet Pensionsförsäkring AB	23,651,621	3.7%
Länsförsäkringar fondförvaltning AB	22,469,233	3.5%
Robur Försäkring	12,344,590	1.9%
AB Traction	10,778,014	1.7%
CBNY-DFA-INT SML CAP V	10,419,541	1.6%
Skandinaviska Enskilda Banken S.A., NQI	9,528,986	1.5%
JP Morgan Bank	9,166,030	1.4%
VOB & T Holding AB	8,249,125	1.3%
JPM Chase NA	7,408,311	1.2%
Total – 10 largest shareholders	**166,900,242**	**26.2%**
Total – other shareholders	470,576,651	73.8%
Total number of shares	**637,476,893**	**100%**

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

PA Resources AB (publ.)
Stockholm, 15 February 2012

Bo Askvik
President and CEO

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

Nicolas Adlercreutz, CFO
Tel: +46 (0)8 545 211 56

Group – income statement

SEK 000s	Notes	Q4 2011	Q4 2010	Jan.-Dec. 2011	Jan.-Dec. 2010
Revenue	3, 5	534,717	697,662	2,153,808	2,226,732
Cost of sales	4	-181,698	-211,229	-707,401	-758,828
Other external expenses		-27,469	-30,398	-85,057	-125,169
Personnel expenses		-19,650	-18,326	-66,100	-67,059
Depreciation, amortisation and impairment losses *	5	-2,219,173	-219,030	-2,821,859	-785,252
Operating profit	5	**-1,913,273**	**218,679**	**-1,526,609**	**490,424**
Financial income	6	21,115	11,009	63,695	182,890
Financial expenses	6	-131,739	-138,560	-414,042	-494,033
Total financial items		**-110,624**	**-127,551**	**-350,347**	**-311,143**
Profit before tax		**-2,023,897**	**91,128**	**-1,876,956**	**179,281**
Income tax	7	169,338	-240,859	-206,940	-495,668
Profit for the period *		**-1,854,559**	**-149,731**	**-2,083,896**	**-316,387**
Profit for the period attributable to:					
Owners of the parent		-1,854,559	-149,731	-2,083,896	-316,387
Earnings per share before dilution		**-2.91**	**-0.23**	**-3.27**	**-0.61**
Earnings per share after dilution		**-2.91**	**-0.23**	**-3.27**	**-0.61**

Earnings per share are attributable to owners of the parent.
* Figures for the full year as well as the fourth quarter of 2011 include one-off costs of SEK 2,034,666 thousand (0) before tax and SEK 1,758,077 thousand (0) after tax

Group – statement of comprehensive income

SEK 000s	Notes	Q4 2011	Q4 2010	Jan.-Dec. 2011	Jan.-Dec. 2010
Profit for the period		**-1,854,559**	**-149,731**	**-2,083,896**	**-316,387**
Other comprehensive income					
Exchange differences during the period		-14,353	72,741	103,794	-712,429
Exchange difference effect from liquidation		0	0	-328	0
Available-for-sale financial assets		0	198	-22	-1,065
Income tax relating to available-for-sale financial assets		0	-52	2	284
Total other comprehensive income		**-14,353**	**72,887**	**103,446**	**-713,210**
Total comprehensive income		**-1,868,912**	**-76,844**	**-1,980,450**	**-1,029,597**
Total comprehensive income attributable to:					
Owners of the parent		-1,868,912	-76,844	-1,980,450	-1,029,597

Group – statement of financial position

SEK 000s	Notes	31 Dec. 2011	31 Dec. 2010
ASSETS			
Intangible assets		2,296,485	1,728,771
Property, plant and equipment		5,612,306	7,221,384
Financial assets		1,482	2,185
Total non-current assets		**7,910,273**	**8,952,340**
Inventory		59,313	5,034
Accounts receivable and other receivables		840,722	677,117
Current tax assets	7	7,069	3,168
Cash and cash equivalents		44,465	1,260,393
Total current assets		**951,569**	**1,945,712**
Assets held for sale	13	29,923	0
TOTAL ASSETS		**8,891,765**	**10,898,052**
EQUITY			
Equity attributable to owners of the parent			
Share capital		318,738	318,738
Other capital contributions	9	3,764,144	3,764,137
Reserves		-851,465	-954,911
Retained earnings and profit for the period		38,130	2,122,026
Total equity		**3,269,547**	**5,249,990**
LIABILITIES			
Interest-bearing loans and borrowings	9	3,170,186	2,767,310
Deferred tax liabilities	7	289,024	409,031
Provisions	10	571,458	429,884
Total non-current liabilities		**4,030,668**	**3,606,225**
Provisions		8,447	0
Current tax liabilities		89,644	70,746
Derivative financial instruments	8	0	9,523
Current interest-bearing loans and borrowings		856,369	1,627,695
Accounts payable and other liabilities		634,355	333,873
Total current liabilities		**1,588,815**	**2,041,837**
Liabilities referred to assets held for sale	13	2,735	0
TOTAL EQUITY AND LIABILITIES		**8,891,765**	**10,898,052**
PLEDGED ASSETS	15	**1,347,736**	**2,179,630**
CONTINGENT LIABILITIES	15	**14,000**	**14,000**

Group – statement of changes in equity

		Equity attributable to owners of the parent				
SEK 000s	Notes	Share capital	Other capital contribution	Reserves	Retained earnings and profit for the period	Total
Balance at 1 January 2010		83,877	2,357,593	-241,701	2,438,055	4,637,824
Total comprehensive income				-713,210	-316,387	-1,029,597
Transactions with shareholders						
New share issue		234,856	1,526,561			1,761,417
Issue expenses			-120,087			-120,087
Redemption convertible shares	9	5	70			75
Share-based payments					358	358
Closing balance at 31 December 2010		**318,738**	**3,764,137**	**-954,911**	**2,122,026**	**5,249,990**
Balance at 1 January 2011		318,738	3,764,137	-954,911	2,122,026	5,249,990
Total comprehensive income				103,446	-2,083,896	-1,980,450
Transactions with shareholders						
Redemption convertible shares	9	0	7			7
Closing balance at 31 December 2011		**318,738**	**3,764,144**	**-851,465**	**38,130**	**3,269,547**

The number of shares outstanding after conversions in 2011 is 637,476,893. No dividend was decided on for the 2010 financial year or previous financial years. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2011 financial year. Reserves pertain to effects from translation of operations in foreign currency.

Group – statement of cash flows

SEK 000s	Notes	Jan.-Dec. 2011	Jan.-Dec. 2010
Cash flow from operating activities			
Income after financial items		-1,876,956	179,281
Adjustments for non-cash items		2,723,783	348,359
Income tax paid		-45,227	-229,639
Total cash flow from operating activities			
before changes in working capital		**801,600**	**298,001**
Cash flow from changes in working capital			
Change in inventory		-50,851	-6,392
Change in receivables		-198,709	-168,613
Change in liabilities		259,526	293,218
Cash flow from operating activities *		**811,566**	**416,214**
Cash flow from investing activities			
Investments in intangible assets	5	-558,675	-273,189
Investments in property, plant and equipment	5	-1,053,939	-1,312,150
Cash flow from investing activities		**-1,612,614**	**-1,585,339**
Cash flow from financing activities			
New share issue		0	1,641,330
Loans raised		2,131,298	2,272,818
Amortisation of debt		-2,539,515	-1,593,182
Cash flow from financing activities		**-408,217**	**2,320,966**
Cash flow for the period		**-1,209,265**	**1,151,841**
Cash and cash equivalents at the beginning of period		1,260,393	123,874
Exchange rate difference in cash and cash equivalents		-6,663	-15,322
Cash and cash equivalents at end of period		**44,465**	**1,260,393**
Adjustments for non-cash items			
Depreciation, amortisation and impairment losses		2,821,859	785,252
Accounting fair value of financial instruments		-9,523	8,271
Oil sales attributable to Net Entitlement Method (net)		0	33,153
Valuation oil sales **		-322,994	0
Other items including exchange differences (net)		234,441	-478,317
Total		**2,723,783**	**348,359**

* Starting in 2011, PA Resources reports changes in working capital excluding exchange rate movements, which were previously reported in the items *Other items including accrued interest and exchange differences and Working capital*.

** Starting in 2011, PA Resources reports the effects from fair valuation of inventory and reported differences between Working Interest and Net Entitlement in the item *Valuation oil sales*.

Parent company – income statement

SEK 000s	Notes	Q4 2011	Q4 2010	Jan.-Dec. 2011	Jan.-Dec. 2010
Revenue		8,866	9,059	26,300	26,677
Other external expenses	11	-5,965	-7,109	-19,842	-23,932
Personnel expenses		-3,607	-7,686	-19,038	-23,883
Depreciation, amortisation and impairment losses		-30	-47	-144	-193
Operating profit		**-736**	**-5,783**	**-12,724**	**-21,331**
Result from participations in Group companies	14	-1,461,753	0	-1,461,753	0
Financial income and similar	6, 8	97,906	112,070	479,516	427,612
Financial expenses and similar	6, 8	-119,626	-101,069	-469,111	-707,092
Total financial items		**-1,483,473**	**11,001**	**-1,451,348**	**-279,480**
Profit before tax		**-1,484,209**	**5,218**	**-1,464,072**	**-300,811**
Income tax	7	3,241	2,696	12,116	10,082
Profit for the period		**-1,480,968**	**7,914**	**-1,451,956**	**-290,729**

Parent company – statement of comprehensive income

SEK 000s	Notes	Q4 2011	Q4 2010	Jan.-Dec. 2011	Jan.-Dec. 2010
Profit for the period		**-1,480,968**	**7,914**	**-1,451,956**	**-290,729**
Other comprehensive income					
Available-for-sale financial assets		0	198	-22	-1,065
Income tax relating to available-for-sale financial assets		0	-52	2	284
Total other comprehensive income		**0**	**146**	**-20**	**-781**
Total comprehensive income		**-1,480,968**	**8,060**	**-1,451,976**	**-291,510**
Total comprehensive income attributable to:					
Owners of the parent		-1,480,968	8,060	-1,451,976	-291,510

Parent company – balance sheet

SEK 000s	Notes	31 Dec. 2011	31 Dec. 2010
ASSETS			
Intangible assets	5	88,082	0
Tangible non-current assets		102	246
Financial assets	12	8,064,820	8,349,455
Total non-current assets		**8,153,004**	**8,349,701**
Current tax assets		984	984
Other receivables		1,552	2,044
Prepaid expenses and accrued income		8,074	9,404
Cash and cash equivalents		21,286	1,081,247
Total current assets		**31,896**	**1,093,679**
TOTAL ASSETS		**8,184,900**	**9,443,380**
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital		318,738	318,738
Statutory reserve		985,063	985,063
Revaluation reserve		0	20
Total restricted equity		1,303,801	1,303,821
Non-restricted equity			
Share premium reserve	9	2,748,716	2,748,709
Profit/loss brought forward and profit for the period		-1,653,542	-201,586
Total non-restricted equity		1,095,174	2,547,123
Total shareholders' equity		**2,398,975**	**3,850,944**
LIABILITIES			
Liabilities Group companies		2,637,681	2,610,248
Interest-bearing loans and borrowings	9	2,789,399	1,650,448
Deferred tax liability		32,881	44,999
Total non-current liabilities		**5,459,961**	**4,305,695**
Accounts payable		3,221	1,046
Other liabilities		391	506
Derivative financial instruments	8	0	9,523
Current interest-bearing loans and liabilities		173,085	1,150,602
Accrued expenses and prepaid income		149,267	125,064
Total current liabilities		**325,964**	**1,286,741**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**8,184,900**	**9,443,380**
PLEDGED ASSETS	15	**1,347,210**	**2,123,060**
CONTINGENT LIABILITIES	15	**14,000**	**14,000**

Key ratios

FIVE-YEAR OVERVIEW

		31 Dec. 2011 ***	31 Dec. 2010	31 Dec. 2009	31 Dec. 2008	31 Dec. 2007
Revenue	SEK 000s	2,153,808	2,226,732	2,112,841	2,419,863	2,793,831
EBITDA	SEK 000s	1,295,250	1,275,676	1,325,877	1,771,823	2,073,729
Operating profit	SEK 000s	-1,526,609	490,424	429,601	1,395,749	1,833,485
Operating profit excluding one-off costs	SEK 000s	508,057	490,424	429,601	1,395,749	1,833,485
Operating profit per share after dilution**	SEK	-2.39	0.94	1.35	4.64	6.08
Operating margin		-71%	22%	20%	58%	66%
Income after financial items per share after dilution**	SEK	-2.94	0.34	1.00	2.74	5.96
Earnings per share after dilution**	SEK	-3.27	-0.61	0.04	3.08	3.14
Return on equity		neg	neg	0.3%	23.9%	33.6%
Return on assets		neg	5.1%	5.0%	16.3%	32.3%
Return on capital employed		neg	5.9%	6.3%	19.5%	41.3%
Equity per share before dilution**	SEK	5.13	8.24	13.41	15.86	11.12
Equity per share after dilution**	SEK	5.13	8.24	13.41	15.80	10.79
Profit margin	%	-87.1%	8.1%	15.0%	34.0%	64.3%
Equity/assets ratio	%	36.8%	48.2%	44.6%	45.5%	49.5%
Debt/equity ratio	%	121.8%	59.7%	80.4%	74.8%	64.6%
Debt/equity ratio, full conversion	%	75.6%	38.3%	54.6%	n/a	n/a
Share price at end of period*	SEK	2.12	7.50	11.93	5.58	24.74
Share price/Equity per share before dilution*	Times	0.41	0.91	0.89	0.35	2.23
P/E multiple per share*	Times	-0.65	-12.36	295.22	1.81	7.81
Number of shares outstanding before dilution**	Number	637,476,893	637,475,843	345,814,769	299,968,388	298,937,668
Number of shares outstanding after dilution**	Number	637,476,893	637,475,843	345,814,769	300,999,108	308,059,540
Average number of shares outstanding before dilution**	Number	637,476,105	521,614,740	318,998,246	299,427,260	298,937,668
Average number of shares outstanding after dilution**	Number	637,476,105	521,614,740	318,998,246	300,921,829	301,700,581

QUARTERLY OVERVIEW

		Q4 2011***	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Revenue	SEK 000s	534,717	493,720	542,189	583,182	697,662	529,954	588,903	410,213
Operating profit	SEK 000s	-1,913,273	101,242	145,528	139,894	218,679	94,335	163,046	14,364
Operating profit excluding one-off costs	SEK 000s	121,393	101,242	145,528	139,894	218,679	94,335	163,046	14,364
Operating margin		-357.8%	20.5%	26.8%	24.0%	31.3%	17.8%	27.7%	3.5%
Earnings per share after dilution**	SEK	-2.91	-0.18	-0.26	0.08	-0.23	0.22	-0.46	-0.27
Return on equity		neg	neg	neg	4.0%	neg	9.8%	neg	neg
Return on assets		neg	4.1%	6.2%	5.7%	8.5%	4.0%	6.7%	1.2%
Return on capital employed		neg	4.9%	7.2%	6.5%	9.7%	4.5%	7.7%	1.5%
Equity per share before dilution**	SEK	5.13	8.06	7.26	7.50	8.24	8.36	9.53	12.65
Equity per share after dilution**	SEK	5.13	8.06	7.26	7.50	8.24	8.36	9.53	12.65
Profit margin	%	-378.5%	3.3%	-2.4%	24.6%	13.1%	59.5%	-23.5%	-21.6%
Equity/assets ratio	%	36.8%	46.7%	46.7%	50.7%	48.2%	52.7%	53.0%	45.2%
Debt/equity ratio	%	121.8%	72.2%	76.6%	67.7%	59.7%	52.2%	41.0%	85.2%
Debt/equity ratio, full conversion	%	75.6%	47.8%	49.6%	43.1%	38.3%	32.2%	24.7%	57.1%

* In connection with the completed rights issue in 2010, the share price at the end of the period has been adjusted retroactively, 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 retroactive adjustments.
***Figures for the full year and fourth quarter of 2011 include one-off costs of SEK 2,034,666 thousand (0) before tax and SEK 1,758,077 thousand (0) after tax.

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 (Mid Cap segment) since 2006. On 31 January 2011, PA Resources' shares and convertibles were delisted from the Oslo Stock Exchange, at which time the shares obtained a primary listing on NASDAQ OMX Nordic Exchange in Stockholm. 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 year ended 31 December 2011 has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The consolidated financial statements for the period January–December 2011 have, like the full year 2010, 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 2010 financial year and as described in the 2010 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 2010 Annual Report.

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 2011	Q4 2010	Jan.-Dec. 2011	Jan.-Dec. 2010
Operation and production costs	-116,714	-128,854	-440,549	-490,079
Royalties	-64,984	-82,375	-266,852	-268,749
Total cost of sales	**-181,698**	**-211,229**	**-707,401**	**-758,828**

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 local units within the respective regions, except for working interests in PA Resources AB, which are reported in the North Sea segment. During the third quarter of 2011, in connection with intra-Group restructuring, the working interests were sold to the parent company from the companies that were liquidated during the third quarter: PA Resources Arctic ApS, PA Resources Greenland ApS and PA Resources Nuna ApS.

During the fourth quarter of 2011, PA Resources changed its internal follow-up of financial items, which are shown in the tables below. The presentation of items within the segments differs from the manner of presentation in the 2010 Annual Report. As a result, the comparison period in 2010 has been recalculated. The reporting is not affected by changed accounting policies.

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 reportable operating segments are accounted for according to the same accounting policies as for the Group. The reportable 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. During the year, the Group centralised 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 eliminations of Group transactions in "Total expenses" and "Joint-Group transactions".

	January-December 2011				
Income statement (SEK 000s)	**North Africa**	**West Africa**	**North Sea**	**Other/Group**	**Total**
Revenue	856,654	1,292,065	5,050	39	**2,153,808**
Total expenses	-282,906	-549,981	-7,975	-17,696	**-858,558**
Impairment losses	-598,962	-1,435,704	-541	0	**-2,035,207**
Depreciation and amortisation	-407,868	-376,651	-1,989	-144	**-786,652**
Operating profit	**-433,082**	**-1,070,271**	**-5,455**	**-17,801**	**-1,526,609**
Total financial items					-350,347
Profit before tax					**-1,876,956**
Income tax					-206,940
Profit for the period					**-2,083,896**

	January-December 2010				
Income statement (SEK 000s)	**North Africa**	**West Africa**	**North Sea**	**Other/Group**	**Total**
Revenue	1,009,790	1,209,259	7,320	363	**2,226,732**
Total expenses	-353,402	-558,072	-18,075	-21,507	**-951,056**
Impairment losses	0	0	-12,733	0	**-12,733**
Depreciation and amortisation	-582,636	-189,050	-640	-193	**-772,519**
Operating profit	**73,752**	**462,137**	**-24,128**	**-21,337**	**490,424**
Total financial items					-311,143
Profit before tax					**179,281**
Income tax					-495,668
Profit for the period					**-316,387**

	31 December 2011				
Balance sheet (SEK 000s)	**North Africa**	**West Africa**	**North Sea**	**Other/Group**	**Total**
Non-current assets	3,848,073	3,304,118	757,980	102	**7,910,273**
Current assets	304,080	633,311	12,140	31,961	**981,492**
Total assets	**4,152,153**	**3,937,429**	**770,120**	**32,063**	**8,891,765**
Equity					**3,269,547**
Non-current liabilities	687,028	140,573	0	3,203,067	**4,030,668**
Current liabilities	399,235	116,964	61,028	1,014,323	**1,591,550**
Total equity and liabilities	**1,086,263**	**257,537**	**61,028**	**4,217,390**	**8,891,765**
Investments in intangible assets	-	212,255	346,420	-	**558,675**
Investments in property, plant and equipment	486,376	567,532	31	-	**1,053,939**

	31 December 2010				
Balance sheet (SEK 000s)	**North Africa**	**West Africa**	**North Sea**	**Other/Group**	**Total**
Non-current assets	4,356,346	4,192,799	402,158	1,037	**8,952,340**
Current assets	282,443	541,397	28,125	1,093,747	**1,945,712**
Total assets	**4,638,789**	**4,734,196**	**430,283**	**1,094,784**	**10,898,052**
Equity					**5,249,990**
Non-current liabilities	775,016	32,900	0	2,798,309	**3,606,225**
Current liabilities	184,303	75,121	18,574	1,763,839	**2,041,837**
Total equity and liabilities	**959,319**	**108,021**	**18,574**	**4,562,148**	**10,898,052**
Investments in intangible assets	-	162,910	110,279	-	**273,189**
Investments in property, plant and equipment	179,410	1,132,185	501	54	**1,312,150**

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 shown 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 2011				
SEK 000s	**North Africa**	**West Africa**	**North Sea**	**Other/Group**	**Total Group**
Revenues from external customers within the region	293,753	-	5,050	39	298,842
Revenues from external customers outside the region	562,901	1,292,065	-	-	1,854,966
Total revenues, external	856,654	1,292,065	5,050	39	**2,153,808**
Revenues from external customers exceeding 10% of total Group revenue					
Customer 1	546,504	-	-	-	**546,504**
Customer 2	328,861	-	-	-	**328,861**
Customer 3	-	293,365	-	-	**293,365**
Customer 4	-	290,505	-	-	**290,505**
% share of revenue from external customers exceeding 10% of total Group revenue:					
Customer 1	25%	-	-	-	**25%**
Customer 2	15%	-	-	-	**15%**
Customer 3	-	14%	-	-	**14%**
Customer 4	-	13%	-	-	**13%**

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.

SEK 000s	Jan.-Dec. 2011	Jan.-Dec. 2010
Interest income	19,043	46,067
Exchange gains	16,688	33,437
Other financial items	27,964	103,386
Total financial income (net)	**63,695**	**182,890**

SEK 000s	Jan.-Dec. 2011	Jan.-Dec. 2010
Interest expense	-291,077	-299,797
Other financial items	-122,965	-194,236
Total financial expenses (net)	**-414,042**	**-494,033**

Exchange gains/losses are broken down as follows:		
Exchange gains arising from bank equivalents (gross)	24,595	49,560
Exchange gains arising from borrowings (gross)	95,634	262,816
Exchange losses arising from bank equivalents (gross)	-24,226	-67,968
Exchange losses arising from borrowings (gross)	-79,315	-210,971
Total exchange gains (+) / losses (-) (net)	**16,688**	**33,437**

Parent company - SEK 000s	Jan.-Dec. 2011	Jan.-Dec. 2010
Interest income	278,387	324,226
Exchange gains	173,054	0
Other financial items	28,075	103,386
Total financial income (net)	**479,516**	**427,612**

SEK 000s	Jan.-Dec. 2011	Jan.-Dec. 2010
Interest expense	-408,653	-380,274
Exchange losses	0	-174,537
Other financial items	-60,458	-152,281
Total financial expenses (net)	**-469,111**	**-707,092**

Exchange gains/losses are broken down as follows:		
Exchange gains arising from bank equivalents (gross)	20,677	24,800
Exchange gains arising from borrowings (gross)	1,976,718	1,231,943
Exchange losses arising from bank equivalents (gross)	-18,360	-40,637
Exchange losses arising from borrowings (gross)	-1,805,981	-1,390,643
Total exchange gains (+) / losses (-) (net)	**173,054**	**-174,537**

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. The reported tax leads to a higher effective tax charge than what the underlying tax rates generate in tax charge. The underlying tax rates are unchanged, and the high effective tax charge is attributable to, among other things, unbooked tax loss-carryforwards in the parent company and other Group companies. The parent company's accounts include only a deferred tax revenue attributable to deferred tax on convertible bonds. Reported tax for the year is affected by one-off effects associated with write-downs of SEK 277 million (0).

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

The parent company issued, after final settlement on 14 January 2009, a total of 72,757,002 convertibles, corresponding to a nominal amount of SEK 1,164.1 million. The convertibles carry interest at an annual nominal rate of 11% from 15 January 2009. Interest is paid to holders on 15 January each year, starting on 15 January 2010 and 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 occurred prior to this date. Conversion to shares may be done during the period 1 – 30 September of each year. The convertible bond is defined as a Compound Financial Instrument, which entails a split classification between financial liability and equity. PA Resources has calculated the present value of the convertibles' future cash flows as per the issue date, which has led to an initial allocation between equity and non-current liabilities of SEK 209.1 million and SEK 880.2 million, respectively, after deducting transaction costs. The conversion price for PA Resources outstanding convertible bonds has been recalculated from SEK 16 to SEK 8.52 per share due to the rights issue that was completed in June 2010.

A total of 11,246,242 convertibles, corresponding to a nominal amount of SEK 179.9 million, have been converted to shares, which has increased shareholders' equity by SEK 140.1 million, of which the share capital by SEK 5.6 million. This has also reduced the nominal loan amount by SEK 179.9 million.

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, and an asset is recorded as part of the Group's total oil and gas assets.

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 2011, the Group's calculated provisions for restoration costs amounted to SEK 528.4 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 246.4 million as per 31 December 2011. 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

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 (2,217.4), receivables from Group companies totalling SEK 5,874.0 million (6,131.3), and other non-current receivables of SEK 0 million (0.8).

Note 13. Assets held for sale

PA Resources has signed an agreement, effective 1 January 2012, on the divestment of its ownership interests in two producing oilfields, Ezzaouia and El Bibane, for USD 4.0 million. The transaction is contingent on approval of partners and the Tunisian government. These interests along with associated adjustments are reported on the balance sheet as assets (and related liabilities) held for sale. The respective balance sheet items are specified below.

SEK 000s	31 Dec. 2011	31 Dec. 2010
ASSETS		
Tangible non-current assets	27,694	0
Accounts receivable and other receivables	2,229	0
Total assets held for sale	**29,923**	**0**
LIABILITIES		
Accounts payable and other liabilities	2,735	0
Total liabilities referred to assets held for sale	**2,735**	**0**

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

In connection with the divestment of the El Bibane producing oilfield, the parent company has written down the value of the shares in the subsidiary Hydrocarbures Tunisie El Bibane Ltd, by SEK 26.0 million. In addition, the parent company has written 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 2011, total pledged assets amounted to SEK 1,347.7 million for the Group and SEK 1.347.2 million for the parent company. Total contingent liabilities amounted to SEK 14.0 million for both the Group and the parent company. Compared with 30 September 2011, total pledged assets increased by SEK 527.1 million, net, for the Group and by SEK 574.4 million, net, for the parent company, mainly as a result of an increase in pledged assets in assets in the West Africa region. Total contingent liabilities for the Group and parent company were unchanged compared with 30 September 2011. Total pledged assets and contingent liabilities for the Group and parent company as per 31 December 2011 compared with 31 December 2010 are shown in the table below.

	Group		Parent company	
Pledged assets - SEK 000s	**31 Dec. 2011**	**31 Dec. 2010**	**31 Dec. 2011**	**31 Dec. 2010**
Pledged assets are broken down as follows:				
Security in the form of assets in Region West Africa	1,304,285	898,610	-	-
Guarantee commitment for Group loan obligations	-	-	1,304,285	898,610
Security in the form of assets in Region North Africa	42,925	1,224,450	-	-
Security in the form of pledged shares	-	-	42,925	1,224,450
Oil inventory attributable to payment of royalties in kind	526	17,115	-	-
Cash deposit currency exchange	-	39,455	-	-
Total pledged assets	**1,347,736**	**2,179,630**	**1,347,210**	**2,123,060**

	Group		Parent company	
Contingent liabilities - SEK 000s	**31 Dec. 2011**	**31 Dec. 2010**	**30 Dec. 2011**	**31 Dec. 2010**
Contingent liabilities are broken down as follows:				
Contingent liabilities attributable to the acquisition of PA Energy Congo Ltd	14,000	14,000	14,000	14,000
Total contingent liabilities	**14,000**	**14,000**	**14,000**	**14,000**

RESERVES AND RESOURCES 2011

Reserves and resources as per 31 December 2011

(Million barrels of oil equivalents)	**2011**	**2010**
Proven and Probable (2P) Reserves	60.2	72.5
Contingent Resources	145	141
Risked Prospective Resources	409	297

Highlights

- PA Resources has as per 31 December 2011, 60.2 million barrels (72.5) of oil equivalent of Proven and Probable (2P) Reserves*[1] on a working interest basis, 145 million barrels (141) of Contingent Resources*[2] and 409 million barrels (297) of Risked Prospective Resources*[3].
- 2P Reserves were reduced in 2011 by 3.1 million barrels of oil produced during the year and 0.5 million barrels of oil which were disposed as part of the sale of the Group's interest in the El Bibane and Ezzaouia fields.
- 2P Reserves were decreased further by 8.7 million barrel due to the downwards revision of Azurite reserves, and the re-categorisation of volumes in the Didon North field from Reserves to Contingent Resources.
- 32 million barrels of oil equivalent were added to Contingent Resources reflecting resources associated with the 2011 drilling successes in Danish Licence 12/06.
- 28 million barrels of oil were removed from Contingent Resources due to revised estimates of volumes reflecting respectively the incorporation of 2011 well data on the evaluation of the Turquoise discovery and further evaluation of the Elyssa discovery in the Zarat licence in Tunisia.
- Risked Prospective Resources at a mid-case level were increased by over one hundred million barrels of oil equivalent due primarily to the completion of 2D seismic interpretation in Block 8 in Greenland.

Information on reserves

As per 31 December 2011, 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 at the Aseng and Alen fields in Equatorial Guinea.

PA Resources has 60.2 million barrels of oil equivalent Proven and Probable (P2) reserves and 39.1 million barrels of Proven (P1) reserves on a working interest basis*[3]. This is equivalent to 40.4 million barrels of oil 2P reserves and 25.9 million barrels of oil 1P reserves on a net entitlement interest basis*[3].

In accordance with PA Resources' policy, all significant reserves have been either audited by independent reserves auditors or reviewed by competent consultants*[4].

All reserves were calculated using the published McDaniel and Associates Brent oil price forecast effective 1January 2012, with an average price of USD 105 per barrel for the period 2012-2021 (www.mcdan.com). No other changes than what is mentioned in the highlights section above have impacted the 2P reserves.

1P reserves have also been adjusted to reflect production, disposal and the revisions on Azurite and Didon North volumes. In addition 1P estimates for the Aseng field and the Didon field have been revised upwards based on subsurface evalutations and production performance respectively.

Development of reserves in 2011

	Working Interest Total		**Net Entitlement Total**	
(Million barrels of oil equivalents)	1P/P90	2P/P50	1P/P90	2P/P50
Reserves as of 31-12-2010	**46.0**	**72.5**	**31.3**	**49.8**
Production	-3.1	-3.1	-2.1	-2.1
Disposals	-0.2	-0.5	-0.1	-0.4
Revisions	-3.5	-8.7	-3.2	-6.9
Reserves as of 31-12-2011	**39.1**	**60.2**	**25.9**	**40.4**

Notes:

**1 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 Proved plus Probable reserves and denotes best estimate scenario of reserves. 1P is equivalent to a P90 estimate.*

**2 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 contains prospects considered viable to drill as well as resources in leads.*

**3 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.*

**4 The Didon field was audited by Mc Daniel and Associates Consultants Limited at year end 2011. The Zarat field volumes were reviewed by a third party consultant for PA Resources at year-end 2010 and are consistent with those volumes computed in 2011 by the operator of the northern licence into which the field extends. The Aseng field was reviewed by a competent third party consultant at year end 2010, and volumes remain in line with the Operator's estimates. The Azurite field was audited by Ryder Scott Company L.P. in 2010 and for the year-end 2011. 2P reserves are based on the operator's latest estimates, whilst 1P reserves reflect work commissioned for PA Resources by an external consultant. Reserves for the small fields in Tunisia/Equatorial Guinea have been based on internal or operator estimates.*

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 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

- **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.
- **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 on the Azurite field in Congo.
- **Injection well:** A well where gas or water is injected to give pressure support in a reservoir. By injecting gas, water or both into a reservoir, the degree of recovery can be increased by maintaining pressure and thereby forcing hydrocarbons into the production well.
- **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 used 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.
- **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. 2011	Average rate Jan.-Dec. 2011	Closing day rate 31 Dec. 2010	Average rate Jan.-Dec. 2010
1 EUR in SEK	8.94	9.03	9.00	9.54
1 USD in SEK	6.92	6.50	6.80	7.20
1 TND in SEK	4.60	4.61	4.75	5.09
1 NOK in SEK	1.15	1.16	1.15	1.19
1 GBP in SEK	10.68	10.41	10.55	11.13
1 DKK in SEK	1.20	1.21	1.21	1.28

Find more information on
www.paresources.se

PA Resources at a glance

- An international oil and gas company with operations and assets in nine countries
- A total of 25 oil and gas licences, of which six are in production, one is under development and 18 are in the exploration phase
- Operator of 12 licences; part-owner and partner in the other licences
- 39.1 million barrels 1P reserves and 60.2 million barrels 2P reserves
- Oil production in West and North Africa
- 133 employees in Tunisia, Sweden, the UK and the Republic of Congo
- PA Resources is domiciled and has its head office in Stockholm, Sweden
- The share (PAR) is listed on NASDAQ OMX Stockholm (Mid Cap), where the convertible bond (PAR KV1) is also listed

FINANCIAL CALENDAR

Annual Report 2011 (pdf)	30 March 2012
Interim Report Q1 (January–March)	25 April 2012
Annual General Meeting	22 May 2012
Interim Report Q2 (January–June)	15 August 2012
Interim Report Q3 (January–September)	24 October 2012
Year-end Report 2012 (January–December)	6 February 2013

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

WEBCAST CONFERENCE CALL

PA Resources' results for the fourth quarter of 2011 will be presented on 15 February at 10 a.m. (CET) via a webcast conference call. To participate, use the link at www.paresources.se or call:

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

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

DISCLOSURE

The information in this year-end 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 07:45 a.m. (CET) on 15 February 2012.

FINANCIAL INFORMATION

All financial information is published on 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.

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.

PA RESOURCES

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