

PA Resources reports impairment charges of SEK 2 100 million and breaches the financial covenants in its bond loans

PA Resources carried out its annual impairment tests of its oil and gas and exploration assets during the 3rd quarter 2014 and no impairment requirement was identified at that time. However, due to the significant fall in current and expected oil prices further impairment tests have been carried out during the closing process for 2014. The tests have resulted in an impairment loss with a net equity effect of approximately SEK 2 100 million which will be recorded in the year- end report 2014, due to be released 4 February 2015, where a final number will be confirmed and further details provided.

The loss arising from the impairment charge will most likely result in the company's shareholders' equity being less than one-half of the registered share capital. As a consequence, the company's board of directors has resolved to prepare a balance sheet for liquidation purposes. Should the balance sheet prove that the shareholders' equity is less than one-half of the registered share capital, even after applying those adjustments to the company's balance sheet that the Companies Act allow for the purpose, then the company is required to issue notice to the company's shareholders to attend a general meeting. Such general meeting of shareholders shall resolve whether or not the company must go into liquidation or continue its operations. If the meeting resolves that the company will continue its operations the equity must be restored prior to another general meeting which is to be held within eight months after the initial meeting. Such an equity restoration is dependent upon a successful outcome of the on-going refinancing discussions with the company's key stakeholders.

The impairment charge also means that the company will be in breach of its financial covenants for its SEK and NOK denominated bond loans as of 31 December 2014. The company intends to summon to bondholders' meetings for its outstanding bond loans, to propose amendments or waivers for certain of the provisions under the terms and conditions of the bond loans including further deferrals of interest payments beyond February 2015. The summoning of the bondholder meetings will be announced in a separate press release containing more information in due course.

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PA Resources AB (publ)

For additional information, please contact:

Tomas Hedström, Chief Financial Officer
Phone: +46 8 545 211 50
E-mail: ir@paresources.se

PA Resources AB (publ) is an international oil and gas group which conducts exploration, development and production of oil and gas assets. The Group operates in Tunisia, Republic of Congo (Brazzaville), Equatorial Guinea, United Kingdom, Denmark, Netherlands and Germany. PA Resources is producing oil in West Africa and North Africa. The parent company is located in Stockholm, Sweden. PA Resources' net sales amounted to SEK 1,049 million in 2013. The share is listed on the NASDAQ OMX in Stockholm, Sweden. For additional information, please visit www.paresources.se.

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