



Corporate Governance Annual Report 2017

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its Articles of Association to be consistent with the provisions of the Ministerial Resolution No. 518/2009 which has been replaced by the Resolution No. 7 (R.M) of 2016 Concerning Governance Rules and Corporate Discipline Standards.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 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.

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.

Two Directors traded in the Securities of the Company during the year 2017.

Board Member	Investor No.	Exchange Type	Quantity	Date
Mr. Varouj Nerguizian	LBN000011375070	Buy	420,000	01/06/2017
Mrs. Fatima Obaid Al-Jaber	UAE153000059205	Buy	335,000	15/06/2017
		Sell	345,000	15/06/2017

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. Establishing the appropriate channels 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. The number of members of the Board of Directors were 18 and reduced to 12 in April 2015 then reduced to 11 members in April 2016. Most of the incumbent Directors had been on the Board since the incorporation of the Company in November 2005, were re-elected in April 2015 with the addition of two new Directors. 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.

The currently Board of Directors comprises of 8 Independent Directors and 3 Non-Executive Directors.

The current Directors during 2017 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	12
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 till 2014. He was acting CEO of Dana Gas for one year. In addition he held various executive and technical positions in the ADNOC Group and ADGAS of companies in Abu Dhabi for 28 years. He gained extensive experience over more than 40 years in the field of oil and gas exploration and production.	Bachelor's Degree in Petroleum & Natural Gas Engineering "Pennsylvania State University" USA	9

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	12
4	Mr. Varouj Abraham Nerguizian	Non-Executive Independent	Mr. Nerguizian is the 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	12
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	10

6	Mr. Abdullah Ali Al-Majdouie	Non-Executive Independent	Mr. Al-Majdouie is the Group President and Vice Chairman of Almajdouie Holding Co. since 1986. He holds Bachelor's Degree in Industrial Management and Master's Degree in Business Administration from King Fahd University of Petroleum and Minerals in Saudi Arabia. He is holding several chairmanships and memberships with the Board of different government bodies, private businesses and Social & Charitable Organizations in Saudi Arabia and in GCC as well.	Bachelor's and Master's Degree in Science College of Industrial Management, King Fahd University for Petroleum & Minerals (KFUPM), KSA	8
7	Mr. Majid Hamid Jafar, Managing Director of Board Affairs	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 Managing Director of Board Affairs 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	12
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"	12

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	8
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	2.9
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"	2.9

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, Gulfainer 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">-General Manager, Bank of Sharjah-Chairman and General Manager, Emirates Lebanon Bank SAL, Lebanon-Board Member, Growthgate PEF-Board Member, Pearl Initiative-Member of the Board of Trustees of the American University of Sharjah-Member of the "Conseil Stratégique" of Université Saint Joseph, Lebanon-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 -Chairman, Raya Financing Co., KSA -Vice Chairman, Dhahran International Exhibitions Co. -Board Member, Arab Union of Land Transport, Jordan -Board Member, United Electronics Co. (eXtra) -Board Member, Prince Mohammed Bin Fahd University, KSA -Counseling Member, Tharawat, Dubai
7	Mr. Majid Hamid Jafar, Managing Director of Board Affairs	<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 -Member, the Supreme Council for Planning 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

B. Female Representation in the Board of Directors

During 2017 the Board of Directors consisted of 11 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 in the Board.

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, if exist, do not receive annual remuneration. The Board remuneration is disclosed in the Company's annual financial statements.

1. Directors Annual Remuneration for 2016:

The Company did not award annual remuneration to the Directors because of the Securities and Commodities Authority's refusal to do so due to the Company's losses in 2016.

2. Directors Proposed Annual Remuneration for 2017:

The Board of Directors has approved in its meeting held on 14 March 2018 the recommendation presented to it by the Remuneration & Nominations Committee that the total Directors' remuneration for the year 2017 be around AED 6 million. The proposed Directors' remuneration will be submitted to the Annual General Assembly which will be held on 18 April 2018 for consideration.

3. Board and Committees' Attendance Allowances for the Year 2017:

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 2017.

Board Member	Board Meetings Allowances For 2017 (AED)	Committee Meetings Allowances For 2017 (AED)
Mr. Hamid D. Jafar, Chairman	-	-
Mr. Rashid Al-Jarwan, Vice Chairman	-	175,000
HE Sheikh Sultan Bin Ahmed Al-Qasimi	-	-
Mr. Varouj Nerguizian	-	175,000
Mr. Said Arrata	251,024	150,000
Mr. Abdullah Al-Majdouie	66,617	175,000
Mr. Majid Jafar, Managing Director of Board Affairs	-	150,000
Mr. Ziad Galadari	-	-
Mr. Nasser Al Nowais	-	75,000
Mr. Hani Hussain	68,300	75,000
Mrs. Fatima Al-Jaber	-	150,000
Total	385,941	1,125,000

D. Attendance of Board of Directors Meetings during 2017

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

The table below shows attendance of Board meetings by the Directors during 2017:

Board Members	8 March	13 April	24 May	26 July	15 Aug.	27 Sept.	19 Nov.
Mr. Hamid Jafar, Chairman	✓	✓	✓	✓	✓	✓	✓
Mr. Rashid Al-Jarwan, Vice Chairman	✓	✓	✓	✓	✓	✓	✓
HE Sheikh Sultan Bin Ahmed Al-Qasimi	✓	✓	X	X	X	X	X
Mr. Varouj Nerguizian	✓	✓	✓	✓	✓	✓	✓
Mr. Said Arrata	✓	✓	✓	X	✓	✓	✓
Mr. Abdullah Al-Majdouie	✓	X	✓	✓	✓	✓	X
Mr. Majid Jafar, Managing Director of Board Affairs	✓	✓	✓	✓	✓	✓	✓
Mr. Ziad Galadari	✓	X	✓	X	✓	✓	✓
Mr. Nasser Al-Nowais	✓	✓	✓	X	✓	✓	X
Mr. Hani Hussain	✓	✓	✓	✓	✓	✓	✓
Mrs. Fatima Al-Jaber	✓	✓	✓	X	✓	✓	✓

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.

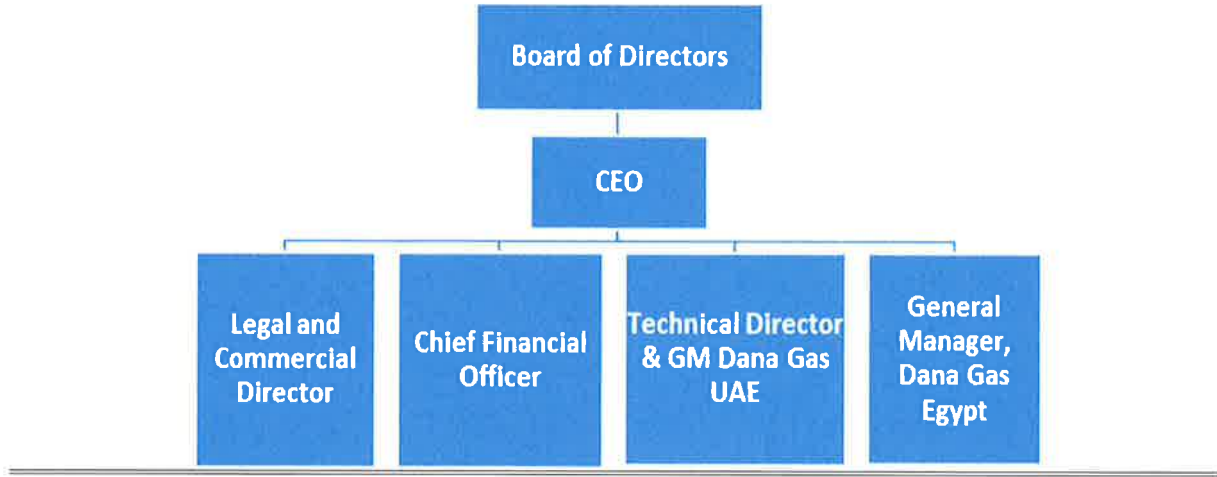
E. Details of Related Parties' Transactions

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>2017</u>		<u>2016</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 arrangement	1	2	1	2
Major Shareholders	-	1	-	-
	<u>1</u>	<u>3</u>	<u>1</u>	<u>2</u>

During 2017, an amount of USD 1.5 million was paid to the Board of Directors as compensation for additional committees work and other special assignments undertaken during the year.

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 2017.

Job Title	Date of Appointment	Total remuneration for 2017 (Salary + Allowances) (AED)	Total Bonuses Paid in 2017 (AED)
Chief Executive Officer	Sept. 2013	2,678,990	1,548,201
Legal and Commercial Director	March 2014	1,853,636	723,157
Chief Financial Officer	January 2016	2,004,379	712,962
Technical Director and GM DG UAE	September 2015	1,783,739	714,885
General Manager, DG Egypt	December 2016	1,672,594	670,369

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 230,000 employees in more than 150 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 since this date.

Article No. 243 of the Commercial Companies Law No. 2 of 2015 provides that the auditor's term shall not exceed three successive years.

On April 13th, 2017 the Annual General Assembly re-appointed Ernst & Young as external auditors for the Company's financial accounts for the year 2017. Their audit fees for the annual Financial Statements for Dana Gas for 2017 amounts to AED 323,750 as approved by AGM and the total fees for auditing the group is AED 1.3 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 2017.

Name of External Auditors	E&Y
Years of appointment	12 years
Total fees for 2017 (AED)	AED 1.3 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	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 Resolution No. 518/2009 which is replaced by the Resolution No. 7 (R.M) of 2016.

B. The table below shows the number and dates of meetings held by A&C Committee during 2017.

Members of the A&C Committee	Dates of meetings				
	8 February	7 March	9 May	8 August	12 November
Mr. Varouj Nerguizian, Chair	✓	✓	✓	✓	x
Mr. Majid Jafar	✓	x	x	✓	✓
Mr. Nasser Al-Nowais	✓	✓	✓	x	x
Mrs. Fatima Al-Jaber	✓	✓	✓	✓	✓
Mr. Said Arrata	✓	✓	✓	✓	✓

(✓) Attend

(x) Absent

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
Mr. Rashid Al-Jarwan (since 8 March 2017)	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. Follow up on the 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 is replaced by the Resolution No. 7 (R.M) of 2016.

B. The table below shows the number and dates of meetings held by CGR&N Committee during 2017:

Members of the CGR&N Committee	7 March	23 May	26 September	19 November
Mr. Abdulla Al-Majdouie, Chair	✓	✓	✓	x
Mr. Hani Hussain	x	✓	✓	✓
Mrs. Fatima Al-Jaber	✓	✓	x	✓
Mr. Rashid Al-Jarwan (since 8 March 2017)	N/A	✓	✓	✓

(✓) Attend

(x) Absent

(N/A) Not Applicable

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 prescribed in Article 12 of the Resolution No. 7 (R.M) of 2016.

The Committee comprises of Mr. Varouj Nerguizian, Mr. Majid Jafar, Mr. Nasser Al-Nowais, Mrs. Fatima Al Jaber and Mr. Said Arrata.

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 2017, 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 30 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 stated in Article (51) of the Resolution No. 7 (R.M) of 2016 Concerning Governance Rules and Corporate Discipline Standards. Mr. Maclean is also the Legal and Commercial Director. 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. Maclean holds a Bachelor Degree in Law (LLB) and a Masters Degree in Commercial Law (MCommLaw) and has over 25 years of experience in corporate, commercial and oil & gas legal practice in international law firms.

9. Compliance during 2017

The Company did not commit any regulatory violations during 2017 and no fines or penalties were imposed on the Company.

10. Company's Social Responsibility and Environmental Conservation Policy during 2017

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 2017:

The Company's Corporate Social Responsibility during the year 2017		
Institution	Purpose	Activity
<i>UAE</i>		
American University of Sharjah	Education	Provide student internship for 6 weeks for students to gain practical work experience and involvement with gas plant operations, HSSE management and asset integrity projects related to pipeline risks and waste water treatment.
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 IT, Finance and HR.
Sharjah City for Humanitarian Services	Social	Sponsorship for Sharjah based Amal Camp with provision of assistance for disabled people requiring specialized training, to share experience, develop new friendships and gain confidence.

AMAR International Charitable Foundation	Social	Provide an annual donation of \$145,000 to the foundation who operate the Khanke Camp for Internally Displaced People (IDP) on the outskirts of Dohuk in northern Kurdistan.
The Centre for Economic Growth (CEG) Insead, UAE	Education	Provide annual sponsorship of \$20,000 to the Centre which conducts research and projects on key economic topics that impact the region.
University of Calicut, India	Education	Provide an opportunity for one 4 th year Chemical Engineering student as part of their course work to conduct process efficiency studies and design modifications at the Zora Gas Plant.
EGYPT		
Health units, hospitals, schools and Orphanage Center in Damietta, Dakahlia and Sharkia	Education	Provided and distributed the useful materials and equipment to all the health units, hospitals, schools and Orphanage Center in the three Governments.
Schools in Damietta, Dakahlia and Sharkia	Education	Distributed 15 tablets to the best academically performance students.
IRAQ		
Directorate of Education-Chemchemical District	Education	Provide school transportation for 165 students in 21 different villages in addition to contracting 6 teachers for three schools in the area.
Directorate of Education-Chemchemical District	Education	Conducting 2 vocational training courses on different working skill topics for students and people of Qadir Karam and Chemchemical.
Directorate of Water in Chemchemical and Qadir Karam	Health	Supply portable water for 14 villages and neighborhoods; help enhancing the drainage systems in several areas in Qadir Karam to be able to meet needs of the families fleeing from war, as well as the military units based in the area.
Directorate of Water in Shorish, Chemchemical	Health	Enhancing the water system in a small village and linking all houses to potable water source.

Mayorality of Chemchemical	Community	Construction of a house for a family of three members of special needs in Chemchemical.
Directorate of Electricity in Qadir Karam	Community	Supply electricity power to Qadir Karam district and 5 villages, as well as provision of fuel for generators for 18 villages.
Chemchemical Taekwondo Team	Community	Partially sponsor the activities of Chemchemical Taekwondo team throughout the year.
Local Authorities Departments	Community	Employ 10 labors with temporary basis contracts for 12 months in different local authorities.
Directorate of Agriculture in Qadir Karam	Agriculture	Construction of a sheep dip in KM Village, utilized by animal breeders at five nearby villages.

11. General Information

A. Schedule of share price in the market at the end of each month of the fiscal year of 2017*

Date	Month-End	High	Low
31 January	0.54	0.55	0.54
28 February	0.46	0.46	0.44
30 March	0.42	0.43	0.42
30 April	0.43	0.45	0.43
31 May	0.41	0.42	0.40
29 June	0.64	0.67	0.62
30 July	0.64	0.67	0.63
30 August	0.64	0.65	0.64
28 September	0.76	0.76	0.72
31 October	0.75	0.76	0.74
29 November	0.70	0.71	0.70
28 December	0.81	0.82	0.78

*In 2017 highest share price was AED 0.83 and lowest share price was AED 0.39.

B. Statement on Company's shares performance with the market index during 2017*

Date	DG Price	ADX Index	Energy Index
02 January	0.52	4,533.9	1,038.430
01 February	0.54	4,526.3	1,074.600
01 March	0.45	4,569.5	918.200
02 April	0.43	4,449.7	907.570
01 May	0.44	4,558.1	957.580
01 June	0.44	4,478.8	953.330
02 July	0.66	4,443.7	1,266.090
01 August	0.65	4,561.7	1,270.350
04 September	0.64	4,481.3	1,445.910
01 October	0.73	4,410.5	1,450.170
01 November	0.74	4,485.2	1,453.360
04 December	0.71	4,326.8	1,384.200

*In 2017 Dana Gas share price closed at AED 0.81 fils presenting a 55.7% increase outperforming ADX which dropped by 2.99%.

C. Statement of Shareholders' ownership as of 31/12/2017

Type	UAE	GCC	Arab	Others
Individuals	1,292,152,324	927,474,675	179,368,186	128,421,039
Companies	1,921,575,675	523,220,673	6,638,603	1,995,091,281
Governments	2,680,966	0	0	-
TOTAL	3,216,408,965	1,450,695,348	186,006,789	2,123,512,320
6,976,623,422				

D. Statement of Shareholders owning 5% or more of the Company's capital as of 31/12/2017.

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

E. Details of shares ownership as of 31/12/2017, in accordance to the following schedule:

Shares Ownership	Number of shareholders	Number of shares	% of shares compared to capital
Less than 50,000	237,075	570,545,093	8.18
From 50,000 to less than 500,000	2383	336,369,297	4.83
From 500,000 to less than 5,000,000	555	869,466,447	12.48
Higher than 5,000,000	142	5,200,242,585	74.62
Total	240,155	6,976,623,422	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 11 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 2017 and actions taken thereon:

Two special resolutions have been presented in the Annual General Assembly held on April 13th, 2017, namely:

1. Buyback of the Shares of the Company subject to the approval of the Securities and Commodities Authority

The Annual General Assembly approved the buyback of a percentage of the Company's Shares to be determined by the Board of Directors in its discretion from time to time in light of market conditions, liquidity, cash flows, financial position of the Company and its need for cash including for continuity of its operations, provided that such percentage shall not exceed 10% of the share capital of the Company

subject to the directives and procedures issued by the Securities and Commodities Authority.

2. Approval of the Company's Long Term Incentive Plan Scheme for Awarding Restricted Company Shares to Employees

The General Assembly approved the Company's Long Term Incentive Plan Scheme for awarding Company Restricted Shares to Employees.

H. Major events encountered by the Company during 2017 which have been disclosed to the Securities and Commodities Authority and the Market.

1. In April 2017, Dana Gas PJSC ("Company"), the Middle East's largest regional natural gas company, has achieved an important milestone with the first international sale of condensate in Egypt under the Gas Production Enhancement Agreement (GPEA). The cargo is the first to be directly exported by Dana Gas under the GPEA signed with the Egyptian government in August 2014.
2. In May and June 2017, Dana Gas has received initial payments of \$110 million from the Egyptian Government as partial payments of its outstanding receivables.
3. In June 2017, Dana Gas commenced a lawsuit in the Sharjah Federal Court of First Instance. As requested by the Company, the Court has issued an injunction pending determination of the Company's application to have its Sukuk dated 8 May 2013 declared unlawful and unenforceable.
4. In July 2017, the Judge ordered that Dana Gas make certain undertakings, including to have the similar injunction issued by a UAE Court lifted as against the Delegate and Trustee and to stay the legal proceedings there until the outcome of the UK trial, in order to avoid duplication in multiple jurisdictions.
5. In August 2017, Dana Gas submitted an application to the Sharjah Federal First Instance Court to discharge the injunction granted by it on 13 June 2017 which restrains the Trustee, the Delegate, the Principal Security Agent and others (the "Respondents") from taking any legal action against the Company until pronouncement of final judgement by the Sharjah Court.
6. In August 2017, The Tribunal of the London Court of International Arbitration to bear 85% of the LCIA Arbitration fees and Tribunal's fees and expenses up to 27 November 2015 and to pay US\$ 14,046,485 to the Consortium within 28 days, together with interest at LIBOR + 2% from the date of the Award.
7. In August 2017, KRG and Pearl Consortium reached full and final settlement. The settlement Agreement between Kurdistan Regional Government of Iraq (the "KRG") and Dana Gas PJSC and Crescent Petroleum Company International Limited and Pearl Petroleum Company Limited ("Pearl"); together (the "Consortium") The KRG

will immediately pay Pearl a sum of US\$600 million. The KRG will also immediately pay Pearl a further US\$400 million to be dedicated for investment exclusively for the aforesaid further development to substantially increase production. Pearl will increase gas production at Khor Mor by 500 MMscf/day, a 160% increase on the current level of production.

8. In September 2017, the KRG paid Pearl Petroleum Company Limited the sum of US\$ 1 billion in the recently announced settlement agreement (Dana Gas share 35%).
9. Dana Gas, together with Crescent Petroleum Company International Limited ("Crescent Petroleum"), has commenced arbitration proceedings against MOL Group ('MOL'). The Settlement Agreement with the KRG was welcomed and endorsed by Dana Gas, Crescent Petroleum, OMV and RWE, together holding 90% of the shares of Pearl. Unfortunately, MOL (a 10% shareholder of Pearl) unreasonably sought to link its endorsement of the settlement to a renegotiation of the terms by which it first secured its participation in Pearl back in May 2009 (namely its commitment to certain contingent payments) and now complains about Dana Gas and Crescent Petroleum for their handling of the settlement alongside Pearl, expressing dissatisfaction with the outcome as compared to the alternative of pursuing a final litigation and enforcement outcome against the KRG.

I. Nationalization percentage in the Company by end of 2017:

The nationalization percentage in the Company reached 5.9% by end of 2017.

J. Innovative Initiatives by the Company during 2017:

1. During 2017 Dana Gas worked in close association with the American University of Sharjah Chemical Faculty students to conduct innovative options for the treatment of waste water produced from the gas production and processing at the Zora Gas Plant. The 4th year engineering students conducted a series of studies to research four options to treat the waste water. The waste water or produced water is high in salinity, over 80,000PPM, thus requiring specific treatment for eventual reuse for potable water or for irrigation purposes. The students presented one innovative method for a bio-friendly way for treating the water using microbes. Dana Gas was very pleased to support this innovative research by the students. The treatment method as presented will be considered as a potential treatment option for the produced waste water.
2. At Dana Gas, we focus on achieving commercial success that creates shared value, ethics compliance, and respects all stakeholders and the environment. We continued in the year to engage with stakeholders through public consultations and supported their economic growth and infrastructure improvements within our countries of operation.

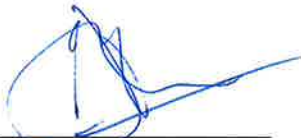
Our inaugural sustainability report was in 2016 and marked a new milestone towards advancing our sustainability journey in the years ahead. As was stated in 2016, and continuing in 2017, we believe in integrating environmental, social and economic considerations into the business decisions and vision. 2017 demonstrated how we continued to improve the visibility of our sustainability progress and initiatives helped to build greater accountability and trust with our stakeholders.

The content of the 2017 report follows the GRI principles of stakeholder inclusiveness, materiality completeness and sustainability context specific to Dana Gas. We acknowledge the limitations of our sustainability reporting baseline data for 2016, and in 2017 we made improvements on sustainability data reporting and recording. For 2018, we have established commitments to continue with developing social and environmental performance metrics.

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



14 March 2018