

Chairman's Speech at the 6th Annual General Assembly

26 April 2012

For Dana Gas, 2011 was a year of successful operational growth against a backdrop of regional turmoil. The consequences of the so-called "Arab Spring" in countries which have been affected, are presenting business in general, and the oil and gas industry in particular, with some financial challenges in the short term, and Dana Gas has not been immune to these. That said, however, we enjoy very cordial and cooperative relationships with our host governments in Egypt and the Kurdistan Region of Iraq, and are confident in maintaining continuity of essential gas supplies while agreeing plans for payment of the past overdue sums owing to us. In the meantime, collection of current sales is reasonably satisfactory.

During the year, the company achieved gross revenues of AED 2.53 billion, a 42% increase from 2010. This increase in revenue was due to higher production during the year coupled with higher international hydrocarbon prices. As a result, the company realised a record gross profit of AED 1.33 billion, which was 71% higher than the AED 781 million achieved in 2010.

The latter part of the year was affected by the (still) deepening European financial crisis which has impacted credit ratings and the ability to raise funds, not only in Europe but worldwide. This external factor, combined with our outstanding receivables position, has had an unforeseen impact on Dana Gas' options regarding its Sukuk maturing on 31st October 2012. Nevertheless, the company is confident in its ability to address the issue, and in achieving an optimum outcome for all stakeholders.

The fundamentals of our industry remain strong, with rising demand for energy in general and natural gas in particular, in our region and across the world. Our region will continue to be an important supply for energy and has also become a rapidly growing market as well, and Dana Gas has established itself as an important player and is making a positive contribution to that growth. The company has grown in production and profits and operational capabilities, while managing the risks caused by external factors in the region and in world financial markets.

I would also like to highlight the progress that Dana Gas continues to make in implementing a comprehensive global standard for risk management. During the year, a new Operational Risk Management System was developed and rolled out, together with a new Incident Tracking System.

Your Board of Directors maintains regular oversight of its functions, working through the Management to ensure that appropriate strategies are in place effectively to mitigate the evolving risks with the objective of protecting the interests of all our stakeholders.

Operations

While the social unrest and subsequent political changes in Egypt during the year has caused a deterioration in the company's receivables position, there was thankfully no significant disruption to our operations in the country. Accordingly, our average daily production has been maintained at the same level as in 2010. With regard to the receivables situation, the first three months of 2012 have actually seen a considerable improvement in collections and Dana Gas has been working closely with the Egyptian authorities towards finding mutually acceptable solutions in order to allow the company to maintain an appropriate level of operational investment in the country.

In the Kurdistan Region of Iraq, we continue to deliver gas to the two major regional power stations, and with the completion and start-up of our two LPG processing trains, we are now in full operation, extracting the full range of liquid products from the produced gas. During 2011, collection of part of the overdue accounts receivables from the Kurdistan Regional Government (KRG) was achieved.

The UAE Gas Project continues to await the commencement of gas supplies by the National Iranian Oil Company (NIOC) to Crescent Petroleum. The Group has a 35% interest in Crescent National Gas Corporation Limited (CNGCL). In order to protect our and our customers' interests, Crescent Petroleum continues to seek a legal ruling on the 25 year gas supply contract with NIOC through international arbitration, and expects a decision by the tribunal during 2012.

Management

Our strong management team and staff, led by CEO Ahmed Al-Arbeed, continues its diligent work to optimise delivery of full value from our assets, and on behalf of the Board I would like to thank them for their hard work and for achieving another year of success.

Our Board of Directors has also worked tirelessly in 2011 on your behalf, our Shareholders, and I would like to express my gratitude to each and every one of them for their efforts in guiding the Management throughout the year, including our Honorary Chairman, His Highness Sheikh Ahmed bin Sultan Al-Qasimi.

To our Shareholders, I would like to express my and the rest of the Board's appreciation for the trust that you have placed in us.

Hamid Jafar

Chairman of the Board