DANA GAS 2015 NET PROFIT UP 15%

Key highlights for 2015 include:
- Net profit $144 million (AED528 million) despite lower oil prices
- Cash and bank balance at $470 million (AED1.7 billion) at year-end 2015
- Increase in oil and gas reserves and decline in Egypt receivables
- Total assets up by 8%; positive outcomes in arbitration cases

14 February 2016
Sharjah, UAE

Dana Gas PJSC (“Dana Gas” or the “Company”), the Middle East’s leading publicly listed natural gas company, today reported its preliminary unaudited financial results for the year ended 31 December 2015.

The Company’s full year net profit increased 15% to $144 million (AED528 million), compared to $125 million (AED457 million) in 2014. The Company reported Gross Revenues and Gross Profit of $417 million (AED1.5 billion) and $126 million (AED463 million) respectively, down from $683 million (AED2.5 billion) and $303 million (AED1.1 billion) for the full year 2014. The fall in revenue and gross profit was directly attributable to the sharp decline in world oil prices last year, as well as a 15% production decline in Egypt.

The Company’s year-end cash and bank balance stood at $470 million (AED1.7 billion), up from $184 million (AED674 million) at end 2014. The key contributor to this increase was the cash received from RWE in November in consideration of the agreed settlement of the arbitration and sale of 5% interest in Pearl Petroleum Company Limited (PPCL or the Consortium). This offset a declining cash position caused by continued deficient payments from Kurdistan in combination with ongoing overhead costs and investment requirements in Egypt and the UAE.
During the year the Company also significantly increased its oil & gas reserves. Gaffney Cline & Associates has certified Dana Gas’s Proved Reserves in Egypt at 83 MMboe, an increase of 41%. In addition Proved plus Probable (2P) reserves of Dana Gas Egypt increased to 130 MMboe corresponding to a reserve replacement ratio (RRR) of 237%. The Zora Field 2P reserves remained steady at 31 MMboe.

The Company believes that total in-place gas and oil resources in the Khor Mor and Chemchemal Fields are significant. PPCL’s latest estimate (P50) of total risked in-place resources amount to 75 Tcf of gas and 7 billion barrels of oil. Based upon production data from only 1 of the 12 defined compartments in the Khor Mor Field, the current remaining Proven plus Probable (2P) reserves are believed to be at least 9 Tcf. The Company’s 35% share equates to 525 MMboe.

The assessment of the hydrocarbon resources in both fields is currently under review by PPCL’s appointed external independent petroleum consultant and its audited figures, and Company’s share of reserves and resources, will be disclosed with the final financial results.

The Company ended the year with an average total production of 63,900 barrels of oil equivalent per day (boepd), a 7% decrease compared to 68,900 boepd at end 2014, although production in Kurdistan saw an increase of 800 boepd (3%) of production.

**Dr Patrick Allman-Ward, Dana Gas CEO commented:**

“Despite the challenging business environment with the fall in oil prices, Dana Gas is pleased to report healthy financial results including higher net profit, a significantly improved reserves position and positive outcomes in our arbitration cases. We have made solid progress in further cutting costs, increasing operational efficiencies and bringing on-stream new fields in the UAE and Egypt, and have strengthened our management team during the course of the year with the appointment of a new Technical Director and Chief Financial Officer.

Looking ahead we expect to see increases in production levels and resulting cash flows, particularly in Egypt and also in the UAE with the anticipated start-up of the Zora Field. Together with our overall reduced spending levels and healthy cash position this means that Dana Gas is well positioned to face the challenges of the current lower oil price environment and is prepared for the future upturn.”
RECEIVABLES AND COLLECTIONS
The Company received $125 million (AED458 million) in cash and offset payments from the Egyptian Government, helping reduce its trade receivable balance to $221 million (AED810 million), a 5% improvement on 2014. In the Kurdistan Region of Iraq (KRI), Dana Gas’s share of collections was $43 million (AED158 million) in contrast to $34 million (AED125 million) in 2014 and its share of the trade receivable balance was $727 million (AED2.6 billion).

CAPITAL EXPENDITURE
Over the course of the year, Dana Gas’s capital expenditure was $234 million (AED858 million), a 92% increase year-on-year. The Company invested $150 million (AED550 million) on the Zora Gas Field Development Project in UAE and $84 million (AED308 million) on the GPEA capital investment program in Egypt.

PRODUCTION & DEVELOPMENT

Egypt
Dana Gas Egypt recorded full year production of 33,900 boepd as compared to 39,900 boepd in 2014. This 15% drop in production in Egypt is consistent with normal field declines. In the second half of 2015, the successful Balsam-2 and -3 wells added 165 Bcf to the field’s proven and probable reserves, bringing gas initially in place to approximately 391 Bcf (67 MMboe) across the entire Balsam concession. The Balsam-2 well came on stream in late 2015 and along with Balsam-1 and Balsam-3, which was brought on stream six months ahead of schedule, the Balsam Field is cumulatively producing 24 million standard cubic feet of gas a day (5,000 boepd including condensate) which has partly offset the natural field declines.

In May 2015, Dana Gas confirmed it completed an agreement with BP for the drilling of the first exploration well in the Nile Delta’s El Matariya (Block 3) onshore Concession Area. Under the terms of the agreement, BP as operator will carry Dana Gas for its 50% share of the cost of the well, subject to an agreed cap of $39 million.

Kurdistan Region of Iraq
In Iraq’s Kurdistan Region the plant operations continued at plateau levels through the year. Dana Gas’s share of gross production in the KRI was 29,300 boepd, an increase of 3% on 28,500 boepd in 2014 related to further process optimization and improvements.

United Arab Emirates
In 2015, Dana Gas completed the construction of the platform, plant and pipeline for the Zora Gas Field. Dana Gas, as operator with a 100% interest, will manage the field, gas sales and purchase agreements. The gas is being transported through a subsea pipeline to a newly built onshore gas processing facility by Dana Gas located in the Hamriyah Free Zone in Sharjah.

Production started in January 2016 and process optimization is currently underway. The field is expected to achieve a flow rate of 40 million cubic feet a day. Natural gas from the Zora Gas field will be sold for use in power generation in the domestic market, thus delivering a clean source of energy to the Emirate of Sharjah, as well as cost savings from replacing some of the current feedstock that include diesel fuel. The build project achieved an excellent safety record of over two million man-hours without lost time incidents.

**ARBITRATIONS**

**Kurdistan Region of Iraq**

On 27 November 2015 the Tribunal of the London Court of International Arbitration (LCIA) issued a Second Partial Final Award ordering the KRG to pay PPCL the sum of $1.963 billion for outstanding unpaid invoices for the produced condensate and LPG up to 30 June 2015. The Award is final, binding and internationally enforceable, it does not depend on further claims or counter-claims by the parties to the arbitration. No monies have yet been paid by the KRG to date in respect of the Award. Further damage claims by the Consortium and counter-claims by the KRG will be heard and determined at a final two week hearing now fixed for early September 2016.

On 5 February 2016, the English High Court also affirmed its decision to enforce the earlier LCIA Arbitral Tribunal’s Peremptory Order of 17 October 2014 to pay the Consortium $100 million before 26 February 2016, on condition that the KRG pay three installments of $8 million each by 31 December 2015, 15 January and 19 February 2016. The KRG has appealed the decision, though the first two of the three installments have already now been received by the Consortium.

**RWE**

In December 2010, Dana Gas PJSC and Crescent Petroleum Company International Limited initiated arbitration proceedings against RWEST’s alleged breach of certain confidentiality agreements between the parties. As was previously announced on 27 November, the parties reached a mutually satisfactory and confidential settlement that included a 10% participation by RWE in the Pearl Consortium. As part of the settlement,
Dana transferred an equity interest of 5% in PPCL to RWEST Middle East Holdings BV, and so Dana Gas’ shareholding in PPCL is now 35%. The other 5% was transferred by Crescent Petroleum.

**UAE Gas Project**
The Gas Sales & Purchase Contract between Dana Gas’ partner Crescent Petroleum and the National Iranian Oil Company (NIOC) for the supply of gas to the UAE has been the subject of international arbitration since June 2009. In August 2014, Dana Gas was notified by Crescent Petroleum that the Arbitration Tribunal had issued a Final Award on the merits determining that the contract between it and NIOC was valid and binding upon the partied, and that NIOC has been obligated to deliver the gas under the contract since December 2005. Crescent Petroleum has since informed Dana Gas that the final hearing for determination of the damage claims against NIOC for non-performance of the contract has now been fixed by the Tribunal for the 1st September 2016 in The Hague.

---ENDS---

**About Dana Gas**
Dana Gas is the Middle East’s first and largest regional private sector natural gas company established in December 2005 with a public listing on the Abu Dhabi Securities Exchange (ADX). It has exploration and production assets in Egypt, Kurdistan Region of Iraq (KRI) and UAE, with an average output of 63,900 boepd, in 2015. With sizeable assets in Egypt, KRI and the UAE, and further plans for expansion, Dana Gas is playing an important role in the rapidly growing natural gas sector of the Middle East, North Africa and South Asia (MENASA) region.