



Corporate Governance Annual Report 2016

1. Dana Gas: Pioneering Corporate Governance

Dana Gas has recognized from the outset that the adoption of best corporate governance practices is fundamental to building a sound commercial reputation for a private sector corporation aspiring to be a leading oil and gas company in the Middle East. The first step was taken in April 2006 a few months after the incorporation of the Company. Corporate governance being a priority to Dana Gas, the Company commissioned the International Finance Corporation (IFC) (part of the World Bank Group) to assess corporate governance practices within the Company and make appropriate recommendations with a view to improve the effectiveness of the Board of Directors, strengthen the control environment and ensure that the disclosure and transparency practices of the Company are consistent with international best practice.

The second milestone came in 2010 when the Company amended its Articles of Association to be consistent with the provisions of the Ministerial Resolution No. 518/2009 which has been replaced by the Resolution No. 7 (R.M) of 2016 Concerning Governance Rules and Corporate Discipline Standards. Since that time the Company has diligently implemented the prescribed norms of institutional governance standards. At the level of the Board of Directors, the Corporate Governance Committee and the Audit Committee oversee and supervise compliance with applicable governance regulations. The Corporate Governance Committee presents reports on corporate governance matters periodically to the Board of Directors. Further, at the management level the Head of Internal Control and Audit and the Company's Compliance Officer oversee adherence to corporate governance standards by employees, divisions, subsidiaries and counterparties.

In 2010 the IFC published a report on "Corporate Governance Success Stories", demonstrating the business case for good corporate governance in MENA. It shared the experience of 11 companies that have made governance improvements and the impact they made. According to the IFC, the impact scorecard for Dana Gas was substantial access to capital (\$1.5 billion in debt over 24 months); substantial reputation enhancement; substantial sustainability and substantial board effectiveness and management control.

In September 2012, the Company was given an award in recognition of its leading good corporate practices by the Securities and Commodities Authority.

In keeping with its commitment to the highest standards of Corporate Governance the Board of Directors commissioned a Corporate Governance Review in 2015 by Hawkamah, the Institute for Corporate Governance. The review confirmed that Dana Gas' corporate governance policies, principles and practices remained world class, but a number of

practical suggestions for improvement were recommended. The majority of these were closed out in 2016 with a small number to be completed in 2017.

The efforts of the Board of Directors and executive management of Dana Gas to achieve the Company's strategy in realizing sustained growth and long term value for Shareholders is predicated on a firm commitment to corporate governance standards and practices, compliance with which is considered instrumental in ensuring transparency, effective control and high performance necessary to translate the Company's strategies and plans into viable business ventures and projects, and, ultimately, into value to the Shareholders, whilst at the same time serving the interests of its other stakeholders.

2. Dealings of Directors and Employees and their Relatives in the Securities of the Company

With respect to the matter of insider dealings, and in furtherance of Dana Gas' goal to ensure transparency, the Company adopted in June 2011 the Rules Governing Dealings by Directors and Employees in the Securities of the Company (the "Rules").

The Rules comprise relevant provisions in the regulations issued by the Securities and Commodities Authority and Abu Dhabi Stock Exchange which reflects international best practice.

The Rules define the periods during which Directors and Employees are not permitted to deal in the Company's Securities. No Director or employee had traded in the Securities of the Company during ban periods set out in the Rules or the Securities and Commodities Authority Resolution No. 2/2001.

Only one Director traded in the Securities of the Company during the year 2016.

Board Member	Investor No.	Exchange Type	Quantity	Date
Dr. Patrick Allman-Ward	GBR000761218408	Buying	375,000	15/05/2016

3. The Board of Directors

Powers of the Board of Directors:

Pursuant to the Company's Articles of Association the management of the Company vests in its Board of Directors, which exercises all the powers necessary for the management of the affairs of Company and for accomplishing its objects.

Responsibilities of the Board of Directors:

The responsibilities of the Board of Directors include:

1. Formulating and approving the Company's strategy and business plans;
2. Approval of the annual budget and the allocation of resources;
3. Setting investment priorities and approving business opportunities;
4. Entering into contracts with any person, authority or corporation in the gas and oil business;
5. Overseeing the accuracy of the financial statements and financial reporting and the effectiveness of internal control;
6. Assessment of executive management performance;
7. Establishing the responsibility and accountability matrix with appropriate powers;
8. Laying down bye-laws and regulations, policies and procedures in connection with the Company's administration, financial matters and personnel affairs;
9. Appointment and succession of senior executives;
10. Concluding loan agreements;
11. Selling or mortgaging the Company's real estate or other assets;
12. Absolving the Company's debtors from liability; and
13. Conducting conciliation and arbitration and filing lawsuits and approving settlement of disputes.

The Role of the Chairman of the Board:

The Chairman (as a non-executive) presides over the meetings of the Board of Directors, ensures effectiveness of its deliberations and availability of the information necessary to enable Directors to discharge their duties.

The duties of the Chairman of the Board of Directors include:

1. Approving the agenda of the meetings of the Board of Directors taking into consideration matters proposed by other Directors;
2. Ensuring the effective and smooth functioning of the Board including timely discussion of important business presented to the Board;
3. Encouraging Directors to participate actively in the deliberations of the Board to enable the Board to benefit from their knowledge and experience;
4. Establishing appropriate facilities for efficient participation by the Directors particularly Non-Executive Directors, and to promote good working relationship between Executive and Non-Executive Directors, and;
5. Taking appropriate measures to secure regular interaction with Shareholders and prompt communication of their views to the Board of Directors.

A. Composition of the Board of Directors

The Board is elected by the General Assembly every 3 years. At the April 2015 AGM the number of members of the Board of Directors was reduced from 18 to 12 members. Ten of the incumbent Directors, most of whom had been on the Board since the incorporation of the Company in November 2005, were re-elected in April 2015. Two entirely new members were also elected to the Board at this time. The Board of Directors continues to be comprised of some of the leading businessmen and women from the GCC countries, and others with considerable experience of the oil and gas business.

Currently out of the 12 members of the Board, 8 are Independent Directors, 3 Non-Executive Directors and 1 Executive Director in 2016.

The current Directors during 2016 are:

S. N.	Directors	Category	Experience	Qualifications	Years of membership since first Date of election
1	Mr. Hamid Dhiya Jafar, Chairman	Non-Executive Non-Independent	Mr. Hamid Jafar is the Chairman of the Board of the Crescent Group of companies in addition to his primary business in oil and gas, Mr. Hamid has a variety of global commercial interests including container shipping, terminal operations, transport and logistics, real estate, power generation and private equity. Mr. Hamid has also promoted important projects in higher education at Cambridge University and the United Arab Emirates. He is also an active supporter of many charities.	Master's Degree in Engineering (Thermodynamics and Fluid Flow) "Cambridge University" UK	11
2	Mr. Rashid Saif Al-Jarwan	Non-Executive Independent	Mr. Al-Jarwan is the Vice Chairman of Dana Gas where he held the post of the Executive Director of the Board previously. He was acting CEO of Dana Gas for one year and the General Manager for 3 years. In addition he held various executive and technical positions in the ADNOC Group of companies for 28 years in Abu Dhabi, of which he was GM of ADGAS for the last 8 years. He gained extensive experience over more than 35 years in the field of oil and gas exploration and production.	Bachelor's Degree in Petroleum & Natural Gas Engineering "Pennsylvania State University" USA	8

3	HE Sheikh Sultan Bin Ahmed Al-Qasimi	Non-Executive Non-Independent	HE Sheikh Al-Qasimi is the Deputy Chairman of the Sharjah Petroleum Council and Chairman of Sharjah Media Corporation. HE Sheikh Al-Qasimi has key achievements in the media sector including establishing Al Majaz Amphitheatre and Al Sharqiya TV and establishing Sharjah24.ae. Previously he held several positions of which Deputy Chairman of Sharjah Equestrian and Racing Club, Chairman of Sharjah Commerce and Tourism Development Authority and contributed to the inauguration of Sharjah Light Festival.	B.Sc. in Business Administration "Arkansas State University", USA Master's in Computer Information Systems "University of Detroit Mercy" USA	11
4	Mr. Varouj Abraham Nerguizian	Non-Executive Independent	Mr. Nerguizian is the Executive Director and General Manager of Bank of Sharjah since 1992. He is the Chairman and General Manager of Emirates Lebanon Bank SAL, Lebanon (member of Bank of Sharjah Group) since 2008. He is also a Founding Member and Chairman of the Lebanese Educational Fund SA and of the Lycee' Libanais Francophone Prive, Dubai a non-profit educational initiative that caters to the needs of the Lebanese and Francophone communities of the UAE since 2003.	Sciences Economiques "Universite' Saint Joseph" Lebanon "Universite' Lyon Lumiere" France	11
5	Mr. Said Youssef Arrata	Non-Executive Independent	Mr. Arrata is the CEO and Chairman of Delta Oil and Gas in the United Kingdom which is involved in exploration and production of oil and gas concessions. He is a Board Member at Deep Well Oil and Gas Incorporation. He is a former Chairman and CEO of Sea Dragon Energy in Canada till 2015. He was also former CEO of Centurion Energy International Incorporation, and served in senior management positions in major global oil companies in Canada and around the world.	B.Sc. in Petroleum Engineering "Cairo University" Several post-graduate accreditations at various universities in North America	9

6	Mr. Abdullah Ali Al-Majdouie	Non-Executive Independent	Mr. Al-Majdouie is the Group President and Vice Chairman of Almajdouie Group since 1986. He holds a Bachelor's and Master's Degree in Science from King Fahd University for Petroleum and Minerals in Saudi Arabia. Apart from being a Director on the Board of different government bodies and private business councils in Saudi Arabia, Mr. Al-Majdouie also holds Chairmanship of the Board with several companies based in the GCC Region.	Bachelor's and Master's Degree in Science College of Industrial Management, King Fahd University for Petroleum & Minerals (KFUPM), KSA	7
7	Mr. Majid Hamid Jafar, Board Managing Director	Non-Executive Non-Independent	Mr. Majid Jafar is the CEO of Crescent Petroleum in Sharjah and Vice-Chairman of the Crescent Group of companies. In addition, he is the Board Managing Director of Dana Gas. His previous experience was with Shell International's Exploration & Production and Gas & Power Divisions. Mr. Majid Jafar is also an active member of the World Economic Forum Global Agenda Council for Youth Unemployment, the Young Presidents Organization and the Young Arab Leaders Organization, and is an accredited Director of the Institute of Directors (IoD Mudara) in Dubai.	Bachelor's and Master's Degree in Engineering (Fluid Mechanics and Thermodynamics) "Cambridge University, Churchill College" UK MA (with distinction) in International Studies and Diplomacy from "University of London's School" of Oriental & African Studies MBA (with distinction) from "Harvard Business School" USA	11
8	Mr. Ziad Abdulla Galadari	Non-Executive Independent	Mr. Ziad Abdulla Galadari is the Founder and Chairman of Galadari Advocates & Legal Consultants and has been practicing as Advocate, Legal Advisor and Arbitrator since 1983. He is the Chairman of Galadari Investments Group and serves on the Board of Dubai World Trade Centre and Emirates Integrated Telecommunications Company PJSC (DU). In addition, he serves as a Chairman of the Higher Committee for Dubai's International Arabian Horse Championship and Chairman of Jebel Ali Racecourse Council.	Bachelor's of Laws (LLB) "UAE University"	11

9	Mr. Nasser Mohamed Al-Nowais	Non-Executive Independent	Mr. Al-Nowais is the Chairman of Rotana Hotel Management Corp. Ltd. and also the Chairman of Aswaq Management and Services. . In addition, he was the Managing Director of Abu Dhabi Trade Center. He served as Former Under-Secretary of UAE Ministry of Finance and a Former General Manager of Abu Dhabi Fund for Development. He also served as Chairman of Abu Dhabi National Hotels Company. He also served on the Board of Abu Dhabi Council for Economic Development and Arab Insurance Group.	Bachelor's Degree in Business & Public Administration "New York University" USA	7
10	Mr. Hani Hussain	Non-Executive Independent	Mr. Hani Hussain has been the Chief Executive Officer of Kuwait Petroleum Corporation from 2004-2007. He served also as Oil Minister in Kuwait before retiring in 2013. Currently he serves on the Board of Advanced Petrochemical Company in KSA and Warba Bank in Kuwait. Previously he held various executive positions in several oil and petrochemical companies in Kuwait. In addition, he served on the board of several companies in Kuwait and overseas. Currently he serves on the Board of Dana Gas PJSC.	Bachelor's Degree in Chemical Engineering "University of Tulsa" USA	1.9
11	Mrs. Fatima Obaid Al-Jaber	Non-Executive Independent	Mrs. Fatima Al-Jaber is currently a member of the Board of Directors of the Al-Jaber Group and former Group Chief Operating Officer. Prior to this Mrs. Fatima worked with the Abu Dhabi Government in various technical and managerial positions, including her role as Assistant Undersecretary for Projects & Technical Services at Abu Dhabi Public Works Dept. and Abu Dhabi Municipality. Mrs. Fatima founded Al Bashayer Investment Company as a wealth management service provider for female investors and acts as the Chairman.	Bachelor's Degree in Architecture "United Arab Emirates University"	1.9

12	Dr. Patrick Allman-Ward	Executive Non-Independent	Dr. Patrick Allman Ward has been the CEO of Dana Gas since 2013, preceding which he served as General Manager of Dana Gas Egypt for a year. Prior to this he held several senior management positions in Shell International where he gained extensive experience over more than 30 years in the field of Upstream oil and gas.	Bachelor's Degree in Geology "Durham University", UK Master's Degree in Mineral Exploration & Mining Geology "Leicester University" UK PhD Degree Mining Geology "Imperial College, University of London", UK	3
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B. Board Membership in other companies

Dana Gas' Directors are members of boards of leading companies, banks and business institutions as described below:

SN	Directors	Directorship in other companies
1	Mr. Hamid Dhiya Jafar, Chairman	<ul style="list-style-type: none"> -Chairman, Crescent Group of companies -Chairman, GulfTainer Ltd. -Founding Shareholder, URUK Group -Founding Shareholder, Abraaj Capital -Founder, UAE Chapters of the Young Presidents Organization and the World Presidents Organization -Member, International Chief Executives Organization -Member of the Board of Trustees, American University of Sharjah
2	Mr. Rashid Saif Al-Jarwan, Vice Chairman	<ul style="list-style-type: none"> - Board Member, Emirates General Petroleum Corporation (EMARAT) & EMOIL - Board Member, Oman Insurance Company - Board Member, Dubai International Financial Centre (DIFC) - Board Member, Mashreq Bank - Board Member, Al Ghurair Holding Ltd
3	HE Sheikh Sultan Bin Ahmed Al-Qasimi	<ul style="list-style-type: none"> -Deputy Chairman, Sharjah Petroleum Council -Chairman, Sharjah Media Corporation -Chairman, Tilal Properties -Chairman, Sharjah General Services Company "Khadamat" -Chairman, Sharjah Pipeline Company (Anabeeb) -Chairman, Sharjah National Oil Company -Chairman, Green Planet LLC -Chairman, Medical Waste Co. (WEKAYA) LLC -Chairman, Basma Group -Chairman, Sharjah Media Centre

4	Mr. Varouj Abraham Nerguizian	<ul style="list-style-type: none"> -Executive Director and General Manager, Bank of Sharjah -Chairman and General Manager, Emirates Lebanon Bank SAL, Lebanon -Board Member, Growthgate PEF -Founding Member and Chairman, Lebanese Educational Fund SA -Founding Member and Chairman, Lycee' Libanais Francophone Prive', Dubai (non-profit educational institution)
5	Mr. Said Youssef Arrata	<ul style="list-style-type: none"> -Chairman, Delta Oil and Gas, UK -Board Member, Deep Well Oil and Gas Incorporation, Canada
6	Mr. Abdullah Ali Al-Majdouie	<ul style="list-style-type: none"> -Chairman, Almajdouie De Rijke Logistic Co., KSA -Chairman, Star Marines Services, Dubai -Chairman, Petrology LLC, Bahrain -Board Member, Arab Union of Land Transport, Jordan -Board Member, Saudi Commission for Tourism and National Heritage -Board Member, United Electronics Co. (eXtra) -Board Member, Dhahran International Exhibitions Co. -Board Member, Prince Mohammed Bin Fahd University, KSA -Board Member, Al Baha Tourism Council -Counseling Member, Tharawat, Dubai -Board Member of several social and charitable institutions
7	Mr. Majid Hamid Jafar, Board Managing Director	<ul style="list-style-type: none"> -CEO, Crescent Petroleum Company, UAE -Vice Chairman, Crescent Group of companies -Board Member, Arab Forum for Environment and Development (AFED) -Board Member, Carnegie Middle East Center -Board Member, Iraq Energy Institute -Board Member, Queen Rania Foundation (QRF) -Board Member, Higher Colleges of Technology (HCT) -Active Member, the International Institute for Strategic Studies (IISS)
8	Mr. Ziad Abdulla Galadari	<ul style="list-style-type: none"> -Founder & Chairman, Galadari Advocates & Legal Consultants, UAE -Chairman, Galadari Investments Group, UAE -Chairman, Dubai International Arabian Horse Championship -Chairman of Jebel Ali Racecourse Council -Board Member, Dubai World Trade Centre -Board Member, Emirates Integrated Telecommunications Company (DU)
9	Mr. Nasser Mohamed Al-Nowais	<ul style="list-style-type: none"> -Chairman, Rotana Hotel Management Corp Ltd. PJSC, UAE -Chairman, Aswaq Management & Services LLC, UAE -Managing Director, Abu Dhabi Trade Center
10	Mr. Hani Abdulaziz Hussain	<ul style="list-style-type: none"> -Board Member, Advanced Petrochemical Company, KSA -Board Member, Kuwait Foundation for the Advancement of Science -Board Member, Warba Bank in Kuwait

11	Mrs. Fatima Obaid Al-Jaber	<ul style="list-style-type: none"> -Board Member & Head of Projects Committee, Al-Jaber Group -Chairperson, Al Bashayer Investment Company -Board Member & Managing Director, Qaryat Al Beri Resort Development Co. LLC -Board Member, The National Investor PJSC -Board Member, Arabian Gulf State Institute – Washington, DC (AGSIW). -Chapter Chair, Woman Corporate Director GCC Chapter -Board Member, The Future Centre for Special Needs
12	Dr. Patrick Allman-Ward	<ul style="list-style-type: none"> -Board Member, Allman-Ward Ltd, UK -Board Member, IGZACT FZE, UAE -Board Member, Comme Je Fus B.V., NL

B. Female Representation in the Board of Directors

During 2016 the Board of Directors consisted of 12 members, with Mrs. Fatima Obaid Al Jaber, Chief Operating Officer at Al Jaber Group and CEO of the Group in Abu Dhabi, as the only female member.

C. Directors' Remuneration

The Remuneration and Nominations Committee proposes the annual remuneration of the members of the Board of Directors, and in case of approval by the Board of Directors it will be presented to the General Assembly for approval, according to the provisions of the Commercial Companies Law and the Articles of Association of the Company. The executive Directors do not receive annual remuneration.

1. Directors Annual Remuneration for 2015:

The annual remuneration awarded for 2015 was around AED 8 Million.

2. Directors Proposed Annual Remuneration for 2016:

The Board of Directors has approved in its meeting held on 8 March 2017 the recommendation presented to it by the Remuneration & Nominations Committee that the total Directors' remuneration for the year 2016 be AED 6 million. The proposed Directors remuneration will be submitted to the Annual General Assembly on 13 April 2017 for consideration and approval.

3. Board and Committees' Attendance Allowances for the Year 2016:

Committees' membership allowances are disclosed in the Company's financial statements. AED 100,000 is paid to each Committee Chair and AED 75,000 is paid to each Committee Member.

Only UAE non-resident Directors get attendance allowance of AED 15,000 to cover board, accommodation, transportation and other expenses. The allowance is not granted in case of non-attendance. Directors are also rewarded for other work they carry out for the Company.

The table below shows the Board and Committees Attendance Allowances paid to the Directors during 2016.

Board Member	Board Meetings Allowances	Committee Meetings Allowances
Mr. Hamid D. Jafar, Chairman	-	-
Mr. Rashid Al-Jarwan, Vice Chairman	-	100,000
HE Sheikh Sultan Bin Ahmed Al-Qasimi	-	-
Mr. Varouj Nerguizian	-	175,000
Mr. Said Arrata	150,200	131,000
Mr. Abdullah Al-Majdouie	32,000	175,000
Mr. Majid Jafar, Board Managing Director	-	150,000
Mr. Ziad Galadari	-	-
Mr. Nasser Al Nowais	-	75,000
Mr. Hani Hussain	57,000	75,000
Mrs. Fatima Al-Jaber	-	150,000
Dr. Patrick Allman-Ward, CEO	-	-
Total	239,200	1,031,000

D. Attendance of Board of Directors Meetings during 2016

According to the Company's Articles of Association, the Board of Directors meets at least once every 3 months. The Board of Directors held six (6) meetings during the year 2016, which is consistent with best corporate governance standards laid down by the Ministerial Resolution No. (518) of 2009 which has been replaced by Resolution No. 7 (R.M) of 2016.

The table below shows attendance of Board meetings by the Directors during 2016:

Board Members	11 January	24 Feb.	28 April	22 June	21 Sept.	23 Nov.
Mr. Hamid Jafar, Chairman	✓	✓	✓	✓	✓	X
Mr. Rashid Al-Jarwan, Vice Chairman	✓	✓	✓	✓	✓	✓
HE Sheikh Sultan Bin Ahmed Al-Qasimi	✓	X	X	✓	X	✓
Mr. Varouj Nerguizian	Concall	✓	X	✓	✓	✓
Mr. Said Arrata	✓	✓	✓	✓	X	✓
Mr. Abdullah Al-Majdouie	Concall	X	✓	✓	✓	X
Mr. Majid Jafar, Board Managing Director	✓	✓	✓	✓	✓	✓
Mr. Ziad Galadari	✓	✓	✓	✓	✓	✓
Mr. Nasser Al-Nowais	✓	X	✓	✓	✓	X

Mr. Hani Hussain	✓	✓	✓	✓	X	✓
Mrs. Fatima Al-Jaber	✓	✓	X	✓	✓	✓
Dr. Patrick Allman-Ward, CEO	✓	✓	✓	✓	✓	✓

(✓) Attend

(x) Absent

(Concall) By Conference Call

Delegation of Responsibilities to the Executive Management

The Board of Directors has delegated the Company's executive management the following responsibilities:

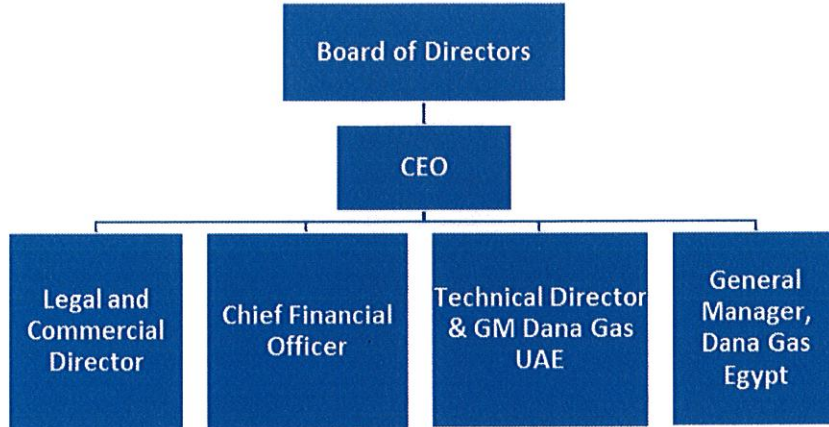
1. To implement the strategies, plans and policies laid down by the Board of Directors for achieving Company's objectives;
2. To manage the day to day affairs and business of the Company;
3. To identify, pursue and submit studies and proposals relating to business development and new investment opportunities;
4. To submit to the Board of Directors periodic reports about the business of the Company, its financial position, internal control procedures and the measures taken to manage risks;
5. To provide the Board of Directors, on a timely basis, with the information and documents required for efficient conduct of Board meetings;
6. To provide regulatory bodies (Ministry of Economy, Securities and Commodities Authority, Abu Dhabi Securities Exchange) with information, disclosure statements and documents as required in accordance with applicable laws, rules and regulations and Company regulations.

E. Details of Related Parties' Transactions

The Related Parties include joint ventures, major shareholders, Directors and Senior Executives management personnel of the Company and its employees and companies of which contribute to any of these, including at least 30% of its capital, as well as subsidiaries or sister or allied companies.

	<u>2016</u>		<u>2015</u>	
	<u>Revenues</u>	<u>Fees for Mgmt Svcs</u>	<u>Revenues</u>	<u>Fees for Mgmt Svcs</u>
	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>
Joint ventures	1	2	1	2
Major Shareholders	-	-	-	1
	<u>1</u>	<u>2</u>	<u>1</u>	<u>3</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

F. Organization Chart of the Company



G. Senior Executives of the Company

The following table shows the Senior Executives of the Company with their designations, appointment dates and total remuneration including bonus paid to them for 2016.

Job Title	Date of Appointment	Total remuneration for 2016 (Salary + Allowances) (AED)	Total Bonuses Paid in 2016 (AED)
Chief Executive Officer	Sept. 2013	2,675,005	1,659,504
Legal and Commercial Director	March 2014	1,794,173	754,803
Chief Financial Officer	January 2016	1,947,246	-
Technical Director and GM Dana Gas UAE	September 2015	1,870,874	359,154
General Manager, DGE	December 2016	124,993	-

4. Company's External Auditors

A. Brief on the Company's External Auditors

The Company's external auditors, Ernst & Young, is one of the top tier international audit firms with a network of 167,000 employees in more than 140 countries. It is an independent professional firm, which has been in the region since 1923 and has evolved during that period to become one of the big four audit firms in the world. The firm's areas of work include oil and gas, banks,

financial institutions, technology and commerce, health care, infrastructure, industrial, leisure in addition to consumer products and allied sectors.

B. Appointment and Fees of External Auditors

The Company's external auditors are appointed by the Annual General Assembly of Shareholders for a one year renewable term. E&Y were first appointed as the Company's external auditors in 2005. They have been re-appointed as external auditors for the past ten years.

On April 28th, 2016 the Annual General Assembly re-appointed Ernst & Young as external auditors for the Company's financial accounts for the year 2016. Their audit fees for the annual Financial Statements for Dana Gas for 2016 amounts to AED 323,750 as approved by AGM and the total fees for auditing the group is AED 1.2 Million. The external auditors' fees are disclosed in the Company's Annual Financial Statements. No other external auditors other than E&Y provided any other services during 2016.

Name of External Auditors	E&Y
Years of appointment	11 years
Total fees for 2016 (AED)	AED 1.2 Million
Fees for other services beside auditing Financial Statements (AED)	None

5. The Audit and Compliance Committee (A&C)

A. The Audit and Compliance Committee is composed of the following Members:

Members of the Committee	Title
Mr. Varouj Nerguizian, Chair	Chair-Independent Director
Mr. Majid Jafar	Non-Executive Director
Mr. Nasser Al-Nowais	Independent Director
Mrs. Fatima Al-Jaber	Independent Director
Mr. Said Arrata (since August 2016)	Independent Director

Most of the Members of the Audit Committee come from a financial, business or banking background and are familiar with financial, accounting, banking and business matters. A majority of the Members of the Committee are Independent Directors.

The Audit and Compliance Committee assists the Board of Directors in performing functions of supervision and control of the financial affairs of the Company and ensuring compliance with applicable financial and accounting policies and regulations

In the discharge of the tasks entrusted to it the Committee carries out the following functions:

1. Overseeing the preparation and particulars of the Company's financial statements and financial reporting;
2. Reviewing annual and quarterly financial statements;
3. Ensuring that the Company's financial statements and reports represent a true and authentic statement of the Company's financial position;
4. Reviewing risk management and internal control procedures;
5. Recommending appointment and fees of the Company's external auditors;
6. Recommending internal audit plans and necessary audit activities.

In addition to the above the Committee performs the functions prescribed in the Ministerial Resolutions No. 518/2009 which has been replaced by Resolution No. 7 (R.M) of 2016.

B. The table below shows the number and dates of meetings held by A&C Committee during 2016.

Members of the A&C Committee	Dates of meetings				
	11 February	23 February	3 May	10 August	8 November
Mr. Varouj Nerguizian, Chair	✓	Concall	✓	✓	✓
Mr. Majid Jafar	✓	✓	✓	✓	✓
Mr. Nasser Al-Nowais	X	X	X	Proxy	✓
Mrs. Fatima Al-Jaber	X	X	X	X	✓
Mr. Said Arrata (since August 2016)	N/A	N/A	N/A	✓	✓

(✓) Attend

(x) Absent

(N/A) Not Applicable

(Concall) By Conference Call

6. Corporate Governance, Remuneration & Nomination Committee (CGR&NC)

A. The Corporate Governance, Remuneration & Nominations Committee is composed of the following Members:

Members of the Committee	Title
Mr. Abdulla Al-Majdouie, Chair	Independent Director
Mr. Hani Hussain	Independent Director
Mrs. Fatima Al-Jaber	Independent Director

The majority of the members of the Committee are Independent Directors. They possess considerable knowledge and expertise in corporate governance, nominations, and remuneration, salaries and benefits policies.

The Committee oversees compliance by the governing bodies of the Company; the General Assembly, the Board of Directors and executive management with established corporate governance standards. The Committee assists the Board in relation to the appointment of senior executives, appraisal of management performance, succession planning and remuneration policies. The Committee is responsible for nominations and election to the Board of Directors membership.

To achieve its objectives the Committee carries out the following functions:

1. Proposing remuneration, salary, benefits and incentives policies;
2. Proposing human resources policies aimed at promoting improved performance and a healthier work environment;
3. Recommending appropriate corporate governance standards;
4. Overseeing Board of Directors' procedures and performance;
5. Reviewing non-financial disclosure standards;
6. Reviewing Directors' remuneration and making appropriate recommendations to the Board;
7. Reviewing and approving employees' succession plans;
8. Maintaining good relationships with Shareholders, investors and regulators;
9. Supervising nominations and election to the Board of Directors.

In addition, the Committee performs the other functions ascribed to it by the Ministerial Resolution No. 518/2009 which has been replaced by Resolution No. 7 (R.M) of 2016.

B. The table below shows the number and dates of meetings held by CGR&N Committee during 2016:

Members of the CGR&N Committee	22 February	21 June	19 Sept.	23 Nov.
Mr. Abdulla Al-Majdouie, Chair	Concall	Concall	✓	x
Mr. Hani Hussain	Concall	Concall	x	✓
Mrs. Fatima Al-Jaber	Concall	Concall	✓	✓

(✓) Attend

(x) Absent

(Concall) By Conference Call

7. Insiders' Committee

The Company is in the process of forming a committee responsible for the management, follow up and supervision of insiders' trading which will maintain the register of insiders and submit periodic statements and reports to the Market as stated in Article 12 of the Resolution No. 7 (R.M) of 2016.

8. Internal Control

A. In 2011 The Board of Directors established an Internal Control Department and defined its functions which include:

1. Assessment of the risks facing the Company;
2. Preparing the risks register and updating it quarterly and annually;
3. Preparing audit plans for the risks and the register in accordance with the directions of the Board of Directors and the Audit and Compliance Committee;
4. Ensuring availability of resources to carry out audit work and internal audit plan;
5. Implementing the audit plan and submitting periodical reports to the Board of Directors and to the Audit Committee with observations on the actions taken by executive management with respect to them.

B. Independency of the Internal Control Department:

The Internal Control Department enjoys independence in performing its functions. It reports to the Board of Directors, which is responsible for the efficiency of the internal control system. The Internal Control Manager is authorized to take the necessary action to implement the directives of the Board of Directors, and to report violations of the Company's regulations, policies and Board's directives to the Board of Directors and the Audit Committee identified during the audit process. The department is mandated by the Board to investigate and form an independent opinion on any matter which obstructs, delays or challenges internal control work. The Manager also advises the CEO for corrective actions. During 2016, no major issues were identified that warranted disclosure in the annual financial statements for the year.

The Internal Control Manager submits an annual audit plan to the Board of Directors for approval, which includes a comprehensive assessment of the risks facing the Company.

The Internal Control Department audits the internal control systems of the Company, its subsidiaries and the affiliates in which the Company holds a significant stake. The Department has full authority to obtain information on those companies from employees and departments at the Group level.

The audit reports are shared with the Company's external auditors when auditing the Company's annual financial statements.

C. Whistle Blowing Mechanism:

The Company has established a whistleblowing mechanism whereby employees can anonymously make complaints pertaining to mal-administration, fraud or corruption. The Internal Control Manager leads the Business Ethics Committee which is responsible for addressing complaints made through this procedure.

Since the Internal Control Manager reports directly to the Board of Directors, any major problems with respect to internal control or incidence of fraudulent activities would also be promptly communicated to the Board.

D. The Internal Control & Risk Manager:

Mr. Bobby P. S. Sehmi was appointed Corporate Internal Controls & Risk Manager in July 2016. He has over 29 years of experience working with multinational organizations listed in the London, New York and Frankfurt Stock exchanges and the Abu Dhabi Securities Exchange. Mr. Sehmi is a Fellow of the Chartered Institute of Management Accountants (FCMA), Member of the Institute of Risk Management (MIRM), MBA, Member of the Institution of Civil Engineers (MICE) and Member of the Institution of Structural Engineers (MIStructE).

E. Compliance Officer:

Mr. Duncan Maclean has been appointed as Compliance Officer for the Company by Board Resolution No. 27/2016 dated 22 June 2016, to carry on the duties and functions prescribed in the Ministerial Resolution No. 518/2009 which has been replaced by the Resolution No. 7 (R.M) of 2016 Concerning Governance Rules and Corporate Discipline Standards. He is responsible for verifying the scope of compliance by the Company and its employees with the applicable laws and regulations and resolutions issued by the Securities and Commodities from time to time.

Mr. Duncan has over than 20 years' experience of practicing international energy law.

9. Compliance during 2016

The Company did not commit any regulatory violations during 2016 and no fines or penalties were imposed on the Company.

10. Company's Social Responsibility and Environmental Conservation Policy during 2016

Dana Gas' corporate social responsibility activities cover the countries where it operates. The Company's objective has been to play a prominent role in supporting local communities situated within its vicinity. Dana Gas has implemented a number of projects and programs covering education, health and social activities in accordance with its annual corporate social responsibility plan approved by the Board of Directors.

The table below shows some of the Company's social responsibility activities during the year 2016:

The Company's Corporate Social Responsibility during the year 2016		
Institution	Purpose	Activity
UAE		
American University of Sharjah	Education	Provide student internship for 6 weeks for a 3 rd year student to work in Zora Gas Plant and Corporate HSSE on special projects related to pipeline risks, waste water treatment and asset integrity.
American University of Sharjah	Education	Provide an opportunity for five students of 4 th year Chemical Engineering as part of their course work to conduct research and design work to handle the waste water treatment at the Zora Gas Plant.
Sharjah Higher Technology College for Women	Education	Provide internships for 5 technical and 2 non-technical 3 rd year students for 6 week program. The students were assigned projects and tasks in areas of operations, HSSE and HR.
EGYPT		
Damietta Government	Health	Contribution of \$5000 towards the Anti-Virus C Campaign.
IRAQ		
Directorate of Education-Chemchemical District	Education	Provide school transportation for 160 students in 21 different villages with a total cost of \$75,200.
Directorate of Water in Chemchemical and	Health	Supply portable water for 19 villages and

Qader Karam		neighborhoods with a total cost of \$4,800.
Directorate of Electricity in Qader Karam	Community	Supply electricity power to Qader Karam district and 5 villages, as well as provision of fuel for generators for 8 villages valued at \$1,210,000.
Chamchemical Taekwondo Team	Community	Partially sponsor the activities of Chemchemical Taekwondo team throughout the year with a total cost of \$13,500.
Local Authorities Departments	Community	Employ 10 labors with temporary basis contracts for 6 months in different local authorities with a total cost of \$36,900.

11. General Information

A. Schedule of share price in the market at the end of each month of the fiscal year of 2016

Date	Month-End	High	Low
31 January	0.43	0.45	0.43
29 February	0.51	0.52	0.49
31 March	0.52	0.52	0.51
28 April	0.57	0.58	0.56
31 May	0.53	0.54	0.53
30 June	0.55	0.56	0.55
31 July	0.55	0.56	0.55
31 August	0.57	0.57	0.56
29 September	0.54	0.56	0.54
31 October	0.53	0.54	0.53
30 November	0.55	0.55	0.54
29 December	0.54	0.54	0.52

B. Statement on Company's shares performance with the market index

Date	DG Price	ADX Index	Energy Index
3 January	0.45	4,271.6	1,030
1 February	0.43	4,106.4	874
1 March	0.51	4,372.5	1,018
3 April	0.51	4,360.2	1,010
1 May	0.57	4,506.1	1,169
1 June	0.55	4,284.9	1,129
3 July	0.55	4,549.4	1,095
1 August	0.57	4,580.2	1,122
1 September	0.56	4,480.7	1,111
3 October	0.54	4,396.4	1,109
1 November	0.53	4,307.4	1,093
4 December	0.55	4,261.6	1,112

C. Statement of Shareholders' ownership as of 31/12/2016

Type	UAE	GCC	Arab	Others
Individuals	1,591,127,099	966,797,683	207,058,941	149,321,627
Companies	1,166,000,808	651,922,740	10,693,340	2,201,187,320
Governments	11,306,556	13,200,000	-	-
TOTAL	2,768,434,463	1,631,920,423	217,752,281	2,350,508,947
6,968,616,114				

D. Statement of Shareholders owning 5% or more of the Company's capital

Investor Name	Citizenship	Quantity	%
CRESCENT PETROLEUM COMPANY INTERNATIONAL	United Kingdom GBR	1,328,108,236	19.0365

E. Details of shares ownership as of 31/12/2016, in accordance to the following schedule

Shares Ownership	Number of shareholders	Number of shares	% of shares compared to capital
Less than 50,000	238,036	580,427,726	8.33
From 50,000 to less than 500,000	2691	390,464,527	5.60
From 500,000 to less than 5,000,000	605	929,307,330	13.34
Higher than 5,000,000	164	5,068,416,531	72.73
Total	241,496	6,968,616,114	100

F. Procedures of Investor Relations Control:

1. Head of Investor Relations and contact details

Mr. Mohammed Mubaideen is the Head of Investor Relations and the Corporate Communications. He has more than 10 years of experience in investor relations.

The public can communicate with the Investor Relations Department by phone on +971 6 5194401 and on the website concerning the investors <http://www.danagas.com/en-us/investors>.

2. Investors' link on the Company's website

All related financial information is available on the company's website www.danagas.com on regular basis to comply with disclosure regulations where the investors are aware of all significant developments of the Company's business.

G. Special Resolutions presented in the Annual General Assembly held during 2016 and actions taken thereon:

Four special resolutions have been presented in the Annual General Assembly held on April 28th, 2016, namely:

1. Authorized Capital.

The Annual General Assembly approved the Company's Authorized Capital at Dirhams 9,000,000,000 Nine Billion.

2. Reduction of Number of Board Members to Eleven in accordance with the Provisions of the New Commercial Companies Law No. (2) of 2015.

The Annual General Assembly approved that the number of the members of the Board of Directors is reduced from twelve to eleven members.

3. Approval of the Amendment of the Memorandum & Articles of Association of the company in accordance with the Provisions of the New Commercial Companies Law No. (2) of 2015.

The Annual General Assembly approved the Amendments of Memorandum & Articles of Association of the Company.

4. Approval of the Company's Employees Incentive Shares Scheme which was previously approved by the Annual General Assembly and the Board of Directors in accordance with Article (226) of the Commercial Companies Law No. (2) of 2015.

The General Assembly approved to issue out of the authorized capital the number of shares required from time to time to implement the Employees' Incentive Shares Program approved by the Board of Directors, provided that the total issued shares in any year shall not exceed 5% of the Company's shares capital.

H. Major events encountered by the Company during 2016


1. In January 2016, Dana Gas announced important appointments in senior management, including the appointment of Mr. Chris Hearne as the Chief Financial Officer, Ms. Iman Hill as the Technical Director and the General Manager of the Company in UAE and Egypt, Mr. Duncan Maclean as the Legal and Commercial Director.

2. In March 2016, Dana Gas announced the start of domestic sales gas production from the Zora Gas Field in the UAE.
3. In April 2016, report study by "Price Waterhouse Coopers" concluded that the Dana Gas and Crescent Petroleum's combined investment in Kurdistan Region of Iraq has and will continue to make a significant contribution towards the economic and social development of the region and the state.
4. In April 2016, report study by "Gaffney Cline Associates" affirmed that Dana Gas' share of the Khor Mor and Chemchemal's reserves is around one billion barrels of oil equivalent.

Communication with Shareholders, Investors and Media:

Dana Gas maintains regular contacts with its Shareholders, investors and financial analysts to inform them on the Company's business activities and financial position through regular meetings with financials, analysts, media in press conferences and investors' calls and regular press releases on important developments and activities. All information about the Company's activities and its financial affairs are also available at the Company's website www.danagas.com.

Shareholders are encouraged to contact the Company in respect to any inquiries about the affairs of the Company.



Mr. Hamid D. Jafar
Chairman of the Board

13th April 2017