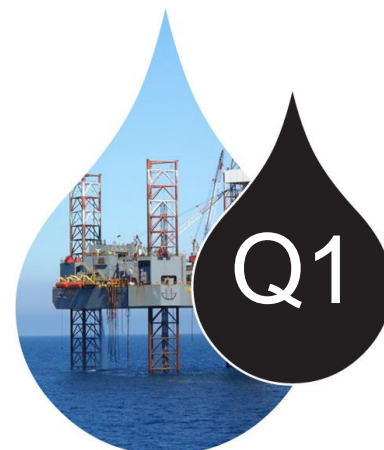


# Interim Report

## 1 January – 31 March 2015



### FIRST QUARTER

- Group revenue totalled SEK 112 million (178)
- EBITDA was SEK 460 million (117)
- Profit after tax was SEK 288 million (-48)
- Earnings per share were SEK 2.55 (-0.43)

### KEY EVENTS DURING THE QUARTER

- Extraordinary General Meeting in PA Resources supported the board's proposal not to put the company in to liquidation.
- PA Resources requested further deferral of interest payments and waivers of financial covenants.
- PA Resources filed for corporate reorganisation on 26 March and the application was approved by Stockholm District Court 27 March.
- Bondholders meeting scheduled for 31 March was cancelled.
- Gunvor Group enforced its security under the RBL and as a result the company's assets in Equatorial Guinea were transferred to Gunvor.

### SUBSEQUENT EVENTS

- Gunvor Group informed PA Resources of its intention not to participate in a new financing solution.
- Gunvor Group petitioned for bankruptcy in PA Resources AB on 7 April and recalled the petition on 15 April.
- A creditors meeting was held 15 April and the Stockholm District Court approved continued reorganisation until 29 June.
- PA Resources postponed the release of the annual report and the AGM until 24 June and 28 July respectively.
- Jerome Schurink resigned as director and chairman of the board in PA Resources AB. Philippe Probst was appointed as the acting chairman.
- PA Resources has reached an agreement with its major creditors regarding funding for 2015.
- PA Resources has filed a petition to extend the corporate reorganisation a further three months

### Financial key ratios

	Jan - Mar		Full year
	2015	2014	2014
Average production, barrels/day	3,400	3,400	3,100
Revenue, SEK million	112	178	603
EBITDA, SEK million	460	117	-481
EBITDA margin, %	412%	66%	-80%
Operating profit, SEK million	426	74	-2,667
Profit for the period, SEK million	288	-48	-2,957
Earnings per share after dilution, SEK	2.55	-0.43	-26.13

## CEO'S COMMENTS

The beginning of 2015 has been a dramatic and tumultuous period in the life of PA Resources. Perseverance and collaboration has been required from shareholders, creditors and management alike as we have worked to put the essential funding in place to secure the immediate future. I am very grateful for the support we have received from all of our stakeholders during this testing time.

The slide in oil price during the second half of 2014 continued in the beginning of the year reaching a low point of USD 45 per barrel for Brent in mid-January. Prices have since slowly recovered and are currently trading in their mid-sixties. The view among many market analysts is that prices are to steadily recover as the rate of drilling, particularly amongst the North American onshore players, slows thus reducing the oversupply in the market. However, we continue to be cautious to the near term prospects for the oil price given the significant oil inventories being built across the world.

In the first quarter PA Resources recorded SEK 112 million in revenues, a reduction by 37 percent compared to a year ago, which is principally a result of lower oil prices. We recorded a positive net result of SEK 288 million mainly as a result of a number of one off non-cash gains relating to the deconsolidation of the assets in Equatorial Guinea and reversals of provisions relating to the termination of the Tunisian farm-out to Enquest.

The weaker oil price environment has also significantly impacted our efforts to secure long-term funding for our business plan. The combination of lower near-term revenues as well as lower projected value of the development assets has made the refinancing even more challenging. Following a perceived lack of progress in the negotiations with the creditors the board of directors decided to apply for corporate reorganisation on the 26 March. The corporate reorganisation offers us protection from unsecured creditors and a legal framework for restructuring our debt. During the course of the third quarter we expect to file a

complete composition plan which will allow us to exit the corporate reorganisation and once again operate as a normal company.

Subsequent to this decision our biggest creditor and shareholder Gunvor Group announced its intention not to participate in any long term financing of the company while it at the same time chose to exercise its security under the RBL-facility. As a result PA Resources assets in Equatorial Guinea, including the producing Aseng and Alen fields, held through the subsidiary Osborne Resources were transferred to Gunvor Group and in return the group's debt to Gunvor was reduced significantly. At the same time Gunvor also petitioned for bankruptcy in PA Resources, a petition which was withdrawn after a few days. Having lost our principal source of cash flow the previous business plan was no longer viable and so the board of directors initiated a strategic review process. The aim of the process is to explore all options with regards to maximising the value in the interest of the company's various stakeholders. The options being explored include long-term funding for all or part of the business, a corporate transaction or the divestment of individual assets or business units. The process is expected to continue through the rest of the year.

Earlier this week we announced that PA Resources was able to reach an agreement with its creditors regarding short-term financing. One of the group's biggest creditors has agreed to provide a USD 7.5 million credit line which we judge sufficient to finance the group through at least the end of 2015. The agreement has the support of all the major creditors including the bondholders and Gunvor Group. With the credit in place we are now able to fully pursue the strategic review in order to secure the best possible value for our stakeholders.

*Mark McAllister*  
President & CEO

# Operational review

## DRILLING PROGRAMME

Country	Licence	Field/Prospect	Time	Well/number
Tunisia	Zarat	Elyssa	2016	Appraisal/1
	DST		2015	Development/1
Denmark	12/06	Broder Tuck	2015/2016	Appraisal/Development/1
Republic of Congo (Brazzaville)	MPS	Baobab Marin 1	2016	Exploration/1

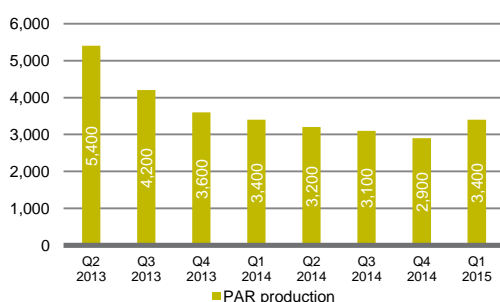
The drilling programme is revised continuously based on the capital expenditure budget and prioritised commitments.

## PRODUCTION AND SALES

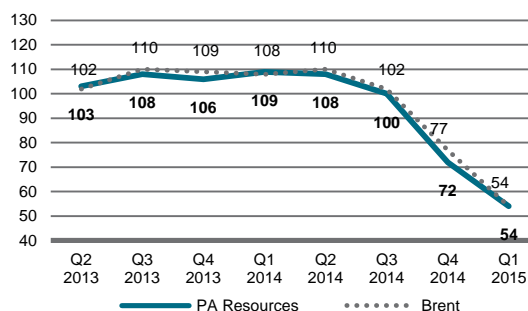
PA Resources' total oil production amounted to 303,000 barrels (305,000) during the first quarter. Average daily production based on working interest, which is PA Resources' share of total gross production before deductions for royalty and other taxes was 3,360 barrels (3,390) per day. The fields in the West Africa region produced 2,070 barrels per day, and four oil fields in the North Africa region produced 1,290 barrels per day. Based on net entitlement, which is PA Resources' share after the application of terms of the production sharing contract, the corresponding figures were 2,920 barrels in total and 1,720 and 1,200 barrels in West and North Africa respectively.

For the period June 2013 to December 2014, 30 percent of Didon production was reported. From 2015 100 percent of Didon is reported. In the fourth quarter 2014 PA Resources reported a working interest production of 2,930 barrels per day, the equivalent number with 100 percent of Didon would have been 3,755 barrels per day.

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



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

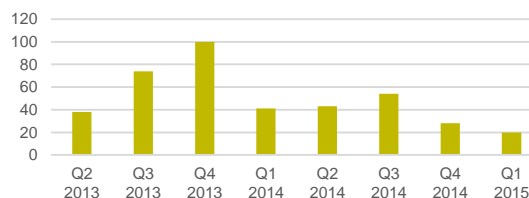


A total of 187,000 barrels of oil (241,000) were sold during the first quarter, excluding royalties. The average sales price was USD 54 per barrel (109), compared with an average price for Brent of USD 54 per barrel (108). Price differences may reflect the weighted impact of the pricing of PA Resources' crude oil grades relative to the Brent price marker.

## CAPITAL EXPENDITURES

Capital expenditures during the first quarter amounted to SEK 20 million. Of these, SEK 12 million pertained to the North Sea region of which SEK 7 million was spent on the two new UK licences. Remaining expenditure pertained to the North Africa region, SEK 7 million, and to the West Africa region, SEK 3 million.

### Capital Expenditures per quarter (SEK million)



## RESERVES AND RESOURCES

At year-end, the proven and probable (2P) oil and gas reserves totalled 5.4 million barrels (31.7) of oil equivalents on a working interest basis. Of these, 3.7 million barrels (20.7) were 1P reserves. All reserves reflect the termination of the Tunisian transaction with Enquest and have been adjusted downward at year-end 2014 to reflect a revised oil price profile. ERC Equipoise ('ERCE') was appointed as the group's reserves auditor in 2014 and the group's reserves and contingent resources were audited by ERCE at year-end 2014.

Million barrels of oil equivalents	Working interest Total	
	1P	2P
<b>Reserves as per 31 December 2014</b>	<b>3.7</b>	<b>5.4</b>

PA Resources' reserves are classified according to the 2007 Petroleum Resources Management System (SPE-PRMS 2007) guidelines and classification 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).

## WEST AFRICA REGION

Country	Asset	Operator	Partners	On/offshore	Phase
Republic of Congo (Brazzaville)	Mer Profonde Sud	SOCO International (60%)	PA Resources (25%), SNPC (15%)	Offshore	Exploration
Equatorial Guinea*	Aseng	Noble Energy (38%)	Atlas Petroleum (27.55%), Glencore (23.75%), PA Resources (5.7%), GEPetrol (5%)	Offshore	Production
	Alen**	Noble Energy (44.65%)	GePetrol (28.75%), Glencore (23.75%), Atlas Petroleum (1.38%), PA Resources (0.28%)	Offshore	Production
	Block I	Noble Energy (38%)	Atlas Petroleum (27.55%), Glencore (23.75%), PA Resources (5.7%), GEPetrol (5%)	Offshore	Exploration/Appraisal

\* Osborne Resources Ltd owner of the EG assets has been deconsolidated as per 31 March 2015 due to enforcement of the RBL security by Gunvor Group.

\*\* 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 0.28% in the field in total.

### Exploration, appraisal and development

#### Republic of Congo (Brazzaville)

##### Mer Profonde Sud

Planning continues for the drilling of the carried well, Baobab Marin 1, which is expected to take place in 2016.

#### Equatorial Guinea

Block I, Aseng and Alen have been deconsolidated as per 31 March 2015. See page 6 under the section Enforcement of RBL Security for further explanation.

## NORTH AFRICA REGION

Country	Asset	Operator	Partners	On/offshore	Phase
Tunisia	Douleb	PA Resources (70%)*	Serept (30%)	Onshore	Production
	Semmama	PA Resources (70%)*	Serept (30%)	Onshore	Production
	Tamesmida	PA Resources (95%)*	Serept (5%)	Onshore	Production
	Didon	PA Resources (100%)		Offshore	Production
	Jelma**	PA Resources (70%)	Topic (30%)	Onshore	Exploration
	Makthar**	PA Resources (100%)		Onshore	Exploration
	Zarat**	PA Resources (100%)		Offshore	Exploration
	Jenein Centre***	Chinook Energy (65%)	PA Resources (35%)	Onshore	Exploration

\* Operatorship outsourced to Serept.

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

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

### Exploration, appraisal and development

#### Zarat

The detailed work between the Zarat southern tract partners i.e. PA Resources and the state-owned oil company ETAP to develop a full field life Plan of Development (POD) has been completed. This joint work with ETAP will deliver a Zarat development concept that provides the best technical and economic solution to optimise the production of the Zarat Field's recoverable oil and gas reserves. ETAP has conducted an internal economic review ahead of ETAP Board project approval which is anticipated during the second quarter 2015. PA Resources is preparing to forward the Zarat Plan of Development to the Tunisian Granting Authorities during the first half of 2015. Work continued between the southern and northern tract partners to develop a legally and commercially robust Zarat Unitised Unit Operating Agreement (UUOA), this work was near to completion prior to Sonde as the northern tract operator declaring bankruptcy. Since then UUOA process has slowed down. It is now fully expected that the UUOA process will regain momentum under the full stewardship of the Tunisian Authorities which is fully supported by both PA Resources and ETAP.

The Zarat Field is the biggest undeveloped offshore oil and gas field in Tunisia. The Tunisian Authorities consider Zarat a strategic asset for Tunisia given the country's increasing gas supply and demand imbalance. Tunisia's gas deficit is expected to be over 30 percent by 2020.

#### *Elyssa*

The work to finalise a well target for the Elyssa 4 appraisal well continued. A conceptual development plan has been developed. The plan includes a tie-back to the planned Zarat facilities.

#### *Didon*

A substantive operating cost reduction program has been successfully implemented with significant savings being made across the complete business stream. To date the OPEX spending has been reduced by over 20 percent with more cost savings deemed possible.

### Production

#### *Didon*

Production facilities and well efficiency has been near to 100 percent over the quarter. Overall crude oil production was better than expected. Preparatory work continued to progress the incremental oil opportunities including the installation of a further ESP.

#### *Douleb, Semmama and Tamesmida (DST)*

Production was steady during the period. The infrastructure upgrade programme continued. A Douleb well work-over was completed which converted an existing well to a produced water injector. The well was successfully brought into service and injected at rates higher than initially forecasted. Produced water injected via this well will provide reservoir support resulting in incremental production.

### NORTH SEA REGION

Country	Asset	Operator	Partners	On/offshore	Phase
United Kingdom	Block 22/19a	PA Resources (100%)		Offshore	Appraisal
	Blocks 22/18c and 22/19d	E.On (40%)	PA Resources (25%), Nautical Petroleum (25%), First Oil and Gas (10%)	Offshore	Exploration
	Block 21/24b	First Oil and Gas (33.33%)	PA Resources (33.33%), Dyas UK (33.33%)	Offshore	Appraisal
Denmark	Block 12/06	Dana Petroleum (40%)	PA Resources (24%), Nordsøfonden (20%), Spyker Energy (8%), Danoil (8%)	Offshore	Appraisal
Netherlands	Schagen	Tulip Oil (30%)	Energie Beheer (40%), PA Resources (30%)	Offshore	Exploration
Germany	B20008-73	PA Resources (90%)	Danoil (10%)	Offshore	Exploration

### Exploration, appraisal and development

#### **Denmark**

##### *12/06*

The Lille John 2 appraisal well was drilled over year-end 2014. The Miocene sandstone reservoir originally found oil-bearing in the PA Resources-operated 2011 discovery well Lille John 1 was again encountered in Lille John 2, fully oil-bearing as expected. The thickness and quality of sandstone reservoir encountered in Lille John 2 was found as expected to be improved relative to Lille John 1. A drill stem test flowed at rates up to 1,400 barrels of oil per day of 35° API oil with no hydrogen sulphide. Subsequently the well was sidetracked down-dip confirming similar reservoir development and establishing an oil column height in excess of c. 300m (c. 950 ft). PA Resources was fully carried by Dana Petroleum on the costs of this well.

#### **Denmark 7<sup>th</sup> Licensing Round**

In the fourth quarter 2014, PA Resources in two different partnership groups submitted low cost bids for several licenses in the Danish Central Graben. Expected timing of license award decisions is presently unclear.

#### **United Kingdom**

##### *22/19a*

Technical studies to assess the economics of development and dialogue with possible host infrastructure continued during the first quarter in 2015.

#### **UK 28<sup>th</sup> Licensing Round**

Following the fourth quarter 2014 award of Blocks 22/18c and 19d, PA Resources was awarded Block 21/24b in the first quarter 2015 as part of the UK's 28th Licensing Round. The license group comprises of PA Resources (33.33 percent), First Oil and Gas (33.33 percent, operator) and Dyas UK (33.33 percent). Block 21/24b contains the undeveloped West Teal oil discovery and similar prospectivity, on which the group has bid a contingent well in the initial four year licence term.

#### **Germany**

##### *B20008/73*

Technical evaluation of license B20008/73 continued during the first quarter 2015.

#### **Netherlands**

##### *Schagen*

3D seismic reprocessing commenced in the first quarter of 2015.

## Financial overview

During the first quarter of 2015 PA Resources decided to change accounting policy for presentation of exchange gains / losses earlier presented in operating profit now in net financial items. The changed accounting policy does not impact the net result in any of the previous and current periods. For more information, see note 2. Due to the terminated farm-out agreement accounted for at year-end 2014, first quarter 2015 includes 100 percent revenue and expenses from the producing North African field Didon. All quarters 2014 includes 30 percent.

### 1 JANUARY – 31 MARCH 2015

#### Revenue and gross profit

Revenue amounted to SEK 112 million (178) and decreased as result of lower sales price and lower production compared with the corresponding period a year ago. Revenue was positively impacted by currency effects from the strengthened USD. Production costs including direct production taxes of SEK -2 million (-3) amounted to SEK -76 million (-37) and increased mainly as a result of the terminated farm-out agreement. Depletion of oil and gas assets amounted to SEK -33 million (-43) and decreased mainly as a result of the book values relating to the Didon field being impaired in the fourth quarter 2014. Depletion was negatively impacted by currency effects from the strengthened USD. Gross profit amounted to SEK 3 million (98).

#### EBITDA and operating profit

EBITDA amounted to SEK 460 million (117) and the EBITDA margin was 412 (66) percent. EBITDA was positively impacted by other income of SEK 180 million (1) mainly from reversed provisions and final computation of the impact of the terminated farm-out agreement. EBITDA was also positively impacted by a capital gain of SEK 290 million (0) from enforcement of the RBL security by Gunvor Group. Operating profit amounted to SEK 426 million (74).

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

Net financial items for the Group amounted to SEK -143 million (-92) for the period. Interest expense was SEK -71 million (-63). Currency effects on net financial items amounted to SEK -64 million (-23). Adjusted for currency effects, net financial items amounted to SEK -79 million (-69). Reported tax amounted to SEK 4 million (-30) and paid tax amounted to SEK -18 million (-17). Profit for the period amounted to SEK 288 million (-48) and earnings per share before and after dilution were SEK 2.55 (-0.43).

#### Enforcement of RBL security

As per 7 April Gunvor Group, PA Resources' largest creditor and shareholder demanded repayment of amounts due under the RBL facility. PA Resources also received notice that Gunvor Group had taken action to enforce its security under the RBL, shares in its wholly-owned subsidiary, Osborne Resources Ltd. Osborne owns interests in Equatorial Guinea, the producing Aseng and Alen fields, and the Block I exploration interest. The effect of this enforcement action is that Osborne is no longer a subsidiary of PA Resources and has become a subsidiary of Gunvor Group.

As a result of the enforcement Osborne's balance sheet is deconsolidated as per 31 March 2015. Group's profit and loss on a row by row basis includes revenue and expenses from Osborne for full period January to March. Further to the enforcement the RBL facility including accrued interest is to be considered repaid in full and the transaction resulted in a net capital gain of SEK 290 million.

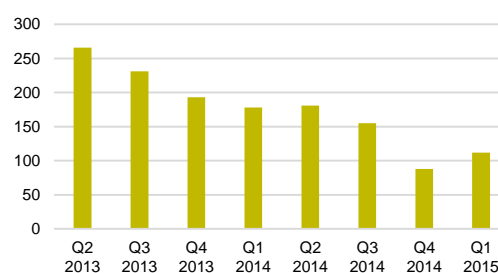
#### Cash flow

The Group's operating cash flow for the period was SEK -87 million (-52). Cash flow from investing activities for the period amounted to SEK 20 million (41). Cash flow from financing activities amounted to SEK 0 million (-94).

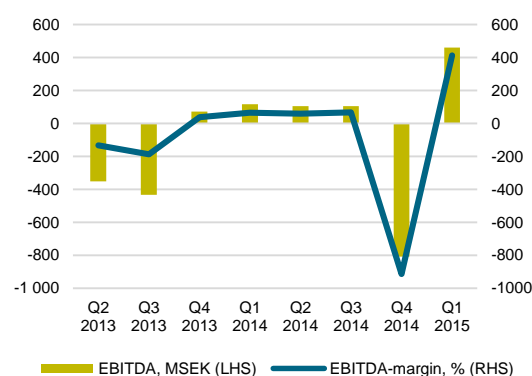
#### Financial position and financial covenants

As per 31 March 2015 the Group had net borrowings of SEK 1,791 million, compared to SEK 2,320 million at year-end. Followed the enforcement of the RBL security, the facility, including accrued interest, of approximately SEK 762 (USD 88.4 million) was considered repaid. PA Resources shareholder's equity amounted to SEK -481 million compared to SEK -810 million at year-end 2014 and increased mainly from the capital gain as a result of the enforced RBL security. Shareholders' equity is lower than stipulated in the financial covenants for both the SEK and NOK bonds, requiring a minimum net equity of SEK 1,000 million. Equity in relation to capital employed was also below the minimum ratio of 40 percent. Cash and cash equivalents amounted to SEK 44 million compared with SEK 148 million at year-end 2014.

Revenue per quarter (SEK million)



EBITDA and EBITDA margin per quarter





## Refinancing

Since October 2014 PA Resources has held an active and constructive dialogue with an informal committee of bondholders as well as the company's largest shareholder, Gunvor Group, regarding a long-term business and financing plan that addresses the company's upcoming investment program and debt position. However, as announced in a press release on 27 March 2015, as a result of a perceived lack of progress in the negotiations with creditors, the company's board of directors was no longer confident in the ability to reach an agreement with all parties in the near term. In that light, the company's board of directors decided to seek protection from creditors by filing an application to the Stockholm District Court for a company reorganisation. The purpose of the application for the company reorganization was to provide flexibility to enable the company to achieve an effective restructuring solution for its stakeholders. For further information regarding financing see the section Subsequent Events on page 8.

## Parent company

Operating profit amounted to SEK -12 million (-8). Net financial items for the period amounted to SEK 406 million (-48), and included a capital gain of SEK 432 million from the enforcement of the RBL security. Equity amounted to SEK-735 million compared to SEK -1,128 million at year-end 2014 and increased mainly from the capital gain as a result of the enforced RBL security. Current liabilities amounted to SEK 1,946 million compared to SEK 2,270 million at year-end and decreased mainly as a result of the considered repayment of the RBL facility.

### Balance sheet for liquidation purposes

Total shareholders' equity in the parent company amounted to SEK -1,128 million at year-end 2014, which was less than one-half of the registered share capital of SEK 1,415 million. As a consequence, the company's board of directors resolved to prepare a balance sheet for liquidation purposes. The balance sheet showed, after adjustments, that shareholders' equity was still less than one-half of the registered share capital. At an Extraordinary General Meeting held on 27 February 2015 the shareholders resolved, as recommended by the board, that PA Resources shall not be liquidated, but carry on its business. The Companies Act stipulates that a new general meeting of shareholders shall be held within eight months at which the shareholders shall resolve on the issue of liquidation once again. In conjunction with the new general meeting the board of directors shall prepare a new balance sheet for liquidation purposes. If this new balance sheet does not show that the company's shareholder's equity has been restored and amounts to at least the registered share capital then the company is required to go into liquidation

## CURRENCY RATES

The following exchange rates have been used in the preparation of the financial statements for the reporting period.

	Closing day rate 31 Mar 2015	Average rate Jan-Mar 2015	Closing day rate 31 Mar 2014	Average rate Jan-Mar 2014	Closing day rate 31 Dec 2014	Average rate Jan-Dec 2014
1 EUR in SEK	9.29	9.38	8.95	8.86	9.52	9.10
1 USD in SEK	8.62	8.34	6.51	6.46	7.81	6.86
1 TND in SEK	4.41	4.31	4.10	4.03	4.19	4.04
1 NOK in SEK	1.07	1.07	1.08	1.06	1.05	1.09
1 GBP in SEK	12.74	12.62	10.83	10.70	12.14	11.29
1 DKK in SEK	1.24	1.26	1.20	1.19	1.28	1.22

## RISKS AND UNCERTAINTIES

A description of risks and uncertainties is provided in the 2014 Annual Report, in the section Risks and Risk Management.

An agreement regarding financing for the remainder of 2015 has been reached with the company's lenders but there are currently no agreements in place for financing 2016 and beyond. There are three main options for the continued operation of PA Resources; to continue operations as is without the company's former EG assets, a corporate transaction and disposal of some or all of the company's assets and subsidiaries. The board is considering all available options.

The market value of PA Resources' assets in a distressed sale situation is significantly below current book value.

## SUBSEQUENT EVENTS

### Petition for bankruptcy in PA Resources

On 12 April Gunvor Group informed the company that it had filed an application for bankruptcy of PA Resources AB. The company was officially notified by Stockholm District Court 13 April. Due to the ongoing corporate reorganization, the application was not expected to have any immediate impact on the company. On 14 April Gunvor Group informed the company that it intended to withdraw its petition for bankruptcy in PA Resources AB. In light of this and together with the bondholders support to the reorganization process the board of directors decided to continue with the corporate reorganization. On 15 April Gunvor Group recalled its petition for bankruptcy in PA Resources AB and as a result the petition was dismissed by the Stockholm District Court.

### Corporate reorganisation

A creditors meeting was held at the Stockholm District Court 15 April where a preliminary plan for reorganization was presented by the administrator. The plan is based on reaching agreement with the company's creditors to provide the company with short-term financing which will support the operations of its subsidiaries in order to maintain the value of the company's asset portfolio, while the board of

directors is reviewing its strategic options. The Stockholm District Court approved a continued reorganization of PA Resources AB until 29 June. On the 25 June 2015 PA Resources filed a petition with the Stockholm District Court to extend the corporate reorganisation with a further three months to allow for sufficient time to complete the reorganisation.

*Annual Report and AGM postponed*

Pending the completion of a short-term financing agreement, PA Resources AB's board of directors postponed the publishing of the annual report for 2014 (scheduled for 30 April) and its annual general meeting (scheduled for 29 May) to 24 June and 28 July respectively.

*New Chairman of the Board in PA Resources*

Jerome Schurink decided to step down as director and chairman of the board in PA Resources AB as a result of taking up a new position based in Dubai. In the interim, until the upcoming annual general meeting, the board of directors appointed Philippe Probst as the acting chairman.

*PA Resources secures funding for 2015*

PA Resources has reached an agreement with its major creditors to provide the company with funding until the end of 2015 in the form of a USD 7.5 million short-term credit facility. An initial USD 2.5 million tranche has been made available to the company to draw on while the documentation is being finalised. The credit will have priority over the company's existing debt.

The new credit will allow PA Resources to continue funding its operations during the strategic review process initiated by the board of directors. The aim of the process is to explore the company's different options with regards to maximising the value for all of the company's various stakeholders. The options being explored are long-term funding for all or part of the business, a corporate transaction or the divestment of individual assets or business units.



## Group – income statement

SEK 000,000s	Notes	Jan - Mar		Full Year
		2015	2014	2014
Revenue	5	112	178	603
Production costs	3, 5	-76	-37	-187
Depletion oil and gas properties	5	-33	-43	-195
<b>Gross profit</b>	5	<b>3</b>	<b>98</b>	<b>222</b>
Other income	2, 5	180	1	46
Capital gain	5	290	-	-
Termination farm-out agreement	8	-	-	-826
Impairment losses		-	-	-1,991
General, administration and depreciation expenses	2, 4, 5	-46	-26	-118
<b>Operating profit</b>	2, 5	<b>426</b>	<b>74</b>	<b>-2,667</b>
Financial income	2, 6	1	1	3
Financial expenses	2, 6	-143	-93	-368
<b>Total financial items</b>	2	<b>-143</b>	<b>-92</b>	<b>-365</b>
<b>Profit before tax</b>		<b>284</b>	<b>-19</b>	<b>-3,032</b>
Income tax		4	-30	74
<b>Profit for the period</b>		<b>288</b>	<b>-48</b>	<b>-2,957</b>
<b>Earnings per share before dilution</b>		<b>2.55</b>	<b>-0.43</b>	<b>-26.13</b>
<b>Earnings per share after dilution</b>		<b>2.55</b>	<b>-0.43</b>	<b>-26.13</b>

Profit for the period and earnings per share are attributable to owners of the parent.

## Group – statement of comprehensive income

SEK 000,000s	Notes	Jan - Mar		Full year
		2015	2014	2014
<b>Profit for the period</b>		<b>288</b>	<b>-48</b>	<b>-2,957</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified into profit or loss</i>				
Exchange differences during the period		121	6	353
<b>Total items that may be reclassified into profit or loss</b>		<b>121</b>	<b>6</b>	<b>353</b>
Accumulated exchange differences reclassified into profit and loss		-81	-	-
<b>Total items reclassified into profit or loss</b>		<b>-81</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the period</b>		<b>40</b>	<b>6</b>	<b>353</b>
<b>Total comprehensive income for the period</b>		<b>328</b>	<b>-42</b>	<b>-2,605</b>

## Group – statement of financial position

SEK 000,000s	Notes	31 Mar		31 Dec
		2015	2014	2014
<b>ASSETS</b>				
Exploration and evaluation assets	5	2,648	3,691	2,510
Oil and gas properties	5	64	852	642
Machinery and equipment	5	9	4	8
Financial assets	7	1	0	1
Deferred tax assets		-	50	-
<b>Total non-current assets</b>		<b>2,721</b>	<b>4,597</b>	<b>3,162</b>
Inventory		40	12	37
Accounts receivable and other receivables	7	174	497	205
Current tax assets		17	8	10
Cash and cash equivalents	7	44	216	148
<b>Total current assets</b>		<b>276</b>	<b>732</b>	<b>399</b>
<b>TOTAL ASSETS</b>		<b>2,997</b>	<b>5,330</b>	<b>3,561</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital		1,415	1,415	1,415
Other capital contributions		5,050	5,050	5,050
Reserves		-685	-1,072	-725
Retained earnings and profit for the period		-6,261	-3,640	-6,549
<b>Total equity</b>		<b>-481</b>	<b>1,753</b>	<b>-810</b>
<b>LIABILITIES</b>				
Interest-bearing loans and borrowings	7	-	1,453	-
Deferred tax liabilities		467	338	543
Provisions		695	252	662
Other non-interest bearing liabilities		8	-	30
<b>Total non-current liabilities</b>		<b>1,171</b>	<b>2,042</b>	<b>1,235</b>
Provisions		1	1	1
Current tax liabilities		32	181	88
Current interest-bearing loans and borrowings	7	1,836	670	2,468
Accounts payable and other liabilities	7	438	683	578
<b>Total current liabilities</b>		<b>2,307</b>	<b>1,534</b>	<b>3,135</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,997</b>	<b>5,330</b>	<b>3,561</b>
<b>PLEGDED ASSETS</b>	10	<b>956</b>	<b>2,089</b>	<b>725</b>
<b>CONTINGENT LIABILITIES</b>	10	-	14	-

## Group – statement of changes in equity

SEK 000,000s	Equity attributable to owners of the parent					Total
	Notes	Share capital	Other capital contribution	Reserves	Retained earnings and profit for the period	
Balance at 1 January 2014		1,415	5,050	-1,078	-3,592	1,795
Total comprehensive income for the period				6	-48	-42
<b>Closing balance at 31 March 2014</b>		<b>1,415</b>	<b>5,050</b>	<b>-1,072</b>	<b>-3,640</b>	<b>1,753</b>
Balance at 1 April 2014		1,415	5,050	-1,072	-3,640	1,753
Total comprehensive income for the period				347	-2,909	-2,562
<b>Closing balance at 31 December 2014</b>		<b>1,415</b>	<b>5,050</b>	<b>-725</b>	<b>-6,549</b>	<b>-810</b>
Balance at 1 January 2015		1,415	5,050	-725	-6,549	-810
Total comprehensive income for the period				121	288	409
Accumulated exchange differences recalssified into profit and loss				-81		-81
<b>Closing balance at 31 March 2015</b>		<b>1,415</b>	<b>5,050</b>	<b>-685</b>	<b>-6,261</b>	<b>-481</b>

The share capital as per 31 March 2015 was distributed among 113,167,992 shares with a share quota value of SEK 12.50. No dividend was decided on for the 2013 financial year or previous financial years. The Board of Directors proposes to the annual general meeting that no dividend be paid for the 2014 financial year. Reserves pertain to effects from translation of operations in foreign currency.

## Group – statement of cash flows

SEK 000,000s	Notes	Jan - Mar		Full year
		2015	2014	2014
<b>Cash flow from operating activities</b>				
Income after financial items		284	-19	-3,032
Adjustments for non-cash items				
Depreciation, amortisation and impairment losses		34	43	2,186
Termination farm-out agreement	8	-	-	826
Capital gain		-290	-	-
Change over- / or underlift position		-33	-14	25
Other items including accrued interest and exchange differences		70	84	216
Income tax paid		-18	-17	-165
<b>Total cash flow from operating activities</b>				
<b>before changes in working capital</b>		<b>47</b>	<b>77</b>	<b>56</b>
Change in receivables		-2	-41	139
Change in liabilities		-132	-88	-303
<b>Cash flow from changes in working capital</b>		<b>-134</b>	<b>-129</b>	<b>-164</b>
<b>Cash flow from operating activities</b>		<b>-87</b>	<b>-52</b>	<b>-108</b>
<b>Cash flow from investing activities</b>				
Proceeds from farm-out		-	-	65
Investments in exploration and evaluation assets	5	-18	-38	-139
Investments in oil and gas properties	5	-2	-3	-25
Investments in machinery and equipment	5	0	0	-2
<b>Cash flow from investing activities</b>		<b>-20</b>	<b>-41</b>	<b>-101</b>
<b>Cash flow from financing activities</b>				
Loans raised		-	-	182
Amortisation of debt		-	-94	-237
<b>Cash flow from financing activities</b>		<b>-</b>	<b>-94</b>	<b>-55</b>
<b>Cash flow for the period</b>		<b>-107</b>	<b>-187</b>	<b>-264</b>
Cash and cash equivalents at the beginning of period		148	403	403
Exchange rate difference in cash and cash equivalents		3	-	9
<b>Cash and cash equivalents at end of period</b>		<b>44</b>	<b>216</b>	<b>148</b>

## Parent company – income statement

SEK 000,000s	Notes	Jan - Mar		Full year
		2015	2014	2014
Other income		16	-	15
Termination farm-out agreement		-	-	-168
General, administration and depreciation expenses		-29	-8	-47
<b>Operating profit</b>		<b>-12</b>	<b>-8</b>	<b>-199</b>
Result from participations in Group companies		432	-	-2,623
Financial income and similar		43	53	460
Financial expenses and similar		-69	-101	-297
<b>Total financial items</b>		<b>406</b>	<b>-48</b>	<b>-2,459</b>
<b>Profit before tax</b>		<b>393</b>	<b>-56</b>	<b>-2,659</b>
Income tax		-	0	0
<b>Profit for the period</b>		<b>393</b>	<b>-56</b>	<b>-2,658</b>

## Parent company – statement of comprehensive income

SEK 000,000s	Notes	Jan - Mar		Full year
		2015	2014	2014
<b>Profit for the period</b>		<b>393</b>	<b>-56</b>	<b>-2,658</b>
<b>Other comprehensive income</b>				
<i>Total items that may be reclassified into profit or loss</i>		-	-	-
<b>Total comprehensive income for the period</b>		<b>393</b>	<b>-56</b>	<b>-2,658</b>

## Parent company – balance sheet

SEK 000,000s	Notes	31 Mar		31 Dec
		2015	2014	2014
<b>ASSETS</b>				
Non-current assets		1,167	5,111	1,050
Current assets		43	345	92
<b>TOTAL ASSETS</b>		<b>1,211</b>	<b>5,457</b>	<b>1,141</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Total shareholder's equity		-735	1,474	-1,128
Non-current liabilities		-	3,414	-
Current liabilities		1,946	568	2,270
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,211</b>	<b>5,457</b>	<b>1,141</b>
<b>PLEGDED ASSETS</b>	10	-	<b>18</b>	<b>18</b>
<b>CONTINGENT LIABILITIES</b>	10	-	<b>14</b>	-

# 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 Nordic Exchange in Stockholm since 2006 (Small Cap segment since January 2013).

## NOTE 2. Accounting policies

The interim report for the period ended 31 March 2015 has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The consolidated financial statements for the period January – March 2015 have, like the year-end accounts for 2014, 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 the Swedish Annual Accounts Act and guideline RFR 2, Accounting for Legal Entities, issued by the Swedish Financial Reporting Board (RFR).

Except from what is stated below under New accounting policies, the same accounting policies have been applied for the period as those applied for the 2014 financial year and as described in the 2014 Annual Report. The interim report does not contain all of the information and disclosures provided in the annual report; the interim report should therefore be read together with the notes in the 2014 Annual Report.

### Going concern

The board of PA Resources adopted the going concern assumption in preparing the interim report condensed consolidated financial statements of the company as of 31 March 2015. This assumption is based on an agreement regarding financing for the remainder of 2015 with the company's major creditors. This agreement will be formalised shortly. There are currently no agreements in place for financing 2016 and beyond. There are three main options for the continued operation of PA Resources; to continue operations with the current portfolio, a corporate transaction and disposal of some or all of the company's assets and subsidiaries. The board is considering all available options. It should be noted that the value of the company's assets is significantly below its current book values in a liquidation scenario.

### New accounting policy – Exchange gains/losses

PA Resources decided in the first quarter 2015 to change accounting policy for exchange gains/losses earlier presented in operating profit now in net financial items. The changed accounting policy does not impact the net result in any of the previous and current periods. Even though the previously applied policy, as presented in the income statement were in full compliance with IFRS, the assessment is now that the new presentation and changed policy provide a better presentation and more relevant information for the reader. PA Resources is doing this on a voluntary basis and there are no historical errors. PA Resources has changed the accounting policies in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. As summarised in below table affected items in profit or loss are: other income, other external expenses and exchange gains/losses included in net financial items.

	New accounting policies					Previous accounting-policies
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year	Full year
<b>SEK 000,000s</b>	<b>2014</b>					<b>2014</b>
<b>Gross profit</b>	<b>98</b>	<b>94</b>	<b>51</b>	<b>-21</b>	<b>222</b>	<b>222</b>
Other income	1	7	35	3	46	58
General, administration and depreciation expenses	-26	-34	-37	-21	-118	-129
<b>Operating profit</b>	<b>74</b>	<b>67</b>	<b>48</b>	<b>-2,856</b>	<b>-2,667</b>	<b>-2,667</b>
Financial income	1	1	1	10	3	3
Financial expenses	-93	-87	-122	-75	-368	-368
<b>Total financial items</b>	<b>-92</b>	<b>-87</b>	<b>-121</b>	<b>-65</b>	<b>-365</b>	<b>-365</b>
<b>Profit before tax</b>	<b>-19</b>	<b>-19</b>	<b>-73</b>	<b>-2,921</b>	<b>-3,032</b>	<b>-3,032</b>
<b>Profit for the period</b>	<b>-48</b>	<b>-26</b>	<b>-138</b>	<b>-2,745</b>	<b>-2,957</b>	<b>-2,957</b>



**NOTE 3. Production costs**

SEK 000,000s	Jan - Mar		Full year
	2015	2014	2014
Cost of operations	-74	-34	-176
Direct production taxes	-2	-3	-10
<b>Total production costs</b>	<b>-76</b>	<b>-37</b>	<b>-187</b>

The parent company has no production costs.

**NOTE 4. General, administration and depreciation expenses**

SEK 000,000s	Group		
	Jan - Mar		Full year
	2015	2014	2014
Other external expenses	-24	-10	-51
Personnel expenses	-21	-16	-66
Depreciation machinery and equipment	0	0	-1
<b>Total general, administration and depreciation expenses</b>	<b>-46</b>	<b>-26</b>	<b>-118</b>

**NOTE 5. Segment reporting**

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 Overseas Ltd, Hydrocarbures Tunisie Didon Ltd

**West Africa:** PA Energy Congo Ltd, Osborne Resources Ltd (deconsolidated as per 31 March 2015)

**North Sea:** PA Resources UK Ltd, PA Resources E&P services Ltd, PA Resources Denmark ApS

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

Revenue originates from external sales.

Income statement SEK 000,000s	Jan-Mar											
	North Africa		West Africa		North Sea		Other/Group		Group elimination		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	47	47	65	131	-	-	-	-	-	-	112	178
Production costs	-43	-17	-33	-20	-	-	-	-	-	-	-76	-37
Depletion oil and gas properties	-5	-23	-29	-19	-	-	-	-	-	-	-33	-43
<b>Gross profit</b>	<b>-1</b>	<b>6</b>	<b>4</b>	<b>92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>98</b>
Other income	123	0	55	-	7	2	16	-	-21	0	180	1
Capital gain	123	-	-265	-	-	-	432	-	-	-	290	-
General, administration and depreciation expenses	-16	-2	-16	-4	-8	-10	-29	-9	21	0	-46	-26
<b>Operating profit</b>	<b>230</b>	<b>4</b>	<b>-223</b>	<b>87</b>	<b>0</b>	<b>-9</b>	<b>420</b>	<b>-9</b>	<b>0</b>	<b>0</b>	<b>426</b>	<b>74</b>
Total financial items											-143	-92
<b>Profit before tax</b>											<b>284</b>	<b>-19</b>
Income tax											4	-30
<b>Profit for the period</b>											<b>288</b>	<b>-48</b>

31 Mar												
Balance sheet SEK 000,000s	North Africa		West Africa		North Sea		Other/Group		Group elimination		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Exploration and evaluation assets	1,760	2,025	414	1,207	474	460	-	-	-	-	2,648	3,691
Oil and gas properties	64	370	-	482	-	-	-	-	-	-	64	852
Machinery and equipment	5	1	-	-	4	2	-	-	-	-	9	4
Other non-current assets	1	0	-	-	-	-	223	1,938	-223	-1,888	1	50
Current assets	218	196	1	82	13	108	43	345	-	-	276	732
<b>Total assets</b>	<b>2,048</b>	<b>2,592</b>	<b>414</b>	<b>1,772</b>	<b>491</b>	<b>570</b>	<b>267</b>	<b>2,283</b>	<b>-223</b>	<b>-1,888</b>	<b>2,997</b>	<b>5,330</b>
<b>Total equity and liabilities</b>											<b>2,997</b>	<b>5,330</b>
Investments in exploration and evaluation assets	3	1	4	31	12	5	-	-	-	-	18	38
Investments in oil and gas properties	3	2	-1	1	-	-	-	-	-	-	2	3
Investments in machinery and equipment	0	0	-	-	-	0	-	-	-	-	0	0

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

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

SEK 000,000s	Group		
	Jan - Mar		Full year
	2015	2014	2014
Interest income	1	1	3
Exchange gains	-	-	-
Other financial items	-	-	0
<b>Total financial income (net)</b>	<b>1</b>	<b>1</b>	<b>3</b>
Interest expense	-71	-63	-256
Exchange losses	-64	-23	-87
Other financial items	-8	-7	-25
<b>Total financial expenses (net)</b>	<b>-143</b>	<b>-93</b>	<b>-368</b>

**NOTE 7. Reporting of financial instruments**

As per 31 March 2015 and at the end of the comparison periods, the Group had no financial instruments measured at fair value on the balance sheet. The table below shows the carrying amount of the Group's financial instruments compared with their fair values. In cases where the fair value differs from the carrying amount, this is based on observable market data.

SEK 000,000s	31 Mar 2015		31 Mar 2014		31 Dec 2014	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	1	1	0	0	1	1
Accounts receivable and other receivables	174	174	497	497	205	205
Cash and cash equivalents	44	44	216	216	148	148
<b>Total financial assets</b>	<b>220</b>	<b>220</b>	<b>713</b>	<b>713</b>	<b>354</b>	<b>354</b>
Non-current interest-bearing loans and borrowings	-	-	1,453	1,396	-	-
Other non-interest bearing liabilities	8	8	-	-	30	30
Current interest-bearing loans and borrowings	1,836	757	670	664	2,468	1,441
Accounts payable and other liabilities	438	438	683	683	578	578
<b>Total financial liabilities</b>	<b>2,282</b>	<b>1,203</b>	<b>2,805</b>	<b>2,743</b>	<b>3,076</b>	<b>2,049</b>

**NOTE 8. Termination farm-out agreement**

According to the terminated farm-out agreements of 70 percent interest in each of the Didon field and the Zarat license to EnQuest, PA Resources reversed the remuneration retained in escrow awaiting a letter of non-objection from the Tunisian authorities. Further to the termination PA Resources included 70 percent of Zarat in its exploration and evaluation assets and 70 percent of Didon in its oil and gas assets. Didon was valued to zero in accordance with made impairment tests. Abandonment provision as well as deferred taxes was adjusted accordingly with respect to both Didon and Zarat.

SEK 000,000s	Jan-Dec 2014
Terminated upfront payment	-180
Adjustment abandonment provision	-259
Adjusted deferred taxes	-372
Other	-15
<b>Total</b>	<b>-826</b>

**NOTE 9. Related party transactions**

Gunvor S.As ownership in PA Resources was 29.7 percent as per 31 March 2015. The company serves as an off-taker of crude oil and PA Resources has a Working capital facility with the company. The trading of crude oil is in accordance with market terms.

**NOTE 10. Pledged assets and contingent liabilities**

As per 31 March 2015, pledged assets amounted to SEK 956 million for the Group and SEK 0 million for the parent company. The decrease compared to year-end 2014 is associated with the enforcement of the RBL security and transfer of shares in Osborne Resources Ltd to Gunvor Group. Total pledged assets and contingent liabilities for the Group and the parent company as per 31 March 2015 compared with 31 March 2014 and 31 December 2014 is shown in the table below.

SEK 000,000s	Group			Parent		
	31 Mar 2015	31 Mar 2014	31 Dec 2014	31 Mar 2015	31 Mar 2014	31 Dec 2014
Shares in subsidiaries	956	2,089	725	-	18	18
<b>Total pledged assets</b>	<b>956</b>	<b>2,089</b>	<b>725</b>	<b>-</b>	<b>18</b>	<b>18</b>
Acquisition PA Energy Congo Ltd	-	14	-	-	14	-
<b>Total contingent liabilities</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>-</b>

# Key ratios

## QUARTERLY OVERVIEW

		Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Average production	barrels/day	3,400	2,900	3,100	3,200	3,400	3,600	4,200	5,400
Revenue	SEK 000,000s	112	88	155	181	178	193	231	266
EBITDA*	SEK 000,000s	460	-808	104	106	117	73	-433	-351
EBITDA margin*		411.9%	-913.6%	67.1%	58.5%	65.6%	37.8%	-187.4%	-132.2%
Operating profit*	SEK 000,000s	426	-2,856	48	67	74	-297	-462	-598
Operating margin*		381.9%	-3230.3%	30.7%	37.1%	41.5%	-153.8%	-200.0%	-224.9%
Earnings per share after dilution	SEK	2.55	-24.26	-1.22	-0.23	-0.43	-3.55	-8.53	-12.89
Return on equity		neg	neg	neg	neg	neg	neg	neg	neg
Return on assets*		52.1%	neg	3.5%	5.0%	5.5%	neg	neg	neg
Return on capital employed*		113.4%	neg	4.6%	6.9%	7.6%	neg	neg	neg
Equity per share before dilution	SEK	-4.25	-7.15	17.55	16.46	15.49	15.86	18.94	72.62
Equity per share after dilution	SEK	-4.25	-7.15	17.55	16.46	15.49	15.86	18.94	72.62
Equity/assets ratio		neg	neg	35.2%	34.1%	32.9%	32.9%	34.8%	35.0%
Debt/equity ratio		neg	neg	114.6%	100.7%	108.8%	99.8%	66.3%	111.4%

\*In connection with a change of accounting policies (see Note 2) EBITDA, the EBITDA margin, operating profit, the operating margin, return on assets and return on capital employed have been adjusted retrospectively.

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

PA Resources AB (publ)  
Stockholm, 25 June 2015

Mark McAllister, President and CEO

## DEFINITIONS

Financial definitions and Industry terms are published on [www.paresources.se](http://www.paresources.se)

## DISCLOSURE

The information in this interim report is such that PA Resources AB is required to disclose pursuant to the Securities Market Act and Financial Instruments Trading Act. Submitted for publication at 08:00 a.m. (CET) on 26 June 2015.

## FINANCIAL CALENDAR

Interim report Q2 (January-June)	17 July 2015
AGM 2015	28 July 2015
Interim report Q3 (January-September)	28 October 2015
Year-end Report (January-December)	3 February 2016

## CONTACT

Queries concerning this report can be directed to:

Tomas Hedström, CFO  
+46 8 545 211 50  
[ir@paresources.se](mailto:ir@paresources.se)

Mark McAllister, President and CEO  
+46 8 545 211 50  
[ir@paresources.se](mailto:ir@paresources.se)

# PA Resources in brief

PA Resources AB (publ) is an international oil and gas group that conducts exploration, development and production of oil and gas assets. The Group operates in Tunisia, the Republic of Congo (Brazzaville), the United Kingdom, Denmark, the Netherlands and Germany. PA Resources produces oil in Tunisia. The parent company is located in Stockholm, Sweden. PA Resources' shares are listed on NASDAQ in Stockholm, Sweden. For further information, please visit [www.paresources.se](http://www.paresources.se).